OTSI KETA QUARTERLY

OTSI KETA CAPITAL

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Q4 2014

Otsi Keta Quarterly is designed to share insight on both current performance and future potential.

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QUESTIONS...

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Dear Investing Partners and Readers:

Starting in 2015, Otsi Keta capital, LLC is introducing a new fee schedule that will provide break points, based on account size, for both our current and new clients. The investment business continues to be highly competitive. We believe these fee reductions will make us a more attractive investment option and provide more compelling value to clients.

Historically, all accounts, regardless of size, have been charged the industry standard 1.5%/20%. The table below outlines the new schedule, effective January 1, 2015, based on account size. It also shows cumulative investor performance from inception—taking into account the new fee schedule.

FEE SCHEDULE AND PERFORMANCE FROM INCEPTION

Assets Invested	Fee Schedule	Performance Since Inception
$250,000 - $1MM	1.5%/20%	76.15%
$1MM - $2.5MM	1.5%/10%	87.82%
$2.5MM - $5.0MM	1.5%/5%	93.86%
Above $5MM	1.5%/0%	100.02%

We are proud of the returns we have generated for our limited partners over the last four years and hope these fee break points will encourage our current clients to expand their relationship with us and entice new clients to begin working with us.

Running the Fund continues to provide us with perspectives on what makes for a successful business and a successful investment. We think the most important element of investing is risk management. Specifically, having a significant stake in the outcome of any investment is the most effective way of aligning the interest of the investment manager and client. We are not just managers, but OKFF investors—we and our families represent 33% of the Fund's assets and stand shoulder to shoulder with you in both up and down years.

If you have questions about the new fee schedule or the Fund, please don't hesitate to contact us. We expect that all K-1s and copies of the annual audit will be delivered in March. Thanks again for allowing us to work with you and your families in this important endeavor.

All the best,

Frederick P. Rollins, Jr
Partner

F. William Schwarz, III
Partner

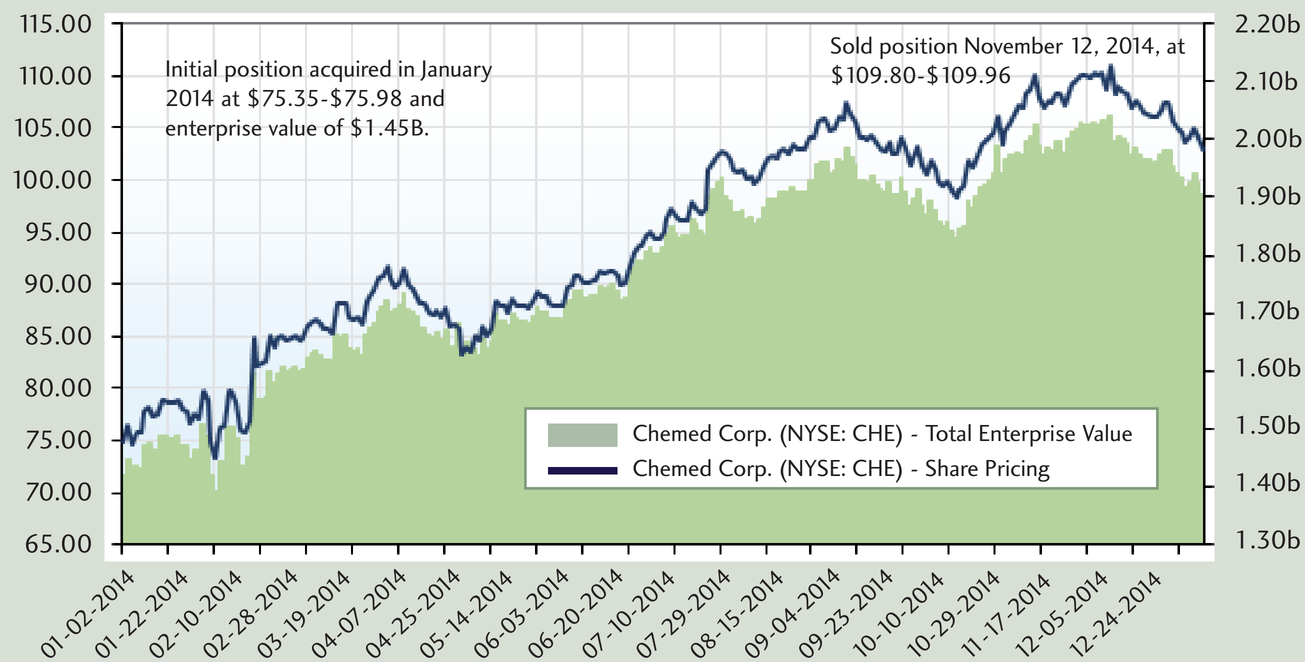
REACHING THE SIZE CAP

When the enterprise value (EV) of a company in our portfolio reaches $2 billion, we look to exit the position due to our self-imposed size cap. We implemented this cap because we believe the best returns and most attractive opportunities are in smaller companies. As we have shared before, we try to keep portfolio turnover low to avoid paying trading commissions and capital gains taxes. Our preference is to hold positions until they reach fair value.

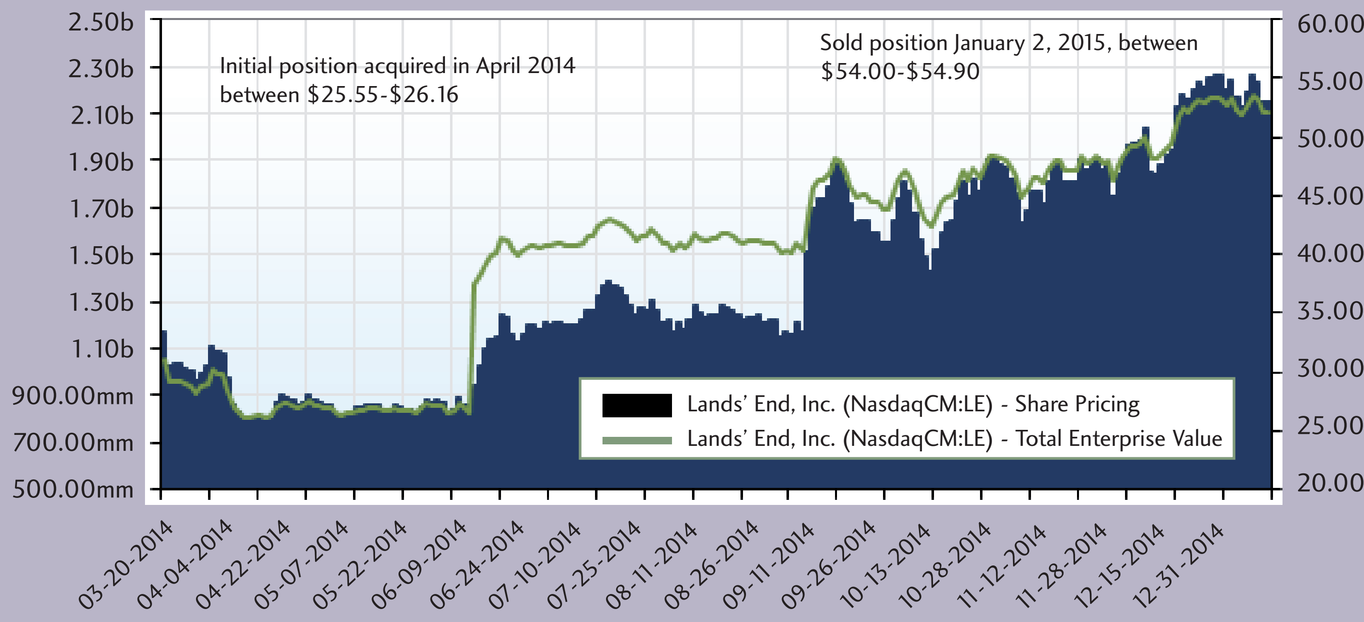
We are not fans or believers in long lists of investment rules that are inviolate; we do think discipline and strategy are long-term keys to success. When we invest in small, under-followed, under-owned and misunderstood companies, we benefit from fewer institutional competitors. That gives us a significant edge.

Large funds and institutions need large investments to move their investment needle. We built our investment strategy and business model for a smaller asset base. It is critical to our long-term success that we exit companies where our knowledge and investing advantage are being diluted. As our small companies become larger companies based on their market value, we sell them and stay focused on our area of advantage.

In the fourth quarter of 2014, two companies in the portfolio hit the upper size cap for our portfolio: Chemed Corporation (CHE) and Land's End, Inc. (LE). The first, Chemed Corporation (CHE), is the largest operator of hospices in the United States. The company is well managed and will benefit from greater utilization levels as hospitals and hospices look closer at the costs and benefits of patient care once curative options have been exhausted.



Land's End was spun out of Sears Holdings on April 4, 2014. It began trading on a when-issued basis on March 20, 2014, and closed that day at $33.50 per share. The company is primarily a catalogue and online retailer, lacking focus when it was connected to the mall-based Sears business. Additionally, the brand had a significant heritage that we felt had been misused and under invested in as part of the Sears Holding company structure. The marketplace recognized this quickly and drove the enterprise value of the firm up much more quickly than anticipated. While it was not possible to avoid recognizing short-term gains on our exit, we did wait several extra days to push the gains into the 2015 tax year. The chart on the following page covers the transactions timing.



The companies mentioned above represent the first two companies we have had to exit due to our size cap. While we felt both had further to run to reach our fair value estimate, we were pleased with how the investments turned out and look forward to finding additional investments that eventually hit our size caps—hopefully with starting enterprise values under $500 million.

The Window Indicator

The shipping season has remained robust through the fall, but will begin to wind down for the season in the beginning of January 2015. The entire active fleet is still on the Great Lakes for the most important part of the season, the time of year when their runs are contributing to profit. The past year has been an average shipping season with some weather challenges in the beginning of the year that we focused on two letters ago. The locks in Sault Ste Marie will be closing for annual maintenance on January 15, 2015, and reopen in mid March. The St. Lawrence Seaway closed on December 24, 2014.

We wanted to pass along an interesting report out of the NWI Times referencing a deep-water port on Lake Michigan. "Overhead cranes are lifting tons of bulk and break bulk shipments at the Port of Indiana-Burns Harbor, which is having its best year in more than 10 years because of a robust trade of grain and steel. The deep-water port on Lake Michigan's southern shore surpassed its previous five-year average of total annual shipments in just the first three quarters of the year." And that is with a delayed spring!

"This is the busiest shipping season we have had at this port in more than a decade," said Port Director Rick Heimann.

A total of 29.5 million metric tons passed through the St. Lawrence Seaway and the Great Lakes through the end of October, a 4.5% increase compared to the same period last year, according to the American Great Lakes Port Association.

Strong shipments of grain, steel, salt and limestone have driven the record pace of traffic at the Port of Indiana-Burns Harbor. By year's end, cargo should be up 25% over 2013.

"Much of this is driven by increased throughput by manufacturers in Northwest Indiana and Chicago, but there is also significant new business being generated by metal processors that have expanded facilities or developed new businesses within our port complex," Heimann said. "These sizable investments signify strong confidence in the long-term future of the Midwest economy and Great Lakes shipping."

The Midwestern economy is showing increased signs of strength as we head into 2015. We anticipate a strong start to the year with hopes tied to a strong finish!

We look forward to updating you on more of our musings out the Window. See you in Q2.

OUR PERFORMANCE

For the fourth quarter ended December 31, 2014, the Otsi Keta Focus Fund was up 13.76%. Year to date the Fund is up 7.49%. Since inception, the Fund has returned 76.15%. All of the Otsi Keta Focus Fund numbers mentioned are net of all fees and expenses. Please see the table below to review the performance of Otsi Keta Focus Fund Limited Partnership.

Fund Name	Morningstar Rating	ROR 4th Quarter 2014	ROR YTD Dec. 31, 2014	ROR From Inception (May 7, 2010)
Otsi Keta Focus Fund Limited Partnership*	**3 star**	**13.76%**	**7.49%**	**76.15%**
Russell 2000 Index (^RUT)	N/A	9.35%	3.53%	79.19%
Russell 2000 Value (^RUJ)	N/A	8.83%	2.15%	60.71%

Sources: Morningstar, Otsi Keta Capital, Yahoo Finance, Russell Investment
*Note: All OKFF performance data is shown net of all fees and expenses.

MONTHLY FUND PERFORMANCE*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010 - OKFF					-1.98%	-2.85%	2.55%	-4.25%	8.51%	5.40%	5.50%	2.31%	15.42%
2011 - OKFF	-1.40%	1.42%	4.72%	0.68%	-2.29%	-0.91%	-4.52%	-2.04%	-8.48%	12.22%	-0.09%	0.44%	-1.60%
2012 - OKFF	7.56%	1.54%	3.18%	-1.87%	-6.62%	4.00%	0.66%	0.30%	2.75%	-3.09%	0.74%	2.05%	10.99%
2013 - OKFF	4.05%	-0.14%	3.14%	-2.59%	3.74%	1.67%	7.10%	-2.50%	5.04%	6.31%	0.49%	0.75%	30.00%
2014 - OKFF	-6.18%	6.74%	1.60%	-3.36%	-0.10%	2.58%	-5.66%	3.11%	-3.60%	11.11%	0.12%	2.51%	7.49%
2015 - OKFF													

*All "Fund Performance" numbers are net of all fees, expenses and accrued performance allocations.

Our performance certainly has ebbed and flowed over our four-and-one-half year existence. As our partners know, we invest with more of a value bias in the smaller company, domestic marketplace. We hold out two relative indexes on our quarterly letter to give a reference point to our readers. What the index does not provide through the ups and downs of the market is our professional opinion when times are rocky (our phone does not ring in a raging bull market, see 2013). We think our guidance is worth at least 500 basis points to our investors; something to consider as you look around for a sound investment.

We believe that 2015 looks and feels a lot like 2014. We will have our times of concern that will ultimately play out to the benefit of investors that can keep their conviction. We are currently rotating the portfolio out of investments that have exceeded our expectations and into new names that look to have great potential for the coming years. We appreciate our limited partners' confidence, and we are always available for a meeting with someone who is looking to make a change.

Happy New Year!

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