

Jul 2018

AR +1.6% AG +2.2% TMG +3.3% SP500 +3.7% GDP +2.5%

## Commentary

July provided the markets with several reasons to turn negative. A widely criticized Trump/Putin summit, escalation of trade war threats with China, a monster sell-off by Facebook and 10-year Treasury rates poking back up above 3%. But stock markets in the US and around the world just shrugged it all off and moved higher. Every US industry sector was higher for the month, led by Industrials, Healthcare and Financials. Europe, Japan and China were all positive for the month. Investors are in risk-on mode!

All LongRun strategies turned in positive performance. Tax-Managed Growth (TMG) led the way with a gain of 3.3%, followed by Aggressive Growth (AG) picked up 2.2% and Absolute Return was up 1.6%. All were carrying full exposure to equity markets and are retaining that posture for the month of August. The only change was AG and AR dropping energy exposure (XLE) for US large cap stocks. The Volatility Strategy was in and out of the market with little change for the month.

Markets are behaving bullishly and several of the key indices have made new highs following the sell-off back in February. These include the Nasdaq Composite, the Nasdaq 100 (think big tech), and the Russell 2000 small cap index. The laggards have been the S&P 500 large cap index, the Dow Jones Industrial Average and the New York Stock Exchange composite. The S&P 500 is knocking at the door and could set a new all-time high any day now. Bulls are hoping for confirmation from these indices while bears are begging for something to trigger a reversal. The list of potential bad news hasn't really changed but market behavior suggests that none of it will derail the move higher any time soon. Having said that, August is a month that has been known to deliver some jolts. We'll see if it's different this time.

“A person's got to believe in something. I believe I'll have another drink.” - W. C. Fields

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# LongRun Monthly Strategy Review



**Jul 2018**

**AR +1.6% AG +2.2% TMG +3.3% SP500 +3.7% GDP +2.5%**

## Selected Asset Class Returns for Trailing Twelve Months (%)

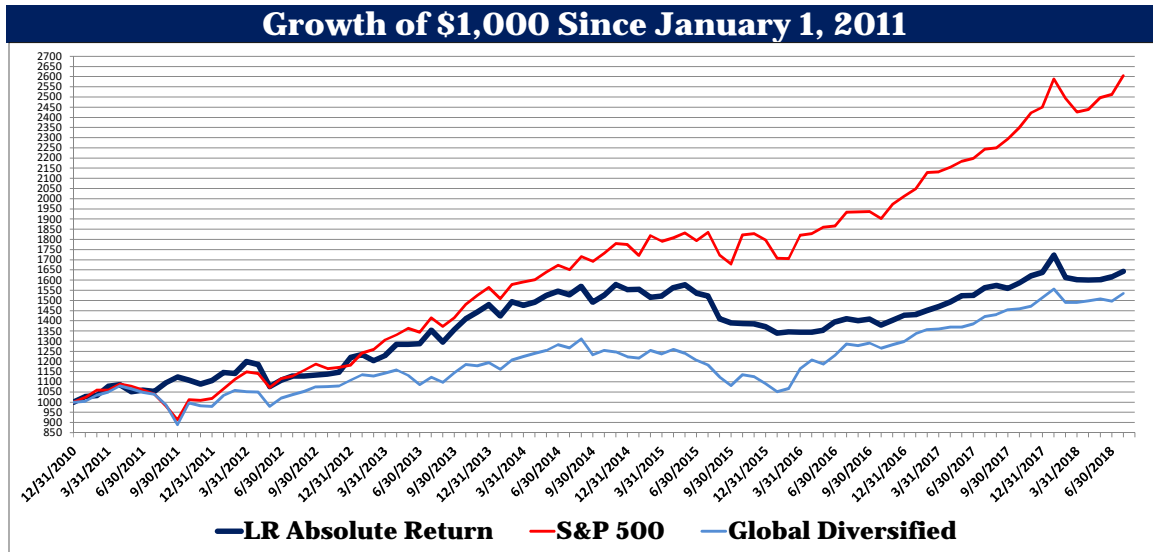
	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	YTD	TTM	
<b>US Equity</b>															
<b>SPY</b> <i>S&amp;P 500</i>	0.3	2.0	2.4	3.1	1.2	5.6	-3.6	-2.7	0.5	2.4	0.6	3.7	6.3	16.1	
<b>MDY</b> <i>Mid Cap</i>	-1.5	3.9	2.2	3.7	0.2	2.8	-4.4	1.0	-0.4	4.1	0.4	1.7	5.1	14.2	
<b>IWM</b> <i>Small Cap</i>	-1.3	6.3	0.7	2.9	-0.4	2.6	-3.8	1.2	1.0	6.2	0.6	1.7	9.4	18.6	
<b>QQQ</b> <i>NASDAQ 100</i>	2.1	-0.3	4.6	2.0	0.6	8.8	-1.3	-4.1	0.5	5.7	1.1	2.8	13.7	24.2	
<b>IYR</b> <i>Real Estate</i>	0.7	-0.8	0.1	2.6	-0.1	-3.0	-6.7	3.8	0.2	3.4	4.1	0.8	2.1	4.6	
<b>XLB</b> <i>Materials</i>	0.8	3.7	3.9	1.0	2.1	4.0	-5.3	-4.2	0.1	2.1	0.3	2.9	-0.5	11.4	
<b>XLE</b> <i>Energy</i>	-5.5	10.2	-0.8	1.8	5.3	3.6	-10.8	1.7	9.5	3.0	0.6	1.6	8.2	19.7	
<b>XLF</b> <i>Financials</i>	-1.6	5.1	2.9	3.5	1.9	6.6	-2.9	-4.2	-0.4	-1.0	-1.8	5.1	0.9	13.3	
<b>XLI</b> <i>Industrials</i>	0.2	4.2	0.8	4.2	2.1	5.4	-3.9	-2.7	-2.8	3.1	-3.4	7.4	2.5	14.6	
<b>XLK</b> <i>Technology</i>	2.9	0.8	6.5	1.4	0.5	7.0	-0.4	-3.7	0.1	6.8	-0.3	2.1	11.6	25.8	
<b>XLP</b> <i>Staples</i>	-1.1	-0.7	-1.7	5.6	2.2	1.6	-7.6	-0.9	-4.1	-1.6	4.6	4.0	-4.6	-0.5	
<b>XLU</b> <i>Utilities</i>	3.3	-2.8	3.9	2.7	-6.1	-3.1	-3.9	3.8	2.0	-1.1	2.8	1.6	1.9	2.6	
<b>XLV</b> <i>Healthcare</i>	1.8	0.9	-0.8	2.9	-0.6	6.6	-4.5	-2.9	1.1	0.2	1.7	6.6	8.3	13.0	
<b>XLY</b> <i>Discretionary</i>	-1.9	0.8	2.1	5.1	2.5	9.2	-3.5	-2.4	2.4	2.0	3.6	1.8	13.4	23.3	
<b>XME</b> <i>Metals &amp; Mining</i>	3.0	-0.5	-1.6	0.9	14.8	1.5	-2.3	-5.5	2.7	7.3	-4.5	1.3	-0.1	16.7	
<b>Int'l Equity</b>															
<b>DXJ</b> <i>Japan</i>	-0.5	5.2	6.2	0.9	2.1	1.8	-5.4	-2.0	2.3	-3.1	-0.8	3.0	-4.4	9.5	
<b>EEM</b> <i>Emerging Mkts</i>	2.4	0.0	3.3	-0.4	3.8	8.3	-5.9	0.5	-2.8	-2.6	-4.5	3.5	-4.2	4.7	
<b>EFA</b> <i>Developed Int'l</i>	0.0	2.4	1.7	0.7	1.4	5.0	-4.8	-0.8	1.5	-1.9	-1.6	2.9	-0.1	6.1	
<b>EPP</b> <i>Asia Pac ex Japan</i>	0.4	-0.8	1.0	1.8	3.2	3.6	-3.7	-2.6	1.4	0.9	-1.4	1.9	-0.1	5.6	
<b>FXI</b> <i>China</i>	4.0	-0.5	4.3	0.5	2.0	14.1	-10.4	0.0	-0.7	-0.5	-6.8	1.5	-4.3	5.9	
<b>ILF</b> <i>Latin America</i>	4.7	1.6	-3.3	-4.0	5.8	13.9	-3.2	-0.2	-2.3	-14.5	-4.1	11.3	-2.0	2.5	
<b>VGK</b> <i>Europe</i>	0.1	3.2	0.5	-0.1	1.5	5.6	-6.2	-0.4	2.2	-2.4	-1.3	3.4	0.5	5.8	
<b>Fixed Income</b>															
<b>AGG</b> <i>Aggregate Bond</i>	0.9	-0.6	0.1	-0.2	0.5	-1.1	-1.0	0.7	-0.9	0.7	0.1	0.0	-1.7	-0.9	
<b>EMB</b> <i>EM Bonds</i>	2.0	-0.2	0.2	-0.3	1.2	-0.6	-2.2	0.6	-2.1	-0.8	-1.5	2.6	-4.1	-1.2	
<b>HYG</b> <i>US High Yield</i>	0.1	0.6	0.1	-0.4	0.3	0.1	-0.9	-0.2	0.5	0.1	0.1	1.7	1.2	1.9	
<b>LQD</b> <i>US IG Corporate</i>	0.7	-0.1	0.2	-0.1	1.2	-1.2	-2.2	0.6	-1.6	0.5	-0.5	1.3	-3.1	-1.3	
<b>TLT</b> <i>US 20+ Treasury</i>	3.4	-2.3	0.0	0.7	1.6	-3.3	-3.0	2.9	-2.1	2.0	0.7	-1.4	-4.4	-1.2	
<b>Currencies</b>															
<b>UUP</b> <i>US Dollar</i>	-0.2	0.6	1.7	-1.6	-0.6	-3.3	1.9	-0.3	2.2	2.6	0.7	0.2	3.9	3.9	
<b>FXE</b> <i>Euro</i>	0.5	-0.8	-1.5	2.1	0.8	3.4	-1.8	0.8	-1.9	-3.3	-0.2	0.0	-3.0	-2.1	
<b>FXJ</b> <i>Yen</i>	0.2	-2.4	-1.0	0.5	0.3	3.2	2.3	0.2	-2.7	0.4	-1.8	-1.0	0.5	-1.9	
<b>Dispersion</b>	10.2	12.9	9.8	9.6	20.8	17.3	13.2	9.3	13.6	21.7	11.3	12.7	18.3	27.9	
<i>High value minus low value for each month; large dispersion provides better opportunity for active strategies.</i>															
<b>Global Diversified Benchmark</b>															
	0.7	1.7	0.4	0.9	2.8	2.8	-4.2	0.0	0.5	0.7	-0.8	2.5	1.4	8.0	

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# LongRun Absolute Return Strategy - Jul 2018



The LongRun Absolute Return Strategy is a disciplined, quantitative approach to tactical asset allocation using exchange-traded funds (ETFs) for access to a wide range of equity and fixed income investments. Absolute Return is designed to outperform benchmark returns over a full market cycle with significantly less risk. ETFs are ranked using a combination of factors favoring positive momentum and low volatility. The Absolute Return portfolio is generally invested in the four ETFs at the top of a monthly ranking but may allocate as much as 100% to cash in severe bear market conditions. This version of Absolute Return was introduced in August 2013 and has completely replaced the initial version.



Return Data for the Strategy (%)*													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2011</b>	2.7	0.5	4.4	0.8	-3.1	0.8	-0.7	4.2	2.6	-1.4	-1.7	1.6	<b>10.7</b>
<b>2012</b>	3.4	-0.3	5.0	-1.2	-9.1	2.8	1.9	0.0	0.3	0.5	0.8	6.3	<b>10.2</b>
<b>2013</b>	1.1	-2.4	2.1	4.4	0.0	0.3	5.1	-4.2	4.7	4.0	2.4	2.5	<b>21.3</b>
<b>2014</b>	-3.7	4.8	-1.2	1.1	2.2	1.4	-1.1	2.7	-5.0	2.3	3.4	-1.6	<b>5.0</b>
<b>2015</b>	0.1	-2.5	0.5	2.7	0.9	-2.7	-0.9	-7.4	-1.4	-0.2	-0.2	-1.0	<b>-11.7</b>
<b>2016</b>	-2.3	0.4	-0.1	0.0	0.7	3.0	1.2	-0.7	0.5	-2.1	1.7	1.8	<b>4.1</b>
<b>2017</b>	0.2	1.4	1.3	1.6	2.1	0.1	2.5	0.7	-0.9	1.8	2.2	1.0	<b>14.7</b>
<b>2018</b>	5.2	-6.4	-0.7	-0.1	0.2	0.9	1.6						<b>0.3</b>

\* Returns in italics are from a systematic backtest of the strategy; non-italicized periods represent client composite results.

	Absolute Return	S&P 500	Global Diversified
Year-to-Date Return	0.3%	6.3%	1.4%
Trailing 1-Year Return	5.2%	16.1%	8.0%
Trailing 3-Year Cume Return	8.0%	42.0%	29.7%
Annualized Return from 2/1/03*	13.4%	10.0%	10.3%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Prior Month and Current Month

July 2018		August 2018	
IWM	US Small Cap Stocks	IWM	US Small Cap Stocks
IYR	US Real Estate	IYR	US Real Estate
MDY	US Mid-Cap Stocks	MDY	US Mid Cap Stocks
XLE	Energy Sector	SPY	US Large Cap Stocks

### Management and Operational Details

Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above \$5 million
Contact Information:	Jim Carroll, jim@longruncapital.com, 914-202-2755

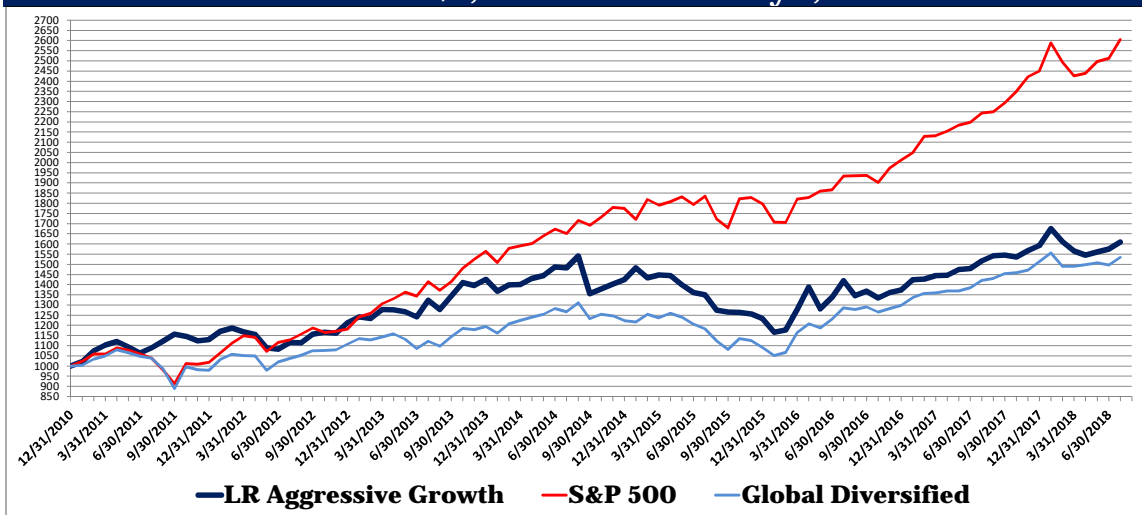
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# LongRun Aggressive Growth Strategy - Jul 2018



The LongRun Aggressive Growth Strategy is a disciplined, quantitative approach to tactical asset allocation using exchange-traded funds (ETFs) for access to a diverse selection of equity and fixed income investments. Aggressive Growth is designed to significantly outperform benchmark returns over a full market cycle with less risk. ETFs are ranked based on total return for a relatively short lookback period as the single quantitative factor. The Aggressive Growth portfolio is always invested in the top three ETFs from the monthly ranking. In our research, this methodology demonstrated a higher return/higher risk profile than the Absolute Return strategy.

## Growth of \$1,000 Since January 1, 2011



## Return Data for the Strategy (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2011</b>	2.2	5.2	2.6	1.6	-2.4	-2.8	2.4	2.9	3.2	-0.9	-2.0	0.6	<b>13.0</b>
<b>2012</b>	3.7	1.3	-1.6	-1.0	-5.7	-0.6	3.1	-0.1	3.7	0.8	-0.4	4.4	<b>7.3</b>
<b>2013</b>	2.4	-0.6	3.6	-0.2	-0.7	-1.9	6.5	-3.4	5.1	5.0	-1.0	2.1	<b>17.5</b>
<b>2014</b>	-4.1	2.3	0.1	2.2	0.9	2.9	-0.3	3.9	-12.0	1.7	1.8	1.5	<b>-0.1</b>
<b>2015</b>	4.1	-3.2	1.0	-0.3	-3.2	-2.7	-0.8	-5.6	-0.7	-0.1	-0.6	-1.9	<b>-13.5</b>
<b>2016</b>	-5.4	1.0	8.5	8.7	-7.7	4.4	6.2	-5.2	1.7	-2.5	2.1	1.0	<b>11.6</b>
<b>2017</b>	3.6	0.2	1.2	0.2	2.0	0.3	2.6	1.6	0.2	-0.6	2.1	1.5	<b>15.8</b>
<b>2018</b>	5.3	-3.8	-2.9	-1.3	1.0	1.0	2.2						<b>1.1</b>

Returns for all periods represent client composite results.

	Aggressive Growth	S&P 500	Global Diversified
Year-to-Date Return	1.1%	6.3%	1.4%
Trailing 1-Year Return	6.1%	16.1%	8.0%
Trailing 3-Year Cume Return	19.3%	42.0%	29.7%
Annualized Return from 2/1/03*	15.9%	10.0%	10.3%

\* Common start date for backtests of three LongRun strategies

## Portfolio Holdings for Prior Month and Current Month

July 2018		August 2018	
IJR	US Small Cap Stocks	IJR	US Small Cap Stocks
IYR	US Real Estate	IYR	US Real Estate
XLE	US Energy Sector	IVV	US Large Cap Stocks

## Management and Operational Details

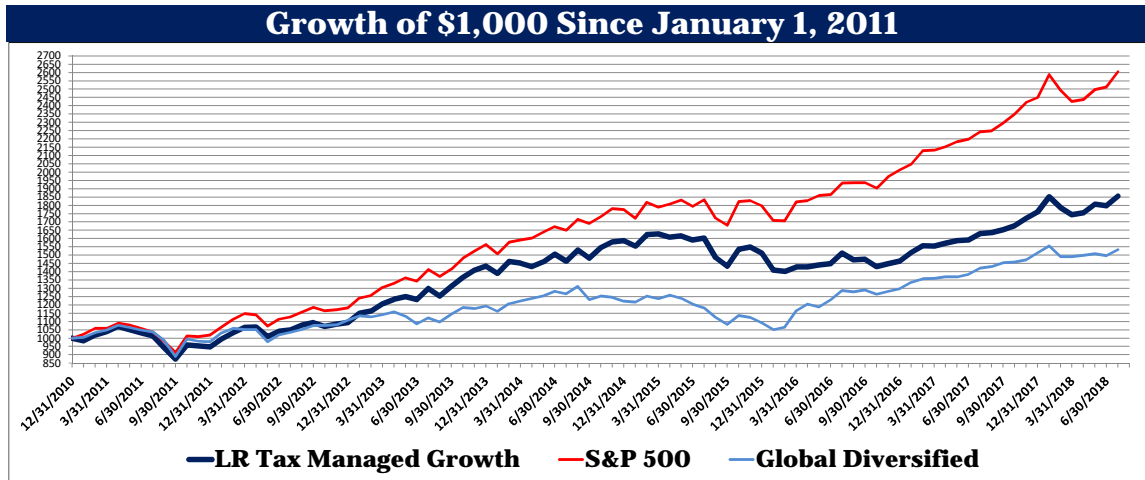
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Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
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# LongRun Tax Managed Growth Strategy - Jul 2018



The LongRun Tax-Managed Growth Strategy ("TMG") is a disciplined, quantitative approach to tactical asset allocation using exchange-traded funds (ETFs) for access to a diverse selection of primarily equity and fixed income investments. TMG is designed to outperform benchmark returns over a full market cycle with less risk while also being highly tax efficient. ETFs are ranked based on an assessment of relative strength versus each of the 36 ETFs in the model. The strategy generally owns the top 8 ETFs subject to a buffer and may also allocate as much as 100% to cash in adverse market conditions. Rankings are reviewed daily and holdings adjusted as ranking changes dictate.



### Return Data for the Strategy (%)\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2011</b>	-1.7	3.5	2.2	2.9	-1.7	-1.9	-1.7	-7.1	-7.3	9.7	-0.6	-0.6	<b>-5.3</b>
<b>2012</b>	5.1	3.6	3.4	0.0	-5.3	3.3	0.6	2.8	1.5	-2.1	1.3	0.8	<b>15.5</b>
<b>2013</b>	5.1	1.2	3.9	2.2	1.2	-1.4	5.6	-3.6	4.5	4.2	3.2	1.8	<b>31.2</b>
<b>2014</b>	-3.1	5.1	-0.6	-1.4	1.9	3.3	-2.8	4.6	-3.3	4.2	2.3	0.5	<b>10.7</b>
<b>2015</b>	-2.1	4.4	0.2	-1.1	0.4	-1.6	0.7	-7.3	-3.5	7.1	0.8	-2.3	<b>-4.7</b>
<b>2016</b>	-6.7	-0.6	1.9	0.0	0.9	0.4	4.5	-2.7	0.2	-3.0	1.2	1.1	<b>-3.2</b>
<b>2017</b>	3.5	2.7	-0.1	1.1	0.9	0.3	2.4	0.4	1.1	1.5	2.7	2.3	<b>20.3</b>
<b>2018</b>	5.1	-3.5	-2.3	0.6	3.0	-0.5	3.3						<b>5.4</b>

\* Returns in italics are from a systematic backtest of the strategy; non-italicized periods represent client composite results.

	Tax-Managed Growth	S&P 500	Global Diversified
Year-to-Date Return	5.4%	6.3%	1.4%
Trailing 1-Year Return	13.9%	16.1%	8.0%
Trailing 3-Year Cume Return	15.9%	42.0%	29.7%
Annualized Return from 2/1/03*	13.2%	10.0%	10.3%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Latest Prior and Current Month

July 2018		August 2018	
IJT	US Small Cap Growth Stocks	IJT	US Small Cap Growth Stocks
QQQ	NASDAQ 100	QQQ	NASDAQ 100
RSP	US Equal Weight Large Stocks	RSP	US Equal Weight Large Stocks
XLF	US Financials	XLF	US Financials
XLI	US Industrials	XLI	US Industrials
XLK	US Technology	XLK	US Technology
XLY	US Consumer Discretionary	XLY	US Consumer Discretionary
XME	Metals & Mining	XME	Metals & Mining

Holdings shown reflect the portfolio at the start of the given month; changes are infrequent but may occur intra-month

### Management and Operational Details

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Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
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Management fee:	1% of first \$5 million; .75% of assets above \$5 million
Contact Information:	Jim Carroll, jim@longruncapital.com, 914-202-2755

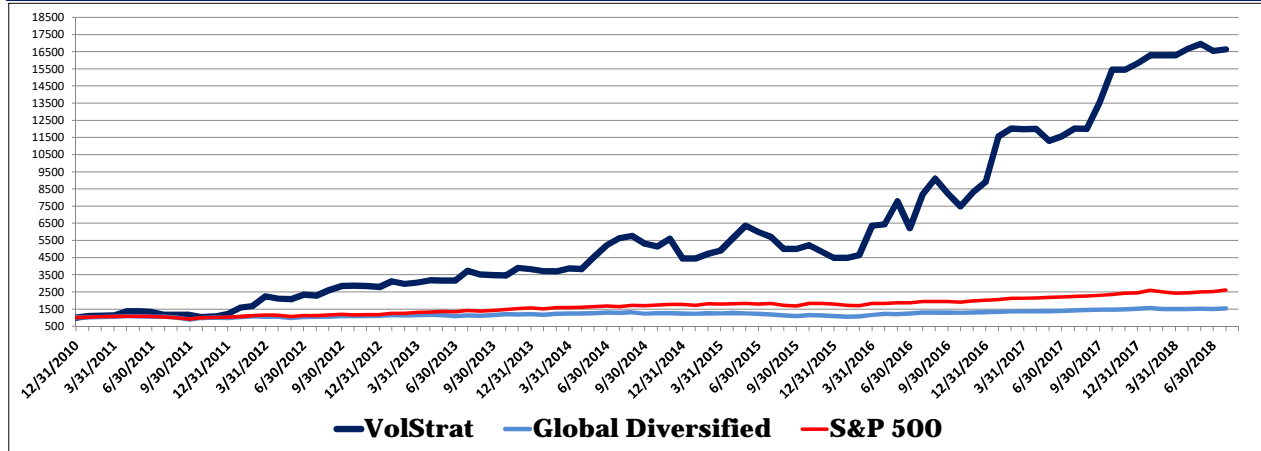
**IMPORTANT DISCLOSURES:** This document is not an offering to sell or the solicitation of an offering to purchase an interest in any of the separate account strategies offered by LongRun Capital Management LLC. S&P 500 benchmark represents the total return (including dividends) of the SPDR S&P 500 ETF (SPY). Global Diversified benchmark is the total return of an equal-weight portfolio consisting of 14 ETFs allocated approximately 70% equity (40% US and 30% international) and 30% fixed income. Investment returns shown for LongRun strategies represent actual client composite performance net of fees and expenses for certain periods and estimated net returns derived from a statistical backtest for other periods. The rule-sets used to determine month-to-month holdings of the LongRun strategy were applied consistently for the backtest period. Results of the complete backtest are available upon request. Underlying data has been obtained from sources believed to be reliable and LongRun is not responsible for errors or omissions in that data. Performance of individual separately managed accounts may vary from composite performance. Past performance (estimated or actual) is not necessarily indicative and is not a guarantee of future performance. Information regarding LongRun's management fees and the value of assets included in the composite results is available upon request. In addition, LongRun's disclosure document, Form ADV Part 2A, is available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or upon request.

# LongRun Volatility Strategy - Jul 2018



The LongRun Volatility Strategy (VolStrat) is designed to produce aggressive returns with a low correlation to broad equity market indices. VolStrat uses a systematic approach to investing in volatility through exchange traded products that are either long or short VIX futures and may also take a neutral position in cash. VolStrat methodology is the product of extensive research into the behavior of equity market volatility and securities designed to harvest returns from that behavior. Backtest results and recent live trading demonstrate attractive long-term returns but also periods of very high volatility. Investors must have a high tolerance for exposure to significant drawdowns in the value of their investment. VolStrat produces short-term gains and losses and is therefore most appropriate for tax-advantaged structures such as retirement accounts, charitable entities and private insurance vehicles.

## Growth of \$1,000 Since 12/31/2010



## Return Data for the Strategy (%)\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2011</b>	9.7	0.9	0.3	21.9	1.1	-3.1	-12.5	-0.2	-0.2	-11.5	4.0	13.9	21.1
<b>2012</b>	30.7	6.3	33.4	-6.0	-2.2	12.7	-2.1	13.5	9.9	0.5	-0.4	-2.3	129.2
<b>2013</b>	12.5	-4.9	2.2	4.3	-0.2	-0.2	18.0	-6.0	-1.0	-0.1	12.7	-2.0	37.7
<b>2014</b>	-3.0	-0.2	4.1	-0.9	18.7	15.3	8.1	2.1	-7.6	-3.5	8.8	-20.5	16.3
<b>2015</b>	-0.2	6.3	4.1	15.0	12.6	-5.8	-4.7	-12.3	-0.2	4.6	-6.9	-7.8	0.8
<b>2016</b>	-0.2	3.8	37.2	1.0	21.1	-20.2	31.8	11.2	-9.6	-9.1	11.2	7.1	98.9
<b>2017</b>	29.7	3.8	-0.2	0.1	-5.7	2.2	3.9	-0.2	12.7	14.2	0.0	2.4	77.4
<b>2018</b>	3.0	0.0	0.0	2.4	1.7	-2.4	0.7						5.2

\* Returns in italics are from a systematic backtest of the strategy; non-italicized periods represent client composite results.

	VolStrat	S&P 500	Global Diversified
Year-to-Date Return	5.2%	6.3%	1.4%
Trailing 1-Year Return	43.1%	16.1%	8.1%
Annualized Return from August 2008*	58.6%	10.1%	5.8%

\* Start date of VolStrat backtest

## Fund Holdings for Prior Month and Current Month

July 2018	August 2018
Short Volatility/Cash	Short Volatility/Cash*

\* Represents current positioning of LongRun Volatility Strategy that is subject to change at any time

## Management and Operational Details

Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$500,000 (subject to waiver)
Liquidity/Redemption:	Upon client request
Management fee:	1% of initial assets; 2% above threshold return
Contact Information:	Jim Carroll, jim@longruncapital.com, 914-202-2755

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