

Aug 2017

AR +0.72% AG +1.64% TMG +0.36% SP500 +0.29% R2000 -1.54% GDP +0.67%

## Commentary

After posting new all-time highs the first week of August, US equity markets had a volatile month responding to North Korean missiles and unrest in Charlottesville. A positive spurt last week brought indices back near their highs and the Nasdaq Composite managed another record as the tech sector renewed its rally. International markets were mixed but emerging markets remain strong as the US dollar continues to be weak.

Each of the primary LongRun strategies posted gains for the month. Absolute Return (AR) was higher by 0.7%, Aggressive Growth (AG) picked up 1.6% and Tax-Managed Growth finished +0.4%. Year-to-date performance continues to be nicely positive and in line with benchmarks. The Absolute Return model is taking a distinctly more defensive posture for September, exiting SPY and developed international stocks (EFA), favoring a 50% fixed income allocation. This could hinder performance if last week's rally continues or help if we see more of August's volatility. AG looks to ride the rally in emerging markets with the addition of Latin America (ILF). TMG is also positioned to benefit from continuation of the longer term uptrend in equity markets. The Volatility Strategy sat out the month of August in cash. The two spikes on the 10<sup>th</sup> and 17<sup>th</sup> came and went too quickly to be tradeable while the popular short vol positioning lost money. A return to relative calm may provide a re-entry opportunity.

Even as equity indices are at or near all-time highs, not all investors are in the bullish camp. Through the end of August, long-term Treasury bonds (TLT) had outperformed the S&P 500 (SPY) over trailing three and six-month timeframes. So far this year, TLT has seen \$1.6 billion of inflows while almost \$2.8 billion has exited SPY. In addition, small and mid-cap stocks have underperformed and lost money in August. This may simply be the market collecting itself before another push higher. Or it may be that investors are taking shelter in the face of heightened tension from North Korea and lack of progress on the President's campaign promises. September offers the potential to get back on track or to take the train off the rails. North Korea detonated a nuke this weekend. Congress will return to address tax reform, the debt ceiling and a fiscal budget. The Federal Reserve is expected to deliver another rate hike and specifics for shrinking its balance sheet. The surprise would be that we get through the month without more bouts of volatility.

"How ridiculous and how strange to be surprised at anything which happens in life."

- Marcus Aurelius

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# LongRun Monthly Strategy Review



**Aug 2017**

**AR +0.72% AG +1.64% TMG +0.36% SP500 +0.29% R2000 -1.54% GDP +0.67%**

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

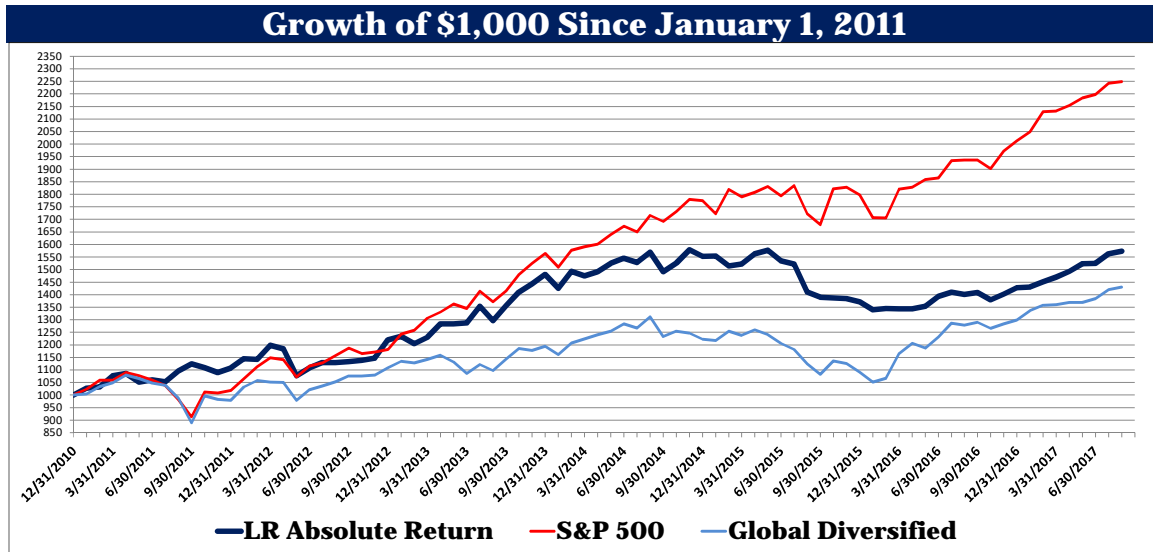
	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	YTD	TTM
<b>US Equity</b>														
<b>SPY</b> <i>S&amp;P 500</i>	0.0	-1.7	3.7	2.0	1.8	3.9	0.1	1.0	1.4	0.6	2.1	0.3	11.8	16.2
<b>MDY</b> <i>Mid Cap</i>	-0.6	-2.7	7.9	2.2	1.7	2.6	-0.5	0.8	-0.5	1.5	0.9	-1.5	5.0	12.0
<b>IWM</b> <i>Small Cap</i>	1.1	-4.6	11.1	2.9	0.3	1.9	0.0	1.2	-2.0	3.4	0.9	-1.3	4.4	15.0
<b>QQQ</b> <i>NASDAQ 100</i>	2.2	-1.5	0.4	1.1	5.1	4.4	2.0	2.7	3.9	-2.3	4.1	2.1	24.0	26.9
<b>IYR</b> <i>Real Estate</i>	-1.5	-5.0	-2.3	4.3	0.1	4.4	-1.5	0.6	-0.1	2.1	1.1	0.7	7.5	2.5
<b>XLB</b> <i>Materials</i>	-1.2	-2.1	6.8	0.2	4.6	0.6	0.6	1.3	0.0	1.9	1.7	0.8	11.8	15.8
<b>XLE</b> <i>Energy</i>	3.7	-2.8	8.5	1.7	-3.2	-2.1	-1.5	-3.0	-3.5	-0.1	2.6	-5.5	-15.3	-5.9
<b>XLF</b> <i>Financials</i>	-2.8	2.3	14.0	3.8	0.3	5.3	-3.0	-0.8	-1.2	6.5	1.7	-1.6	7.0	26.0
<b>XLI</b> <i>Industrials</i>	0.2	-2.0	9.1	0.3	1.9	3.9	-0.8	2.0	1.8	1.4	0.3	0.2	11.0	19.3
<b>XLK</b> <i>Technology</i>	2.1	-0.8	0.2	2.3	3.6	4.5	2.2	2.0	4.0	-2.8	4.5	2.9	22.6	27.2
<b>XLP</b> <i>Staples</i>	-1.5	-0.8	-4.2	3.0	1.7	4.8	-0.4	1.1	2.7	-2.3	0.7	-1.1	7.2	3.3
<b>XLU</b> <i>Utilities</i>	0.4	0.9	-5.4	4.9	1.3	5.3	-0.1	0.8	4.1	-2.7	2.4	3.3	15.0	15.5
<b>XLV</b> <i>Healthcare</i>	-0.5	-6.6	2.1	0.7	2.3	6.3	-0.5	1.5	0.8	4.6	0.8	1.8	18.8	13.5
<b>XLY</b> <i>Discretionary</i>	-0.3	-2.4	4.8	0.0	4.2	1.8	2.1	2.4	1.1	-1.3	1.9	-1.9	10.8	13.1
<b>XME</b> <i>Metals &amp; Mining</i>	3.6	-4.0	22.1	-2.0	9.8	-3.1	-5.9	-2.0	-3.0	3.8	4.9	3.0	6.8	27.2
<b>Int'l Equity</b>														
<b>DXJ</b> <i>Japan</i>	-0.6	5.2	9.0	1.7	0.7	1.7	-0.2	0.9	-0.2	3.6	0.6	-0.5	6.8	23.8
<b>EEM</b> <i>Emerging Mkts</i>	2.5	-0.8	-4.4	-0.3	6.7	1.7	3.7	1.7	2.9	0.9	5.8	2.4	28.7	24.7
<b>EFA</b> <i>Developed Int'l</i>	1.3	-2.2	-1.8	2.7	3.3	1.2	3.2	2.4	3.5	0.3	2.7	0.0	17.8	17.7
<b>EPP</b> <i>Asia Pac ex Japan</i>	3.8	-3.0	0.1	-1.4	6.7	2.9	2.9	0.3	-1.3	2.3	4.4	0.4	19.9	19.1
<b>FXI</b> <i>China</i>	2.6	-3.0	2.0	-5.8	5.7	4.1	0.8	0.1	4.2	-0.6	7.1	4.0	28.0	22.4
<b>ILF</b> <i>Latin America</i>	-0.5	10.8	-9.5	-0.8	9.8	2.9	1.8	-1.0	-3.4	1.0	8.9	4.7	26.5	25.2
<b>VGK</b> <i>Europe</i>	0.8	-3.5	-2.3	4.9	3.0	0.6	4.4	3.9	4.9	-0.5	2.8	0.1	20.7	20.3
<b>Fixed Income</b>														
<b>AGG</b> <i>Aggregate Bond</i>	0.1	-0.8	-2.6	0.3	0.2	0.7	-0.1	0.9	0.7	0.0	0.3	0.9	3.7	0.5
<b>EMB</b> <i>EM Bonds</i>	0.4	-1.7	-4.3	1.2	1.7	1.7	0.5	1.7	0.8	-0.7	1.2	2.0	9.2	4.3
<b>HYG</b> <i>US High Yield</i>	1.1	-1.0	0.0	1.8	0.9	1.5	-0.1	0.8	1.0	0.1	1.0	0.1	5.5	7.5
<b>LQD</b> <i>US IG Corporate</i>	-0.3	-1.5	-3.2	0.8	0.2	1.3	-0.3	1.2	1.3	0.5	0.8	0.7	5.8	1.4
<b>TLT</b> <i>US 20+ Treasury</i>	-1.5	-4.4	-8.2	-0.5	0.8	1.6	-0.7	1.6	1.9	0.8	-0.7	3.4	9.0	-6.2
<b>Currencies</b>														
<b>UUP</b> <i>US Dollar</i>	-0.6	3.0	3.3	0.8	-2.8	1.5	-0.6	-1.5	-1.9	-1.3	-2.8	-0.2	-9.2	-3.2
<b>FXE</b> <i>Euro</i>	0.6	-2.4	-3.5	-0.7	2.5	-1.9	0.6	2.0	3.1	1.6	3.6	0.5	12.5	5.9
<b>FXV</b> <i>Yen</i>	2.0	-3.3	-8.4	-2.1	3.5	0.5	0.8	-0.2	0.6	-1.6	2.0	0.2	6.0	-6.3
<b>Dispersion</b>	6.6	17.4	31.6	10.7	13.0	9.4	10.3	6.9	8.5	9.4	11.7	10.2	44.0	33.6
<i>High value minus low value for each month; large dispersion provides better opportunity for active strategies.</i>														
<b>Global Diversified Benchmark</b>														
	0.9	-1.9	1.4	1.2	2.9	1.6	0.2	0.6	0.0	1.1	2.6	0.7	10.1	11.9

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# LongRun Absolute Return Strategy - Aug 2017



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					<b>10.2</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	10.2%	11.8%	10.1%
Trailing 1-Year Return	12.4%	16.2%	11.9%
Trailing 3-Year Cume Return	0.3%	31.1%	9.0%
Annualized Return from 2/1/03*	14.0%	9.6%	10.4%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Prior Month and Current Month

August 2017		September 2017	
<b>EEM</b>	<b>Emerging Mkt Stocks</b>	<b>EEM</b>	<b>Emerging Mkt Stocks</b>
<b>EFA</b>	<b>Developed Intl Stocks</b>	<b>EMB</b>	<b>Emerging Mkt Bonds</b>
<b>LQD</b>	<b>Inv Grade Corp Bonds</b>	<b>IYR</b>	<b>US Real Estate</b>
<b>SPY</b>	<b>US Large Cap Stocks</b>	<b>TLT</b>	<b>20+ Yr US Treasury Bonds</b>

### 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)
Lock-up:	None
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

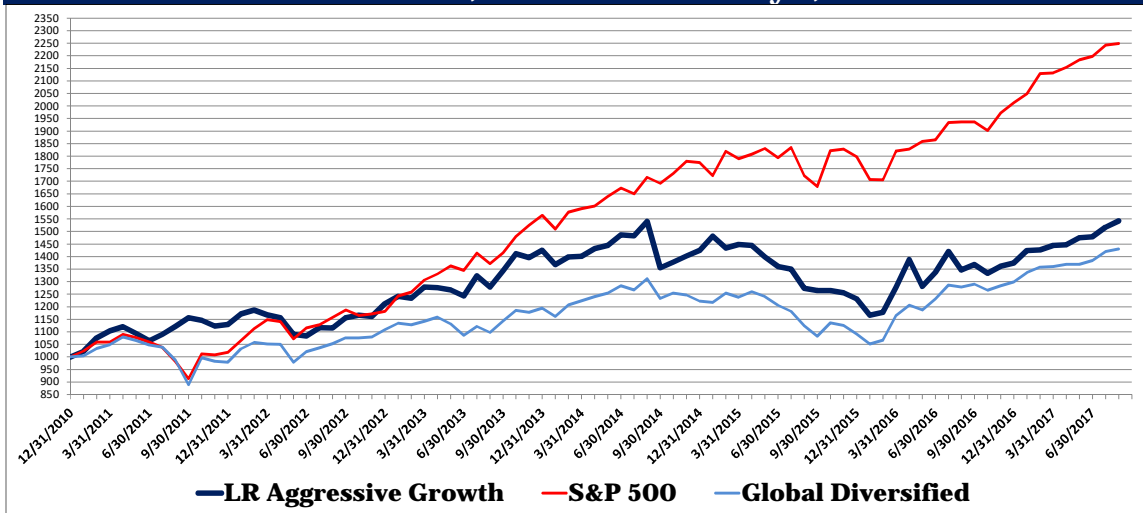
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# LongRun Aggressive Growth Strategy - Aug 2017



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					<b>12.2</b>

Returns for all periods represent client composite results.

	Aggressive Growth	S&P 500	Global Diversified
Year-to-Date Return	12.2%	11.8%	10.1%
Trailing 1-Year Return	14.6%	16.2%	11.9%
Trailing 3-Year Cume Return	0.1%	31.1%	9.0%
Annualized Return from 2/1/03*	16.8%	9.6%	10.4%

\* Common start date for backtests of three LongRun strategies

## Portfolio Holdings for Prior Month and Current Month

August 2017		September 2017	
EEM	Emerging Mkt Stocks	EEM	Emerging Mkt Stocks
VGK	European Stocks	ILF	Latin America Stocks
XME	Metals & Mining	XME	Metals & Mining

## Management and Operational Details

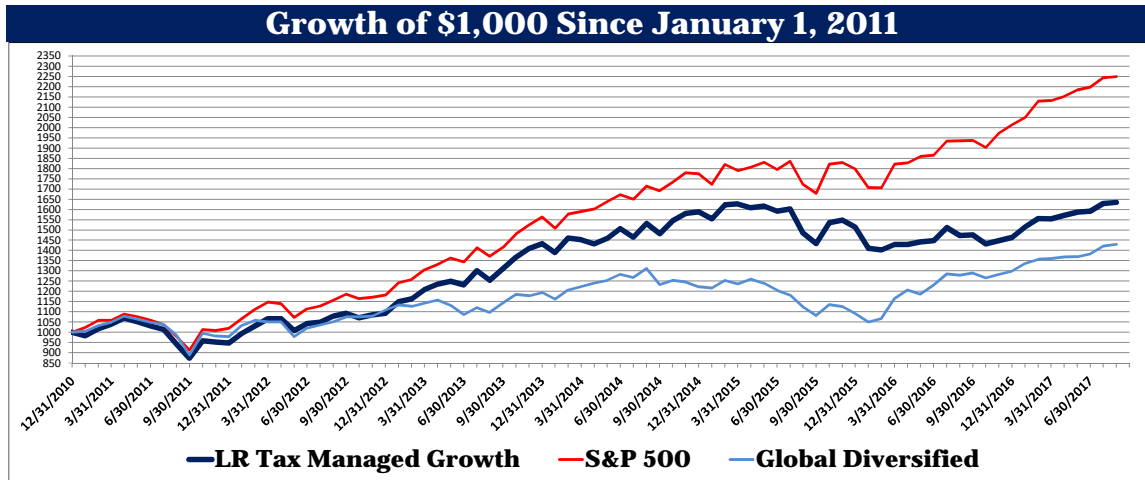
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Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
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# LongRun Tax Managed Growth Strategy - Aug 2017



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	-5.3
<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	15.5
<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	31.2
<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	10.7
<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	-4.7
<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	-3.2
<b>2017</b>	3.5	2.7	-0.1	1.1	0.9	0.3	2.4	0.4					11.7

\* 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	11.7%	11.8%	10.1%
Trailing 1-Year Return	11.1%	16.2%	11.9%
Trailing 3-Year Cume Return	6.7%	31.1%	9.0%
Annualized Return from 2/1/03*	13.1%	9.6%	10.4%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Latest Prior and Current Month

August 2017		September 2017	
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
XLP	US Consumer Staples	XLP	US Consumer Staples
XLK	US Technology	XLK	US Technology
XLV	US Healthcare	XLV	US Healthcare
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

Investment Manager:	LongRun Capital Management LLC
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Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
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

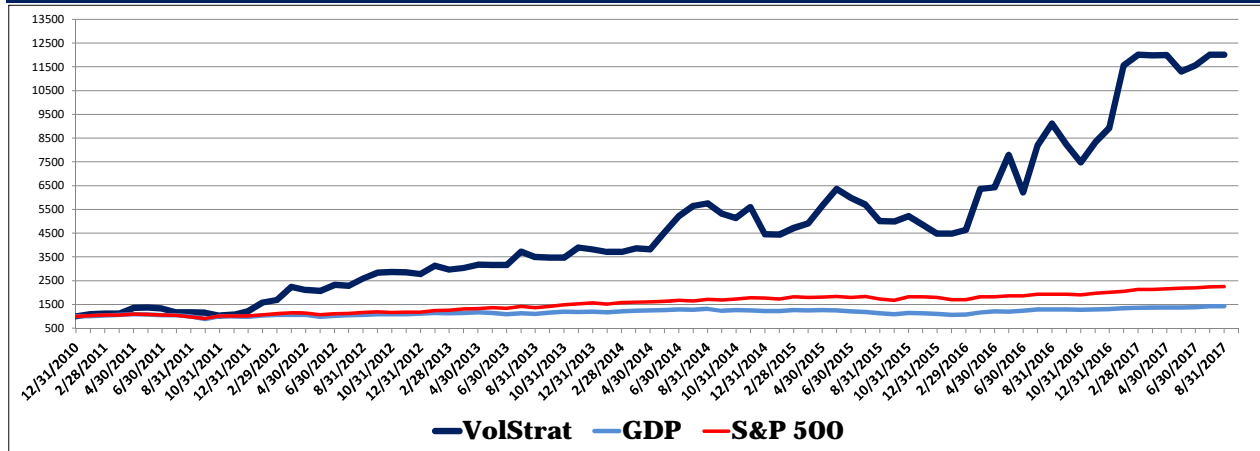
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# LongRun Volatility Strategy - Aug 2017



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					34.5

\* 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	34.7%	11.8%	10.1%
Trailing 1-Year Return	31.8%	16.2%	11.9%
Annualized Return from August 2008*	59.8%	9.7%	5.8%

\* Start date of VolStrat backtest

## Fund Holdings for Prior Month and Current Month

	August 2017	September 2017
Cash		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)
Lock-up:	None
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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