

Apr 2018

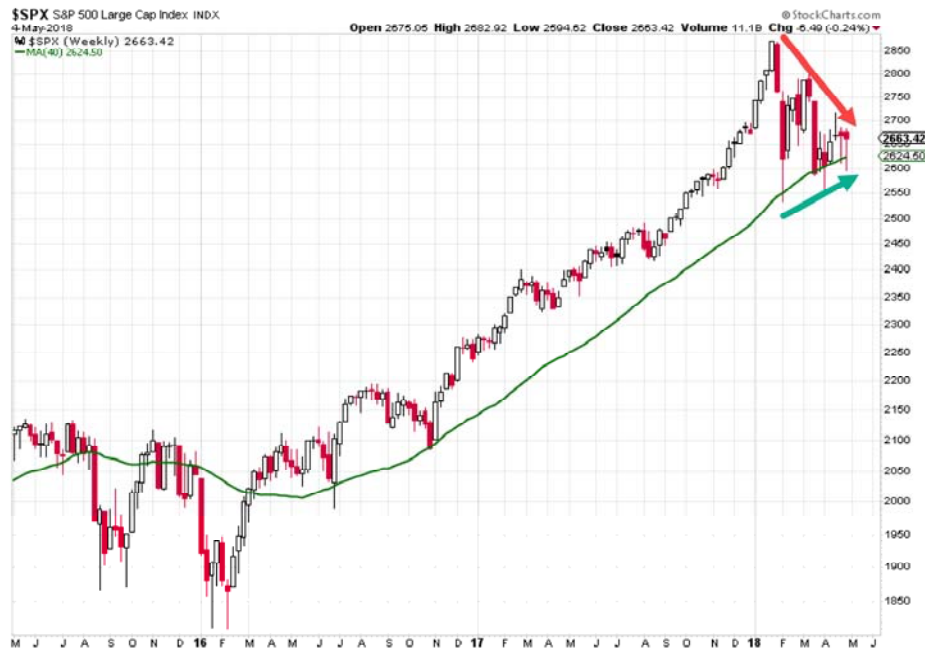
AR -0.1% AG -1.3% TMG +0.6% SP500 +0.5% GDP +0.5%

## Commentary

This month's headline is that the LongRun Absolute Return strategy (designed to protect capital in adverse market conditions) has moved to 100% cash for the month of May. This extreme defensive positioning creates the hero/goat predicament that most investment managers work hard to avoid. The AR strategy looks every month at major equity and fixed income investments and holds those with the best recent performance as long as they outrank cash. It's rare that cash outperforms all the other options. Historically, the "all-cash" signal has preceded some ugly market action and served to protect asset value. The first three days of May saw the market trade lower (hero) but Friday's rally put the S&P 500 back on the plus side (goat). No one wants to see the sell-off that would make AR the hero, but downside protection is the first principle of the strategy, so we'll take the chance that the market makes us out to be a goat this month.

Our Aggressive Growth strategy has also become more defensive with cash, high-yield bonds (HYG) and US real estate (IYR) as holdings for May. Tax-Managed Growth is designed to be slower moving and remains fully invested in a range of equities. The Volatility Strategy finally moved out of cash in April, taking a position that has profited from a decline in volatility. The VIX Index remains elevated compared to last year and our VolStrat position may add to gains with a further drop or could quickly reverse if the AR strategy proves to have the right call.

April was lackluster for most markets with energy being the only area that was really strong. Year-to-date, equity markets are more or less unchanged and bond markets have sold off with the increase in interest rates. The benchmark 10-year Treasury yield recently traded above 3% for the first time in more than four years and the Fed is expected to raise rates at least one more time this year. The path of Fed tightening is one of several worries for the equity markets along with trade tensions, mid-term elections and ongoing geo-political worries. This weekly chart of the S&P 500 index shows 2018's increase in volatility and the more recent narrowing of the trading range. The long-term trend remains positive, but bulls are being challenged and it's no time to be complacent.



“There are two ways that a human can feel confident. One is knowledge, and the other is ignorance.”

- Charles Darwin

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# LongRun Monthly Strategy Review



**Apr 2018**

**AR -0.1% AG -1.3% TMG +0.6% SP500 +0.5% GDP +0.5%**

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

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	YTD	TTM
<b>US Equity</b>														
<b>SPY</b> <i>S&amp;P 500</i>	1.4	0.6	2.1	0.3	2.0	2.4	3.1	1.2	5.6	-3.6	-2.7	0.5	-0.5	13.2
<b>MDY</b> <i>Mid Cap</i>	-0.5	1.5	0.9	-1.5	3.9	2.2	3.7	0.2	2.8	-4.4	1.0	-0.4	-1.2	9.5
<b>IWM</b> <i>Small Cap</i>	-2.0	3.4	0.9	-1.3	6.3	0.7	2.9	-0.4	2.6	-3.8	1.2	1.0	0.8	11.7
<b>QQQ</b> <i>NASDAQ 100</i>	3.9	-2.3	4.1	2.1	-0.3	4.6	2.0	0.6	8.8	-1.3	-4.1	0.5	3.5	19.4
<b>IYR</b> <i>Real Estate</i>	-0.1	2.1	1.1	0.7	-0.8	0.1	2.6	-0.1	-3.0	-6.7	3.8	0.2	-5.8	-0.6
<b>XLB</b> <i>Materials</i>	0.0	1.9	1.7	0.8	3.7	3.9	1.0	2.1	4.0	-5.3	-4.2	0.1	-5.5	9.6
<b>XLE</b> <i>Energy</i>	-3.5	-0.1	2.6	-5.5	10.2	-0.8	1.8	5.3	3.6	-10.8	1.7	9.5	2.9	12.5
<b>XLF</b> <i>Financials</i>	-1.2	6.5	1.7	-1.6	5.1	2.9	3.5	1.9	6.6	-2.9	-4.2	-0.4	-1.3	18.5
<b>XLI</b> <i>Industrials</i>	1.8	1.4	0.3	0.2	4.2	0.8	4.2	2.1	5.4	-3.9	-2.7	-2.8	-4.2	10.9
<b>XLK</b> <i>Technology</i>	4.0	-2.8	4.5	2.9	0.8	6.5	1.4	0.5	7.0	-0.4	-3.7	0.1	2.7	22.1
<b>XLP</b> <i>Staples</i>	2.7	-2.3	0.7	-1.1	-0.7	-1.7	5.6	2.2	1.6	-7.6	-0.9	-4.1	-10.8	-6.1
<b>XLU</b> <i>Utilities</i>	4.1	-2.7	2.4	3.3	-2.8	3.9	2.7	-6.1	-3.1	-3.9	3.8	2.0	-1.4	3.0
<b>XLV</b> <i>Healthcare</i>	0.8	4.6	0.8	1.8	0.9	-0.8	2.9	-0.6	6.6	-4.5	-2.9	1.1	-0.1	10.6
<b>XLY</b> <i>Discretionary</i>	1.1	-1.3	1.9	-1.9	0.8	2.1	5.1	2.5	9.2	-3.5	-2.4	2.4	5.4	16.6
<b>XME</b> <i>Metals &amp; Mining</i>	-3.0	3.8	4.9	3.0	-0.5	-1.6	0.9	14.8	1.5	-2.3	-5.5	2.7	-3.7	18.9
<b>Int'l Equity</b>														
<b>DXJ</b> <i>Japan</i>	-0.2	3.6	0.6	-0.5	5.2	6.2	0.9	2.1	1.8	-5.4	-2.0	2.3	-3.4	15.0
<b>EEM</b> <i>Emerging Mkts</i>	2.9	0.9	5.8	2.4	0.0	3.3	-0.4	3.8	8.3	-5.9	0.5	-2.8	-0.4	19.5
<b>EFA</b> <i>Developed Int'l</i>	3.5	0.3	2.7	0.0	2.4	1.7	0.7	1.4	5.0	-4.8	-0.8	1.5	0.6	13.9
<b>EPP</b> <i>Asia Pac ex Japan</i>	-1.3	2.3	4.4	0.4	-0.8	1.0	1.8	3.2	3.6	-3.7	-2.6	1.4	-1.4	9.8
<b>FXI</b> <i>China</i>	4.2	-0.6	7.1	4.0	-0.5	4.3	0.5	2.0	14.1	-10.4	0.0	-0.7	1.6	24.7
<b>ILF</b> <i>Latin America</i>	-3.4	1.0	8.9	4.7	1.6	-3.3	-4.0	5.8	13.9	-3.2	-0.2	-2.3	7.4	19.2
<b>VGK</b> <i>Europe</i>	4.9	-0.5	2.8	0.1	3.2	0.5	-0.1	1.5	5.6	-6.2	-0.4	2.2	0.9	14.0
<b>Fixed Income</b>														
<b>AGG</b> <i>Aggregate Bond</i>	0.7	0.0	0.3	0.9	-0.6	0.1	-0.2	0.5	-1.1	-1.1	0.7	-0.9	-2.5	-0.7
<b>EMB</b> <i>EM Bonds</i>	0.8	-0.7	1.2	2.0	-0.2	0.2	-0.3	1.2	-0.6	-2.2	0.6	-2.1	-4.3	-0.2
<b>HYG</b> <i>US High Yield</i>	1.0	0.1	1.0	0.1	0.6	0.1	-0.4	0.3	0.1	-0.9	-0.2	0.5	-0.6	2.2
<b>LQD</b> <i>US IG Corporate</i>	1.3	0.5	0.8	0.7	-0.1	0.2	-0.1	1.2	-1.2	-2.2	0.6	-1.6	-4.4	0.0
<b>TLT</b> <i>US 20+ Treasury</i>	1.9	0.8	-0.7	3.4	-2.3	0.0	0.7	1.6	-3.3	-3.0	2.9	-2.1	-5.5	-0.4
<b>Currencies</b>														
<b>UUP</b> <i>US Dollar</i>	-1.9	-1.3	-2.8	-0.2	0.6	1.7	-1.6	-0.6	-3.3	1.9	-0.3	2.2	0.4	-5.6
<b>FXE</b> <i>Euro</i>	3.1	1.6	3.6	0.5	-0.8	-1.5	2.1	0.8	3.4	-1.8	0.8	-1.9	0.4	10.0
<b>FXJ</b> <i>Yen</i>	0.6	-1.6	2.0	0.2	-2.4	-1.0	0.5	0.3	3.2	2.3	0.2	-2.7	2.9	1.5
<b>Dispersion</b>	8.5	9.4	11.7	10.2	12.9	9.8	9.6	20.8	17.3	13.2	9.3	13.6	18.2	30.8

High value minus low value for each month; large dispersion provides better opportunity for active strategies.

### Global Diversified Benchmark

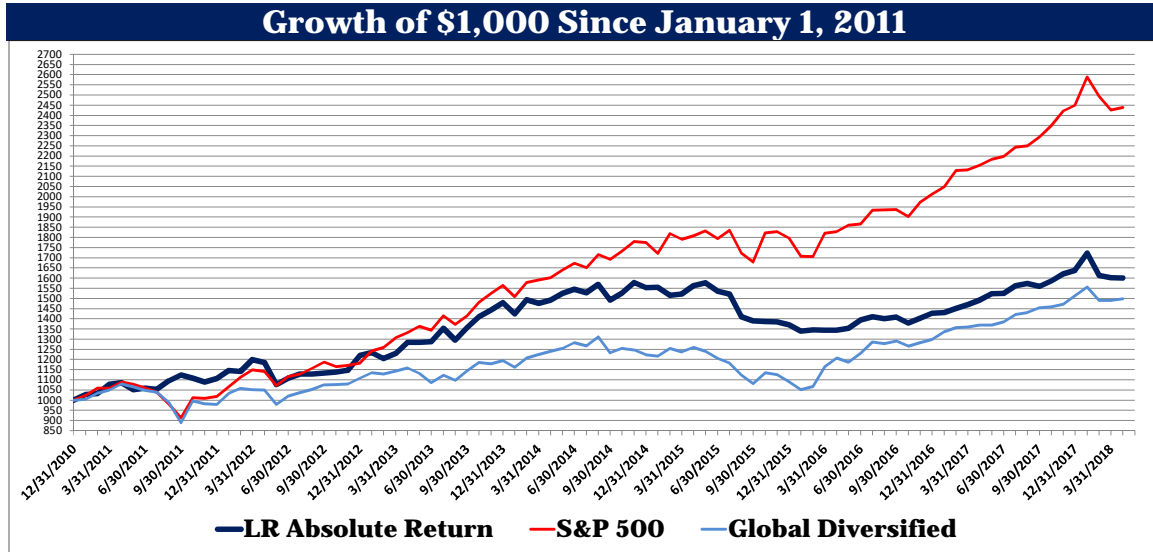
**0.6   0.0   1.1   2.6   0.7   1.7   0.4   0.9   2.8   -4.2   0.0   0.5   -1.0   7.1**

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# LongRun Absolute Return Strategy - Apr 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									<b>-2.3</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	-2.3%	-0.5%	-1.0%
Trailing 1-Year Return	7.2%	13.2%	9.5%
Trailing 3-Year Cume Return	2.4%	34.9%	18.9%
Annualized Return from 2/1/03*	13.5%	9.7%	10.3%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Prior Month and Current Month

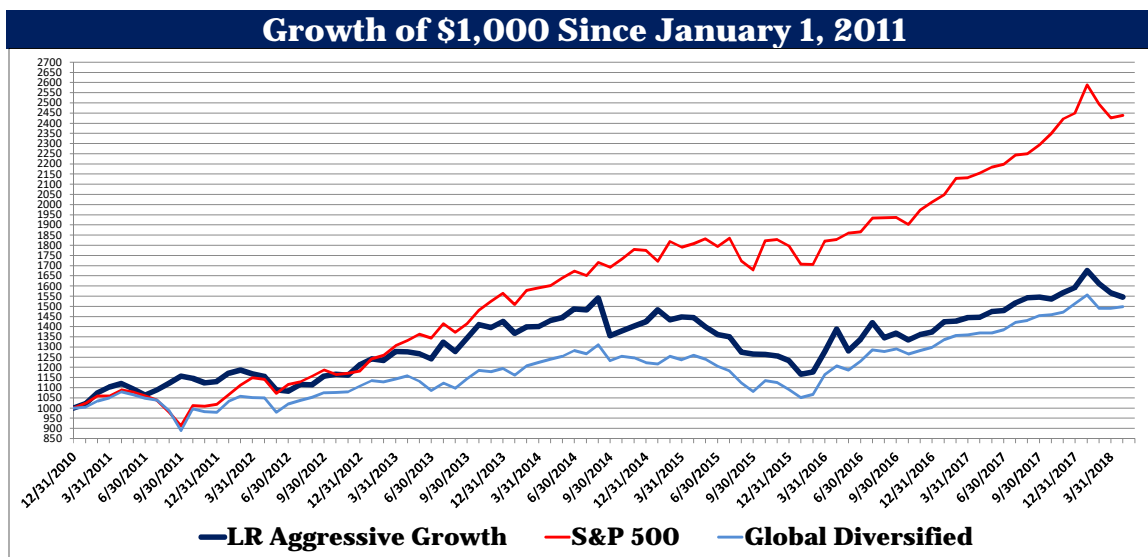
April 2018		May 2018	
EEM	Emerging Mkt Stocks	CASH	
IWM	US Small Cap Stocks	CASH	
CASH		CASH	
CASH		CASH	

### 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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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.



### 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									<b>-2.9</b>

Returns for all periods represent client composite results.

	Aggressive Growth	S&P 500	Global Diversified
Year-to-Date Return	-2.9%	-0.5%	-1.0%
Trailing 1-Year Return	6.9%	13.2%	9.5%
Trailing 3-Year Cume Return	7.1%	34.9%	18.9%
Annualized Return from 2/1/03*	15.9%	9.7%	10.3%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Prior Month and Current Month

April 2018		May 2018	
ILF	Latin America Stocks	IYR	US Real Estate
EEM	Emerging Mkt Stocks	HYG	US High Yield Bonds
IJR	US Small Cap Stocks	CASH	

### Management and Operational Details

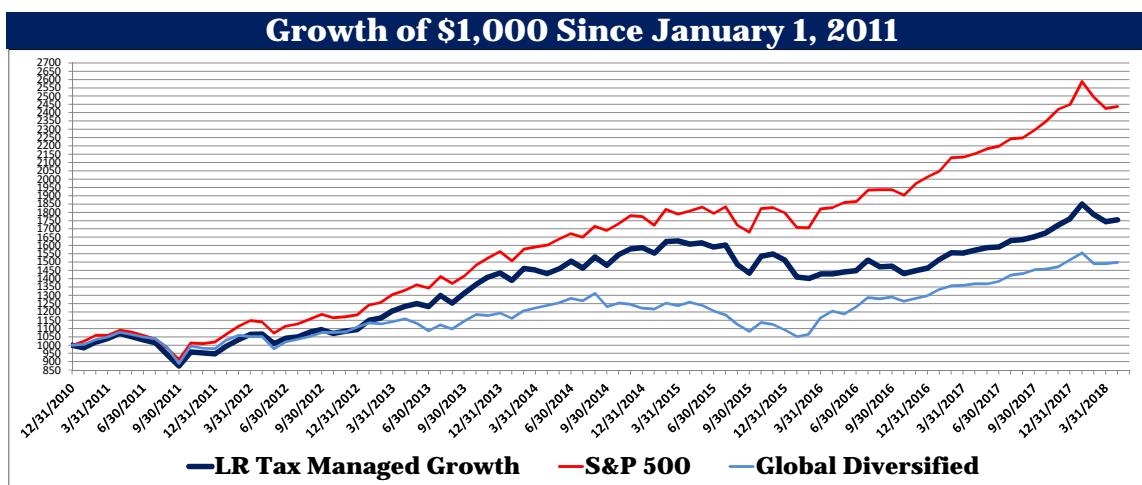
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above \$5 million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

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# LongRun Tax Managed Growth Strategy - Apr 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									<b>-0.4</b>

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

	Tax-Managed Growth	S&P 500	Global Diversified
Year-to-Date Return	-0.4%	-0.5%	-1.0%
Trailing 1-Year Return	11.6%	13.2%	9.5%
Trailing 3-Year Cume Return	9.0%	34.9%	18.9%
Annualized Return from 2/1/03*	13.0%	9.7%	10.3%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Latest Prior and Current Month

April 2018		May 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
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

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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

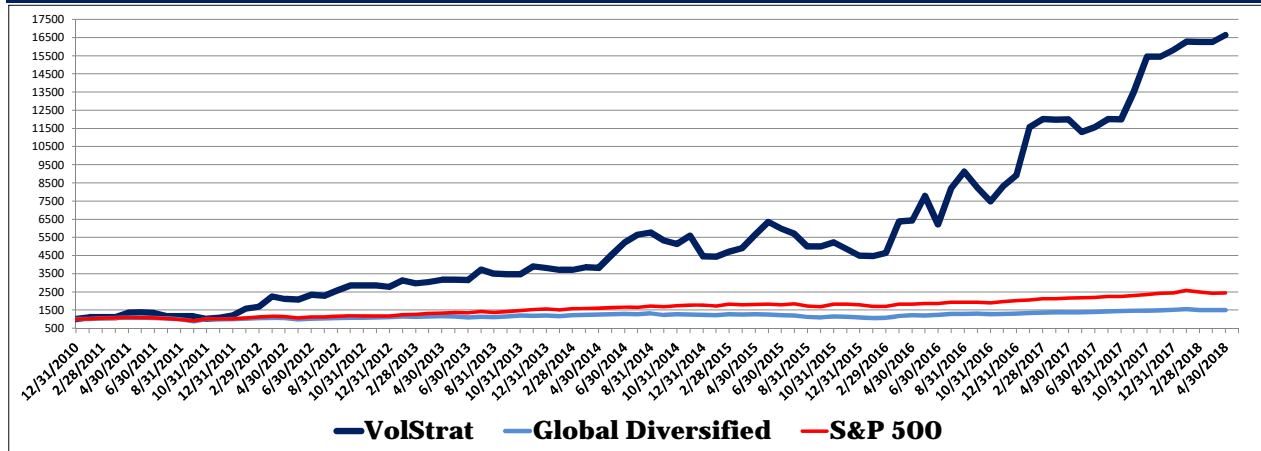
**IMPORTANT DISCLOSURES:** This document is not an offering to sell or the solicitation of an offering to purchase an interest in any of the separate account strategies offered by LongRun Capital Management LLC. S&P 500 benchmark represents the total return (including dividends) of the SPDR S&P 500 ETF (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 - Apr 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>	2.9	-0.1	0.0	2.4									5.2

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

	VolStrat	S&P 500	Global Diversified
Year-to-Date Return	5.2%	-0.5%	-1.0%
Trailing 1-Year Return	38.7%	13.2%	9.5%
Annualized Return from August 2008*	60.0%	10.0%	5.9%

\* Start date of VolStrat backtest

## Fund Holdings for Prior Month and Current Month

**April 2018**

50% Short Volatility

**May 2018**

50% Short Volatility\*

\* 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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