

Party Like It's 1999? *

A look at peak to peak performance of the S&P 500 index

* Who knew that Prince was a farsighted stock market forecaster. His song "1999" was released in 1982 on the same-titled album, just as we were entering the great bull market. The chorus contained his market prediction and strategy: "Two thousand zero zero party over, oops, out of time. So tonite I'm gonna party like it's 1999."

- On April 2, 2013, the S&P 500 Index reached 1570.25, it's all-time highest closing level. As would be expected, the financial news media celebrated this milestone as a major achievement.
- If you've been investing for more than a few years, this new high in the U.S. stock market may have been more of a déjà vu moment than a cause for cork-popping. That's because the "accomplishment" really only brought the market back to where it was in October of 2007 (1565.15) and, before that, in March of 2000 (1527.46).
- In fact, the 13 year period from March 2000 to April 2013 has been a stinker for most long-term stock investors.

New High For S&P 500 Index!!!!!!

Back where we were in 2007...

And before that in 2000

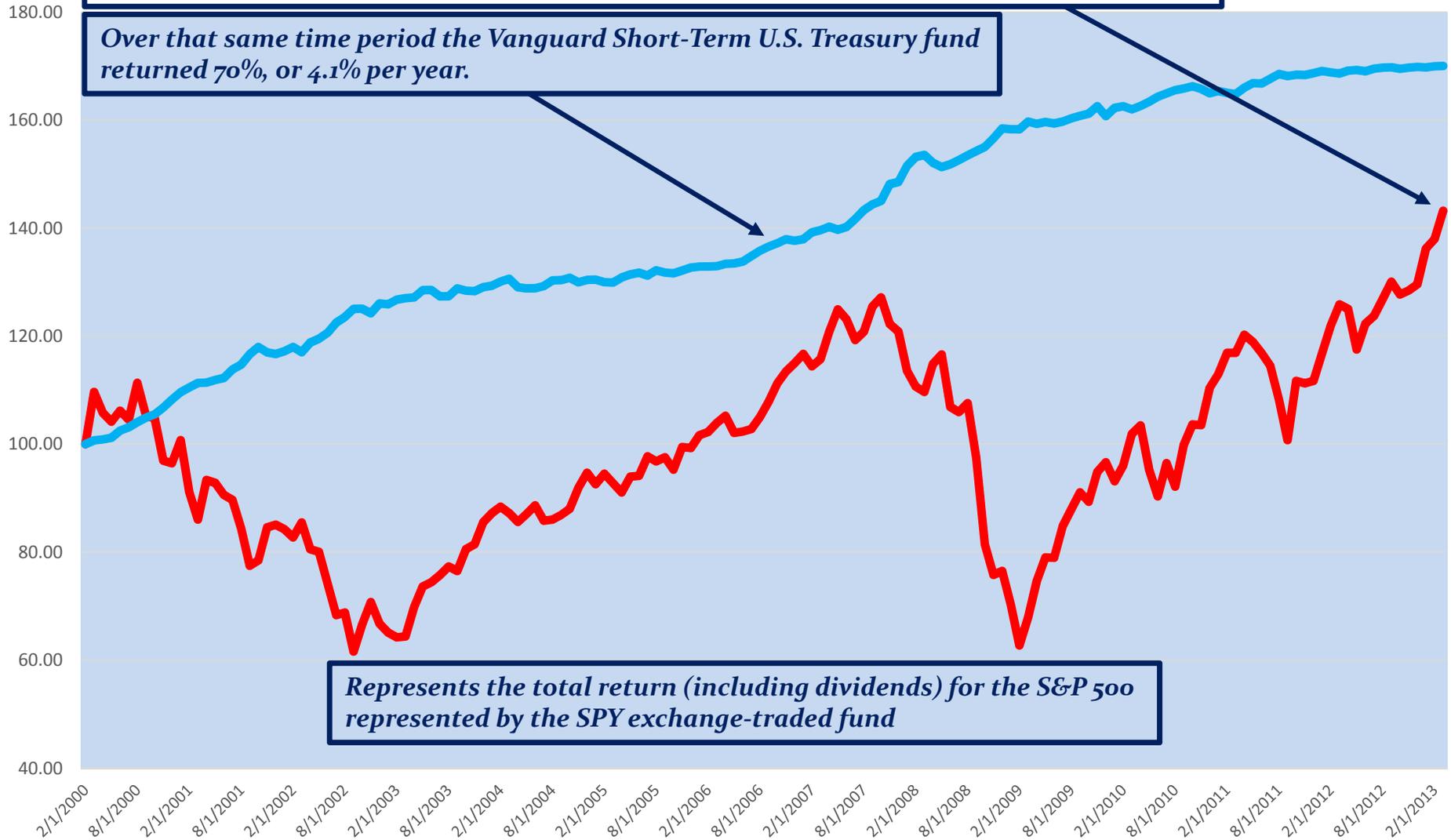


Index value only; dividends not included

A new high for stocks, but short-term Treasuries have provided a better return and smoother ride over the last 13 years.

Including dividends, the 13 year return for the S&P 500 was a cumulative 43%; that's a compound return of 2.8% per year.

Over that same time period the Vanguard Short-Term U.S. Treasury fund returned 70%, or 4.1% per year.



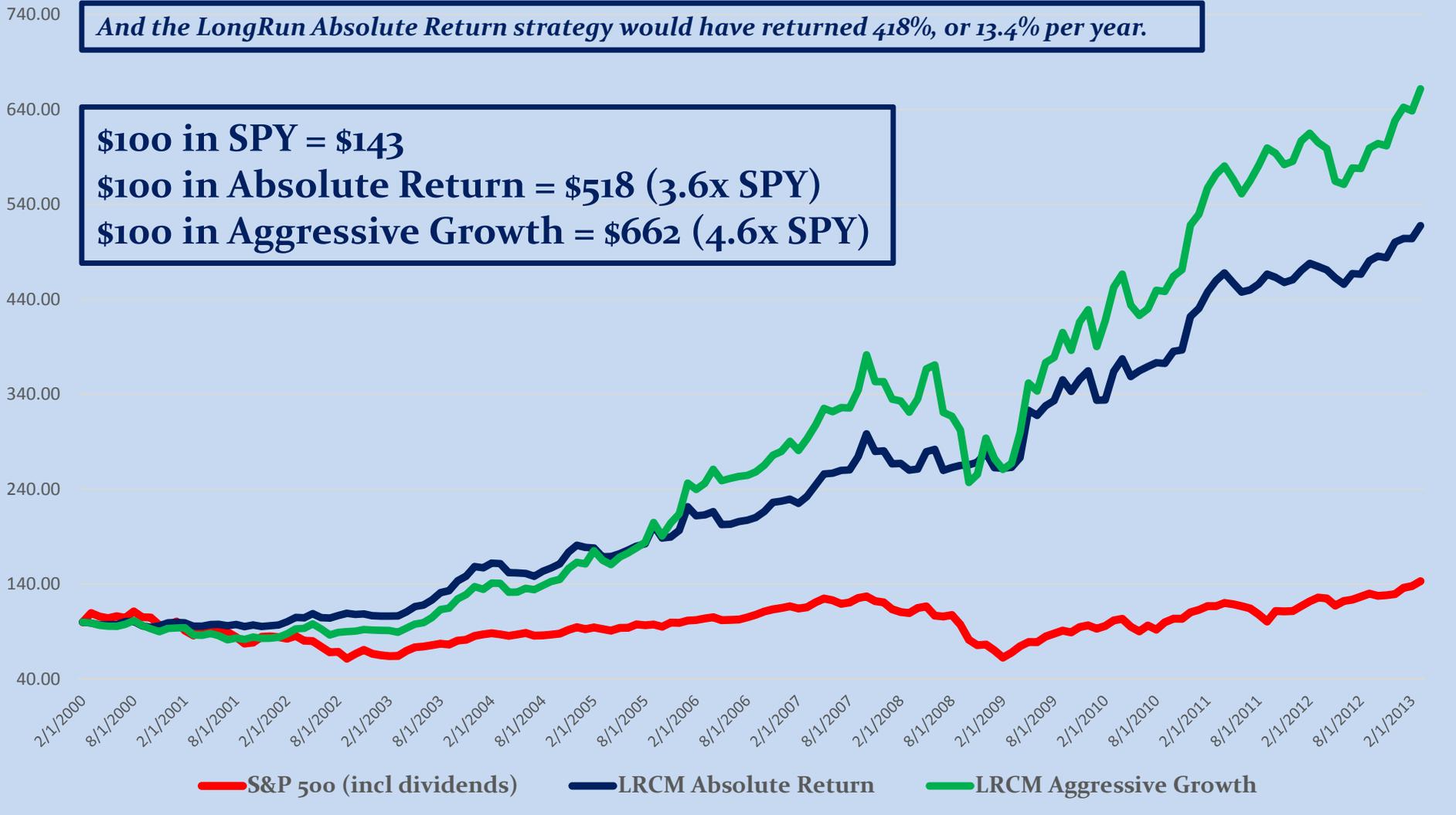
Represents the total return (including dividends) for the S&P 500 represented by the SPY exchange-traded fund

And now for a word from our sponsor....

Over the 13 years since the March 2000 peak, the LongRun Aggressive Growth strategy would have returned a cumulative 562%, a compound return of 15.5% per year (vs. 2.8% for SPY).

And the LongRun Absolute Return strategy would have returned 418%, or 13.4% per year.

\$100 in SPY = \$143
\$100 in Absolute Return = \$518 (3.6x SPY)
\$100 in Aggressive Growth = \$662 (4.6x SPY)



See "Important Disclosures" for additional information

Important Disclosures

- **Informational presentation:** This presentation is for informational purposes only and should not be construed as investment advice or a recommendation to make any particular investment or implement any specific investment strategy. Potential investors should carefully consider investment objectives, risks and expenses before contemplating any investment. Data used in this presentation has been obtained from sources believed to be reliable. However, we cannot guarantee the accuracy of this information and we are not responsible for errors or omissions. The information and statistics contained in this presentation reflect the hypothetical past performance of investment strategies developed by LongRun. Past performance of the strategies presented provides no guarantee of future results. Model portfolios have been constructed using monthly returns; results using daily price/return data would differ from those shown here. In addition, the results of actual client portfolios managed by LongRun may vary from those shown for model portfolios.
- **Strategies:** Absolute Return and Aggressive Growth (the “Strategies”) are disciplined, rules-based tactical allocation strategies developed by LongRun based on a quantitative methodology known as relative strength. Relative strength involves ranking a selected universe of potential investments based on recent rate of return and then allocating a portfolio to a subset of investments at the top of the performance ranking. The Strategies use a universe of 14 exchange-traded funds (ETFs). These 14 ETFs are ranked on 3-month total return. Absolute Return will hold the top 4 of the 14 ETFs unless one or more of those top 4 has a negative 3-month or 1-month return, in which case that allocation will be held in a cash-equivalent money market fund. This defensive rule may cause Absolute Return to be 100% in cash under adverse market conditions. Aggressive Growth will always hold the top 3 of the 14 ETFs. Holdings for each strategy are reviewed monthly based on 3-month relative strength rankings using month-end performance data. Any changes to the Strategies based on revised rankings are implemented on the first trading day of each month.
- **Backtest:** LongRun constructed a backtest of the Strategies using a combination of the 14 ETF universe and mutual funds representing the same asset classes for time periods prior to the inception of the ETFs currently being used. The rule-sets used to determine the month-to-month holdings of the Strategies were applied consistently for the entire backtest period. As a result, there was no manager discretion involved in portfolio management. Backtest returns reflect the deduction of a 1% per annum management fee and an expense ratio of 0.15% per annum designed to approximate the transaction expenses associated with implementation of the Strategies. Underlying data has been obtained from sources believed to be reliable and we are not responsible for errors or omissions. The results achieved in actual accounts may vary from those that would be indicated from backtest results. Backtest performance of the strategies provides no guarantee of future results.
- **Composite Results:** LongRun is an independent investment advisory firm that manages assets on a discretionary basis. Clients may elect to have their assets managed on a customized basis and may utilize the Strategies for some or all of their assets managed by LongRun. Unaudited composites for each of the Strategies were started on January 1, 2011, representing the performance of actual accounts assigned to the Strategies. Composites include those accounts with a value of at least \$250,000 fully invested in one of the Strategies. Composite returns are presented net of investment management fees and transaction expenses. LongRun’s top management fee tier is 1% per annum. Internal fees and expenses associated with the ETFs are reflected in the price of each ETF. Dividends, income and capital gains are reinvested on a monthly basis when allocation changes are made. Past performance is no guarantee of future results. 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 on Form ADV is available online at www.adviserinfo.sec.gov or upon request.