

LongRun Monthly Strategy Summary (12/31/2013)

Commentary

2013 finished with another strong month in the equity markets. US markets continued their domination with the S&P 500 (SPY) up 32.3%, the Dow (DIA) up 29.6% and the Russell 2000 Small Cap Index (IWM) up 38.7% (including dividends in each case). Equity markets in the rest of the world were a decidedly mixed bag. Europe (VGK) was up 24% on signs of recovery. Japan was up 26% (EWJ, or 42% hedging the Yen with DXJ) on the back of their massive monetary expansion. The rest of Asia (EPP) managed only a 3% gain. China (FXI) was down 2%. Latin America (ILF) was the worst performing region, down 13%, and broad emerging markets (EEM) were down 4%. Crude oil finished the year up 8% and energy stocks (XLE) were 26% higher for the year. Commodities generally had a bad year with a broad basket (GCC) registering an 11% loss. Gold (GLD) broke a 12-year winning streak with a 28% loss and mining stocks (XME) were down 5%. The bond market was generally a bad place to be last year. After a brief Spring rally, the Treasury market headed south with intermediate maturities (IEF) down 6% for the year while the long end (TLT) lost 13%. US corporate bonds (LQD) and munis (MUB) were down in the 2% to 4% range. High yield bonds (HYG) held up better with a gain of almost 6%.

As I've mentioned in prior commentaries, buy-and-hold US equities was the genius trade for 2013. Any diversification cost you money. A 60-40 basket of global stocks (Vanguard Total World Stock Index, up 23%) and bonds (Vanguard Total Bond Index, down 2%) would have given you a return of 13% for the year. Investment theory would say you were doing the right thing but it would have felt pretty bad.

The LongRun strategies definitely hit some bumps in 2013. The original Absolute Return (AR) portfolio took every market dip as a sign of imminent demise and was out of step as the market quickly recovered from each pullback. For the year, AR finished where it began – a very unsatisfactory outcome. On a better note, ARv2 showed good performance from its late summer introduction. It returned 14% from September through year-end, matching the S&P 500. From the start of 2013, its pro forma return would have been 22%. Finally, the Aggressive Growth strategy returned almost 18% for the full year, trailing US index performance but beating the Global Diversified benchmark. Despite a challenging year, I continue to have confidence that these strategies (even original AR) will prove their worth over time because stock markets don't always behave well and downside protection will have real value at some point.

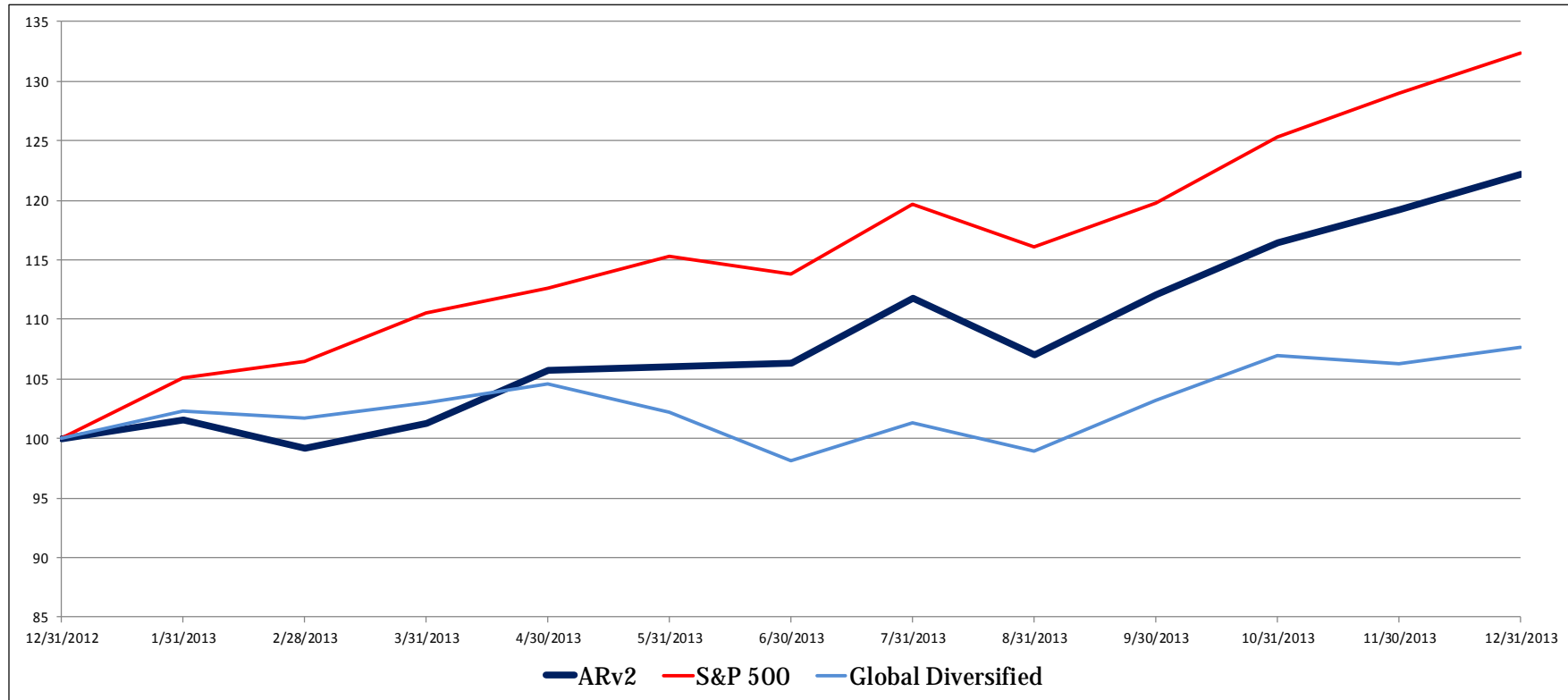
Everyone is now wondering what 2014 will bring. Wall Street strategists are almost unanimous in setting the bar much lower – single digit to low double digit returns. Of course, the consensus for last year missed the mark badly so I don't put much stock in predictions. Everyone expects equities to lead the charge again this year, though many are tempering their enthusiasm for the US and some are hoping that emerging markets will make a comeback. Quite a few are looking for a correction of 10% or more with better returns in the latter half of the year. Everyone is anxiously awaiting the next batch of earnings announcements that will start with Alcoa on January 9th. We need a strong earnings season for the markets to make new highs from here. Happy New Year!!

“I wish you all the joy that you can wish.” William Shakespeare

LongRun Monthly Strategy Summary (12/31/2013)

LongRun Absolute Return version 2 (ARv2)

See the last page for a information on this strategy.



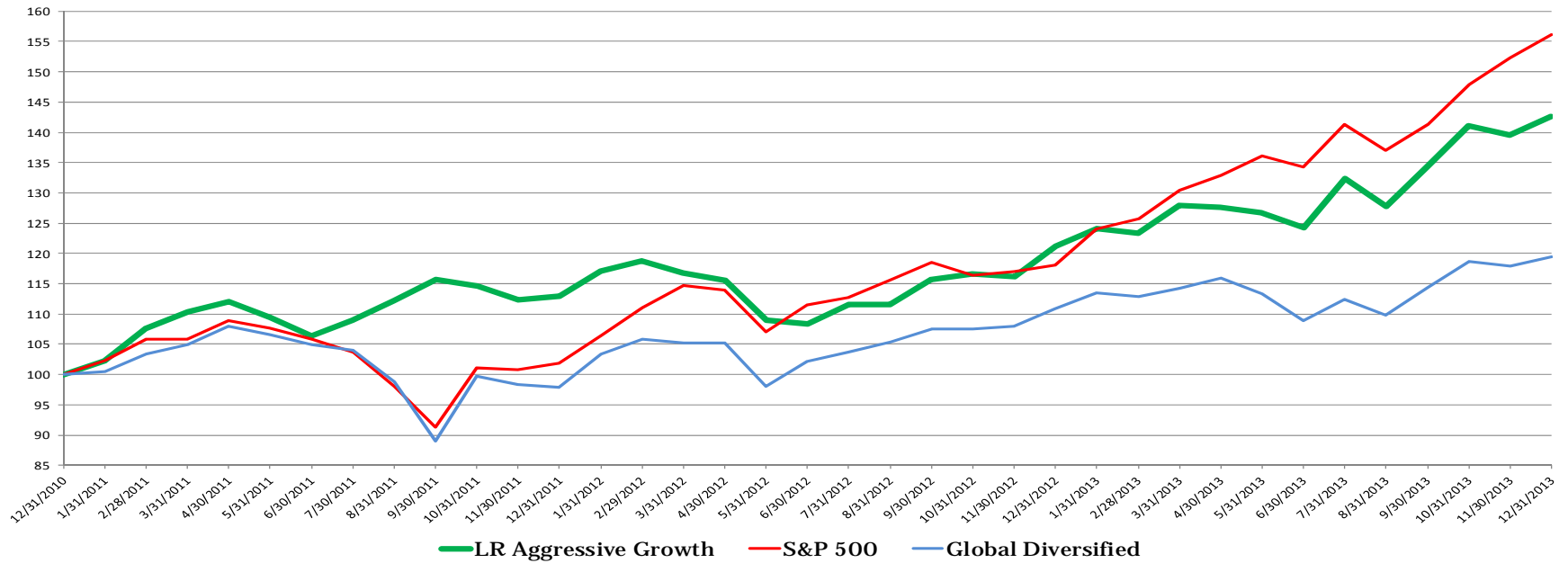
	2013 Returns (%)												YTD	Rel
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
LR Absolute Return v2	1.6	-2.3	2.1	4.4	0.3	0.3	5.2	-4.2	4.7	4.0	2.4	2.5	22.2	Perf
S&P 500 (SPY)	5.1	1.3	3.8	1.9	2.4	-1.3	5.2	-3.0	3.2	4.6	3.0	2.6	32.3	-10.1
Global Diversified	2.3	-0.6	1.3	1.5	-2.3	-4.0	3.3	-2.4	4.3	3.7	-0.6	1.3	7.7	14.5

Returns from January 2013 through July 2013 are from a backtest of ARv2. Returns starting August 2013 reflect actual results.

LongRun Monthly Strategy Summary (12/31/2013)

LongRun Aggressive Growth Strategy

See the last page for a information on this strategy.



	2011 Returns (%)														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Rel	
LR Aggressive Growth	2.2	5.2	2.6	1.6	-2.4	-2.8	2.4	2.9	3.2	-0.9	-2.0	0.6	13.0	Perf	
S&P 500 (SPY)	2.3	3.5	0.0	2.9	-1.1	-1.7	-2.0	-5.5	-6.9	10.9	-0.4	1.0	1.8	11.2	
Global Diversified ¹	0.4	2.9	1.5	2.9	-1.2	-1.6	-0.9	-5.0	-9.9	12.1	-1.4	-0.5	-2.1	15.1	

	2012 Returns (%)														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Rel	
LR Aggressive Growth	3.7	1.3	-1.6	-1.0	-5.7	-0.6	3.1	-0.1	3.7	0.8	-0.4	4.4	7.3	Perf	
S&P 500 (SPY)	4.6	4.3	3.2	-0.7	-6.0	4.1	1.2	2.5	2.5	-1.8	0.6	0.9	16.0	-8.6	
Global Diversified ¹	5.6	2.4	-0.6	-0.1	-6.8	4.3	1.5	1.5	2.1	0.0	0.3	2.8	13.3	-6.0	

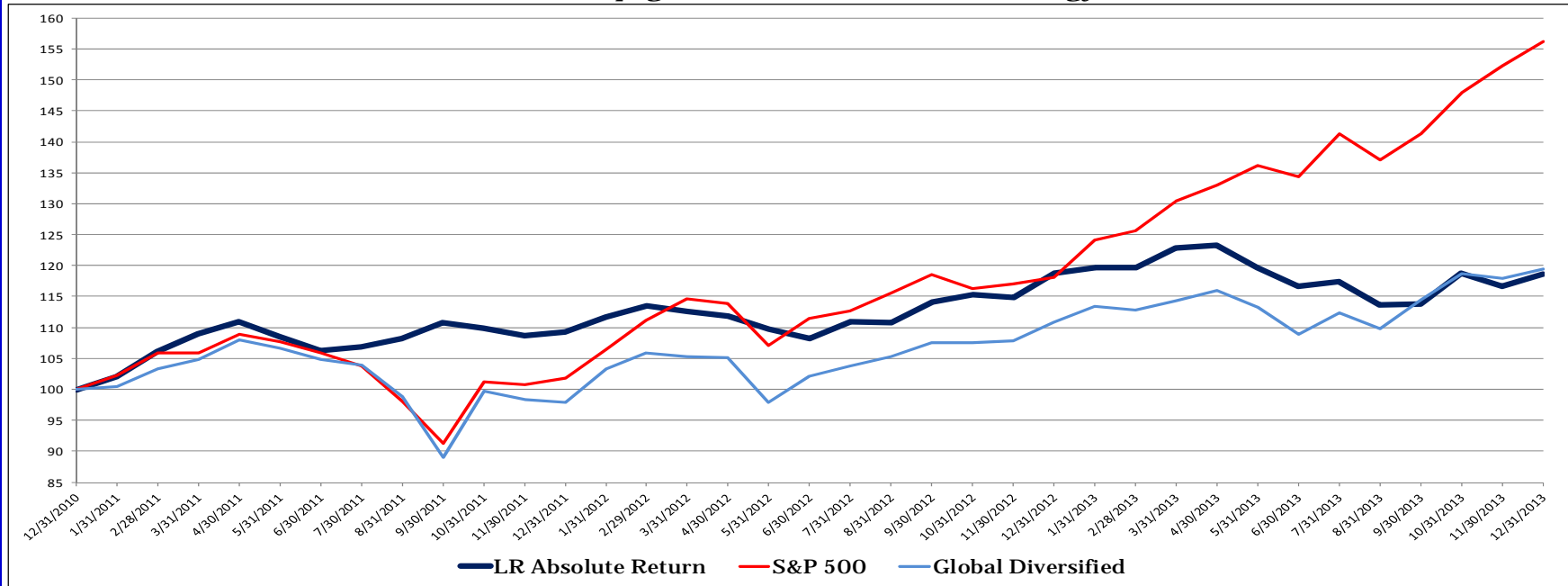
	2013 Returns (%)													From Inception 1-Jan-2011		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Rel	Rtn	Rel
LR Aggressive Growth	2.4	-0.6	3.6	-0.2	-0.7	-1.9	6.5	-3.4	5.1	5.0	-1.0	2.1	17.5	Perf	39.6	Perf
S&P 500 (SPY)	5.1	1.3	3.8	1.9	2.4	-1.3	5.2	-3.0	3.2	4.6	3.0	2.6	32.3	-14.8	52.3	-12.7
Global Diversified ¹	2.3	-0.6	1.3	1.5	-2.3	-4.0	3.3	-2.4	4.3	3.7	-0.6	1.29	7.7	9.9	17.9	21.7

See "Important Disclosures Regarding LongRun Capital Risk-Managed Strategies" for additional information

LongRun Monthly Strategy Summary (12/31/2013)

LongRun Absolute Return Strategy

See the last page for a information on this strategy.



	2011 Returns (%)																
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Rel			
LR Absolute Return	2.0	4.0	2.7	1.8	-2.2	-2.1	0.5	1.4	2.3	-0.7	-1.1	0.6	9.3	Perf			
S&P 500 (SPY)	2.3	3.5	0.0	2.9	-1.1	-1.7	-2.0	-5.5	-6.9	10.9	-0.4	1.0	1.8	7.6			
Global Diversified	0.4	2.9	1.5	2.9	-1.2	-1.6	-0.9	-5.0	-9.9	12.1	-1.4	-0.5	-2.1	11.4			
	2012 Returns (%)																
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Rel			
LR Absolute Return	2.1	1.6	-0.7	-0.8	-1.8	-1.4	2.4	-0.1	3.0	1.0	-0.4	3.4	8.6	Perf			
S&P 500 (SPY)	4.6	4.3	3.2	-0.7	-6.0	4.1	1.2	2.5	2.5	-1.8	0.6	0.9	16.0	-7.4			
Global Diversified	5.6	2.4	-0.6	-0.1	-6.8	4.3	1.5	1.5	2.1	0.0	0.3	2.8	13.3	-4.7			
	2013 Returns (%)																
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Rel	From Inception 1-Jan-2011		
LR Absolute Return	0.8	-0.1	2.7	0.3	-3.0	-2.5	0.7	-3.2	0.1	4.3	-1.7	1.6	-0.1	Perf	16.7	Perf	
S&P 500 (SPY)	5.1	1.3	3.8	1.9	2.4	-1.3	5.2	-3.0	3.2	4.6	3.0	2.6	32.3	-32.4	52.3	-35.6	
Global Diversified	2.3	-0.6	1.3	1.5	-2.3	-4.0	3.3	-2.4	4.3	3.7	-0.6	1.3	7.7	-7.8	17.9	-1.2	

LongRun Monthly Strategy Summary (12/31/2013)

2012 Target Asset Returns and Dispersion

Target Asset	ETF	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
US Large Cap	SPY/IVV	4.6	4.3	3.2	-0.7	-6.0	4.1	1.2	2.5	2.5	-1.8	0.6	0.9	16.0
US Mid Cap	MDY/IJH	6.6	4.5	1.9	-0.3	-6.5	1.9	0.0	3.5	1.7	-0.9	2.3	2.3	17.8
US Small Cap	IWM/IJR	7.2	2.6	2.5	-1.6	-6.6	5.1	-1.5	3.5	3.3	-2.2	0.6	3.6	16.7
AsiaPac ex Japan	EPP	10.2	3.3	-1.7	1.3	-11.8	7.0	5.1	1.3	2.8	2.5	1.8	3.8	26.7
Europe	VGK	5.5	5.4	0.1	-2.5	-12.0	8.3	0.3	4.7	2.9	1.8	2.5	4.3	21.6
Latin America	ILF	9.1	4.7	-2.0	-4.0	-12.2	4.8	1.4	-1.1	2.4	-0.6	-1.6	6.5	5.8
Emerging Markets	EEM	11.0	5.3	-3.1	-1.7	-10.7	5.1	0.0	0.4	5.2	-0.4	1.5	6.8	19.1
US Real Estate	VNQ/IYR	6.4	-1.2	5.2	2.9	-4.5	5.5	2.0	0.0	-1.9	-0.9	-0.3	3.7	17.6
Energy	XLE	2.3	5.9	-3.8	-0.7	-10.7	4.8	4.9	2.7	3.1	-2.0	-1.2	1.0	5.2
Metals/Mining	XME	10.7	-4.4	-3.8	-2.6	-18.7	5.6	-3.9	2.9	6.6	2.3	-4.7	6.9	-6.6
Inv Grade Corp Bonds	LQD	2.1	1.6	-1.4	1.1	0.8	0.9	3.5	-0.1	1.1	1.4	-0.4	-0.3	10.6
High Yield Bonds	HYG	1.5	2.1	-1.0	1.1	-3.2	4.7	1.0	1.2	0.5	0.9	1.1	1.4	11.7
Emerging Mkts Bonds	EMB	1.1	2.5	-0.1	1.8	-2.8	4.1	3.7	1.2	1.8	0.6	1.2	0.7	16.9
20+ Yr Treasuries	TLT	-0.3	-2.6	-4.2	4.8	9.0	-1.7	3.8	-1.3	-2.5	-0.5	1.4	-2.5	2.6
Dispersion (best-worst)		11.3	10.4	9.4	8.8	27.7	10.0	9.0	6.0	9.2	4.7	7.2	9.4	33.2
Absolute Return Strategy Holdings		CASH	VNQ	ILF	MDY	CASH	TLT	CASH	TLT	EPP	XLE	XME	VGK	
		VNQ	IWM	EEM	CASH	VNQ	CASH	VNQ	LQD	VGK	EPP	EPP	EPP	
		IWM	MDY	MDY	SPY	CASH	LQD	EMB	EMB	XLE	VGK	VGK	VGK	
		CASH	SPY	IWM	IWM	EMB	CASH	LQD	VNQ	EMB	EMB	CASH	CASH	
Aggressive Growth Strategy Holdings		XLE	VNQ	ILF	MDY	SPY	TLT	TLT	TLT	EPP	XLE	XME	VGK	
		VNQ	IWM	EEM	EEM	VNQ	VNQ	VNQ	LQD	VGK	EPP	EPP	EPP	
		IWM	MDY	MDY	SPY	MDY	LQD	EMB	EMB	XLE	VGK	VGK	EEM	

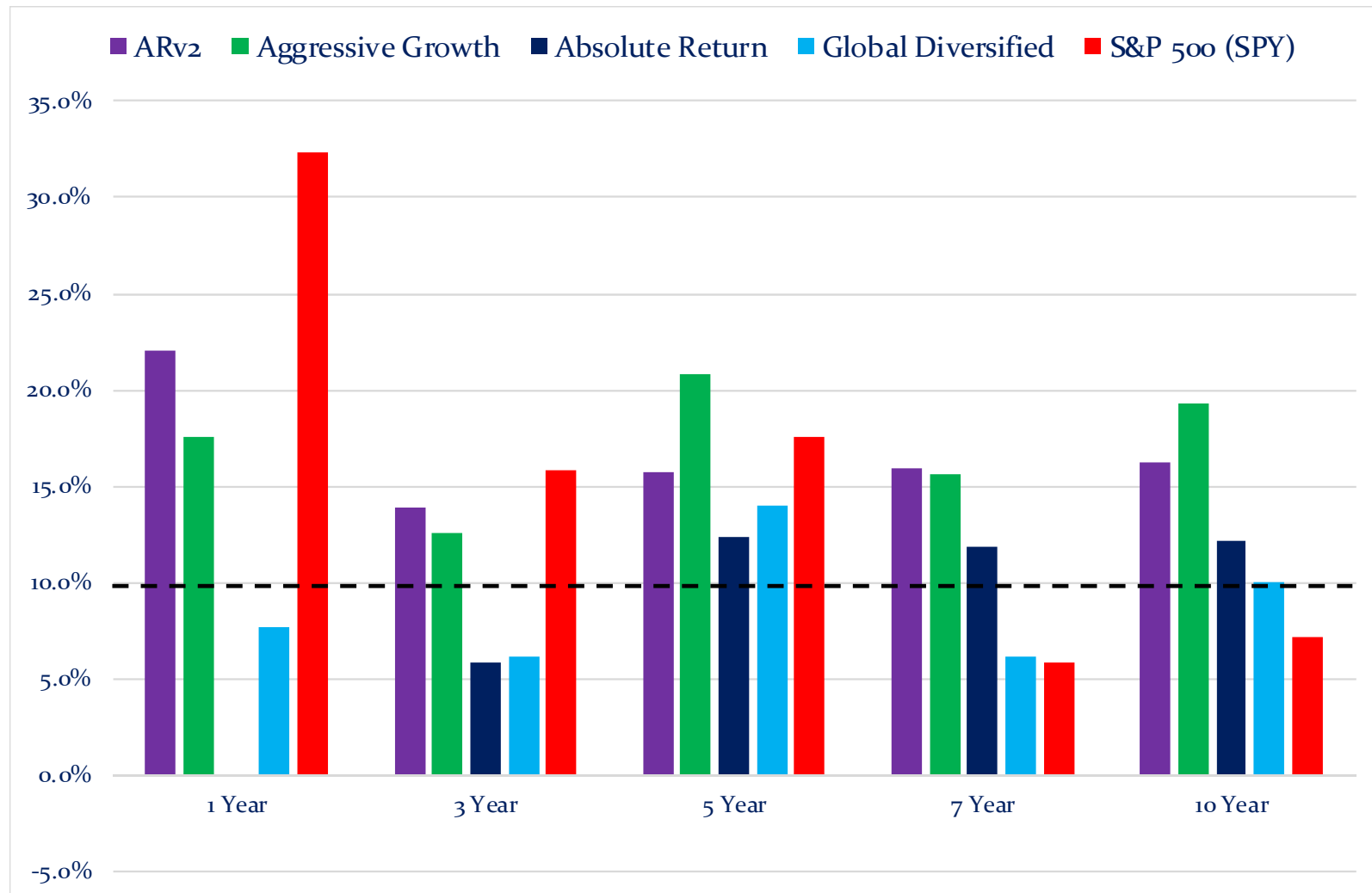
2013 Target Asset Returns and Dispersion

Target Asset	ETF	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
US Large Cap	SPY/IVV	5.1	1.3	3.8	1.9	2.4	-1.3	5.2	-3.0	3.2	4.6	3.0	2.6	32.3
US Mid Cap	MDY/IJH	7.1	0.9	4.8	0.6	2.3	-2.3	6.7	-3.9	5.4	3.6	1.2	3.2	33.1
US Small Cap	IWM/IJR	6.2	1.0	4.7	-0.4	3.9	-0.8	7.3	-3.2	6.5	2.4	4.0	2.0	38.7
AsiaPac ex Japan	EPP	3.5	1.8	0.1	3.8	-10.2	-5.2	3.8	-0.8	7.6	4.3	-3.3	-0.7	3.4
Europe	VGK	4.3	-3.4	0.3	4.5	0.0	-4.4	7.6	-1.5	7.2	4.2	1.0	2.9	24.4
Latin America	ILF	3.8	-4.7	0.7	-0.7	-6.6	-7.6	-1.6	-3.3	9.4	3.9	-3.9	-1.5	-12.6
Emerging Markets	EEM	-0.3	-2.3	-1.0	1.2	-4.8	-5.3	1.3	-2.5	7.2	4.2	-0.3	-0.4	-3.7
US Real Estate	VNQ/IYR	3.7	1.2	2.9	6.7	-6.0	-2.0	0.9	-7.0	3.5	4.5	-5.3	0.1	2.3
Energy	XLE	8.3	0.4	2.5	-1.3	2.9	-2.3	5.3	-1.0	2.1	4.2	0.1	2.9	26.2
Metals/Mining	XME	-2.8	-7.6	-0.2	-8.0	1.3	-11.5	7.6	-0.8	2.3	7.3	-0.7	8.1	-6.9
Inv Grade Corp Bonds	LQD	-1.3	1.1	-0.1	2.2	-3.2	-3.3	1.1	-1.0	0.7	1.8	-0.1	0.2	-2.0
High Yield Bonds	HYG	0.3	0.9	0.9	2.1	-2.6	-1.7	2.9	-1.3	0.8	2.5	0.5	0.4	5.7
Emerging Mkts Bonds	EMB	-2.9	0.3	-0.9	3.6	-4.9	-4.4	0.2	-2.4	3.2	2.5	-2.0	0.3	-7.8
20+ Yr Treasuries	TLT	-3.2	1.2	-0.4	4.7	-6.8	-3.3	-2.3	-1.3	0.7	1.4	-2.7	-1.9	-13.4
Dispersion (best-worst)		11.5	9.3	5.9	14.7	14.1	10.7	9.9	6.2	8.7	5.9	9.2	10.0	52.1
Absolute Return Strategy Holdings		VGK	IJH	IWM	IJH	IYR	IWM	CASH	IWM	CASH	VGK	VGK	IJR	XME
		EPP	VGK	IJH	IWM	IVV	IVV	CASH	IJH	CASH	XME	XME	VGK	IVV
		EEM	IWM	XLE	XLE	IJH	IJH	CASH	IVV	CASH	EPP	EPP	IVV	IJR
		XME	EPP	EPP	IVV	EPP	VGK	CASH	XLE	CASH	IWM	ILF	CASH	VGK
ARv2 Strategy Holdings		DXJ	DXJ	DXJ	DXJ	VNQ	DXJ	DXJ	IWM	QQQ	IWM	QQQ	QQQ	XLI
		EEM	FXI	IWM	MDY	XLP	XLF	QQQ	XLF	IWM	QQQ	VGK	XLY	QQQ
		EPP	MDY	MDY	XLV	XLV	XLV	XLF	XLV	XLV	VGK	XLI	XLI	XLK
		FXI	VGK	XLF	XLV	XLY	XLY	XLY	XLY	XLY	XLY	XLB	XLV	XME
Aggressive Growth Strategy Holdings		VGK	IJH	IWM	IWM	IYR	IWM	IWM	IWM	IWM	VGK	VGK	IJR	XME
		EPP	VGK	IJH	IJH	IVV	IVV	IVV	IJH	XLE	XME	XME	VGK	IVV
		EEM	IWM	XLE	XLE	IJH	IJH	IJH	IVV	VGK	EPP	EPP	IVV	IJR

See "Important Disclosures Regarding LongRun Capital Risk-Managed Strategies" for additional information

Trailing Performance of Risk-Managed Strategies

The chart below shows trailing performance of LongRun strategies versus the Global Diversified portfolio and the S&P 500 index. Performance of the LongRun strategies combines actual results with historic backtest data.



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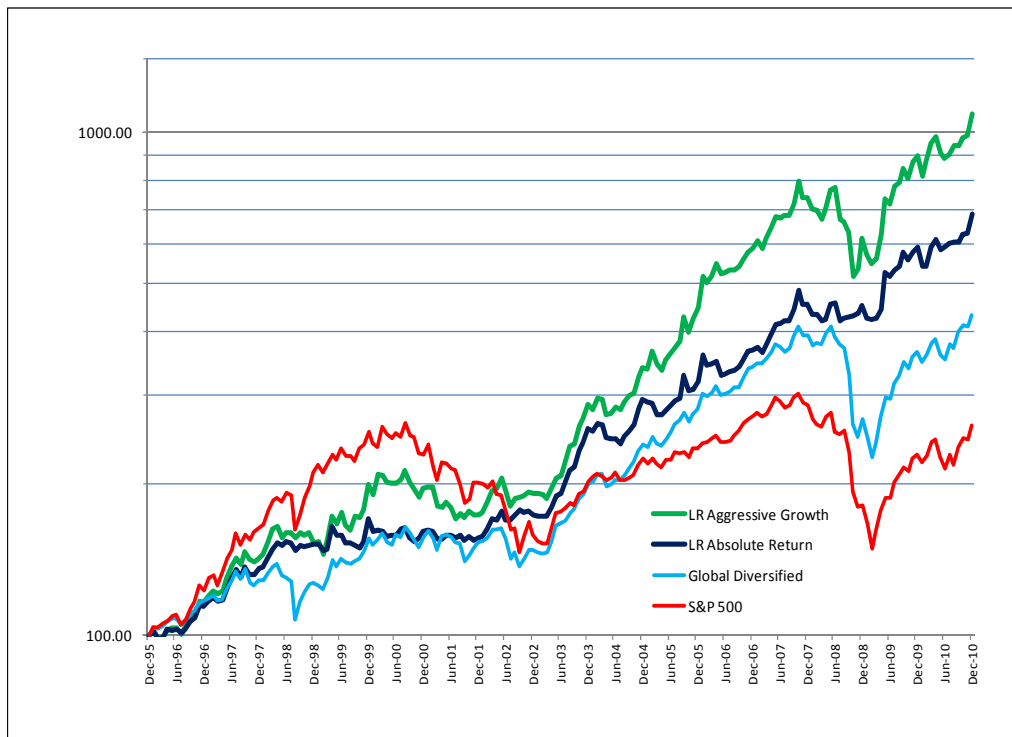
LongRun Capital Management LLC

LongRun Capital Management LLC is an independent registered investment advisor founded in 2003 to provide investment management services to individuals, families, trusts and charitable entities. Our focus is the active management of investment portfolios to achieve a balance of return, risk and tax-efficiency that meets each client's specific objectives. The Absolute Return and Aggressive Growth strategies are part of a broader array of investment solutions that we make available to our clients depending upon their objectives and risk tolerance. All assets under management are held in separate accounts owned directly by our clients. Our Managing Partner, Jim Carroll, has more than 20 years of financial advisory and investment experience.

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
Disclosure:	Form ADV available upon request

Backtest of Original LongRun Risk-Managed Strategies

The results shown below represent a backtest of the LongRun Aggressive Growth and Absolute Return strategies from January 1, 1996 through December 31, 2010. Additional information is available upon request. Please review the important disclosures below and on the last page.

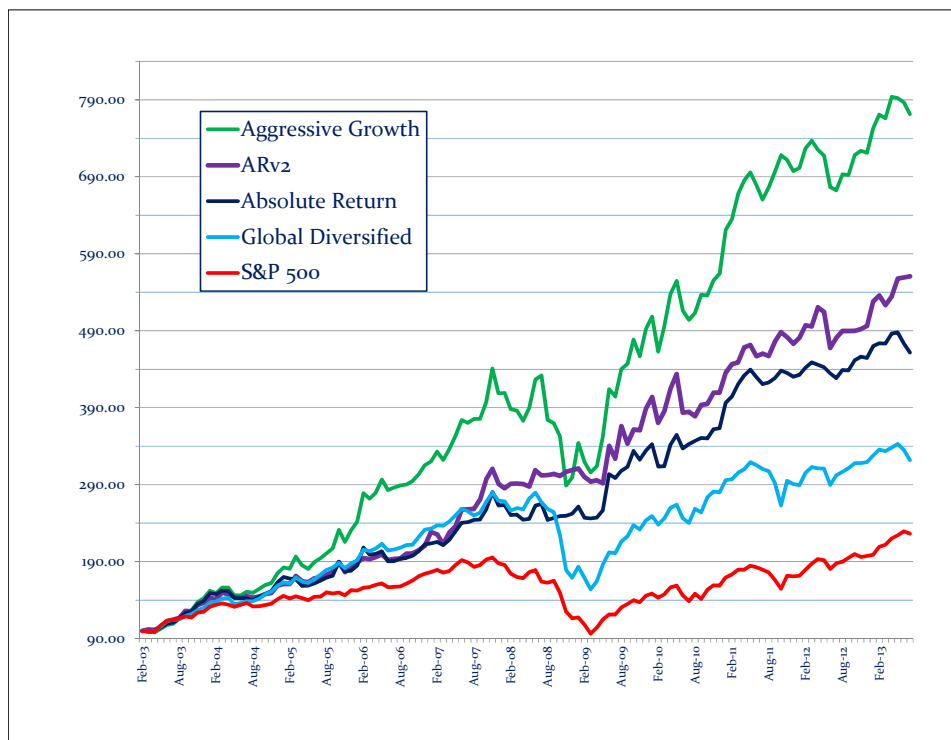


	S&P 500 (SPY)	Global Diversified ¹	Aggressive Growth ²	Absolute Return ³
Compound Annual Return ⁴	6.6%	10.3%	17.2%	13.7%
Ending Value per \$1 ⁵	\$2.62	\$4.34	\$10.84	\$6.84
Multiple of S&P 500	NA	1.7	4.1	2.6
Standard Deviation ⁶	16%	15%	18%	13%
Maximum Drawdown ⁷	-51%	-45%	-35%	-13%
Overall Correlation ⁸	100%	85%	56%	46%
Up Market Correlation ⁹	100%	84%	56%	53%
Down Market Correlation ⁹	100%	88%	47%	21%
Up Capture ¹⁰	100%	90%	107%	74%
Down Capture ¹⁰	100%	76%	59%	37%
Up/Down Ratio ¹¹	1.0	1.2	1.8	2.0
Percent Positive Ratio ¹²	62%	86%	91%	94%
Positive Monthly Returns	60%	64%	64%	68%
Batting Average ¹³	NA	58%	60%	56%

- Global Diversified is a portfolio that equally weights the 14 ETFs used in the risk-managed strategies, resulting in a global portfolio that is a 70/30 mix of equity and fixed income
- Aggressive Growth is a risk-managed strategy designed to achieve higher long-term returns for clients able to tolerate a significant amount of risk
- Absolute Return is a risk-managed strategy designed to strictly limit investment risk while producing attractive expected returns
- Annualized compound return from January 1, 1996 through December 31, 2010
- The estimated value of \$1 invested on January 1, 1996 through December 31, 2010
- Standard deviation is a statistical measure of the dispersion of investment returns around the average return; a higher standard deviation is commonly viewed as indicative of greater risk
- Drawdown is a measure of the worst peak to trough decline in portfolio value over a measured period; a higher drawdown is indicative of greater risk
- Correlation measures the degree to which one set of returns moves up and down in sync with a benchmark set of returns; the S&P 500 is used as the benchmark for this analysis
- Upmarket correlation analyzes only periods when benchmark returns are positive; downmarket vice versa; upmarket correlation higher than downmarket correlation indicates better risk-adjusted returns
- Up capture measures the degree to which an investment matches benchmark returns in an upmarket and vice versa for down capture
- An Up/Down Ratio greater than 1 indicates risk-adjusted outperformance versus the benchmark; a ratio of 2 or more indicates significant risk-adjusted outperformance
- Percent Positive Ratio measures the percentage of all holding periods from six months to five years that produced positive returns
- Batting average measures the percentage of months that the particular investment outperformed the benchmark (S&P 500)

Backtest of LongRun Risk-Managed Strategies Including ARv2

The results shown below represent a backtest of the LongRun Aggressive Growth, Absolute Return and Absolute Return version 2 (ARv2) strategies from February 2003 through June 2013. Additional information is available upon request. Please review the important disclosures below and on the next page.



	ARv2	Aggressive Growth	Absolute Return	Global Diversified ¹	S&P 500 (SPY)
Compound Annual Return	18.0%	21.7%	15.8%	11.9%	8.2%
Ending Value per \$1 ²	\$5.61	\$7.72	\$4.62	\$3.22	\$2.26
Multiple of S&P 500	2.5	3.4	2.0	1.4	NA
Standard Deviation ³	14%	18%	13%	16%	14%
Maximum Drawdown ⁴	-13%	-34%	-13%	-45%	-51%
Sharpe Ratio ⁵	1.16	1.10	1.06	0.66	0.45
Sortino Ratio ⁶	0.62	0.55	0.58	0.30	0.21
Gain/Pain Ratio ⁷	1.78	1.49	1.66	0.87	0.60
Ulcer Index ⁸	3.8%	8.2%	4.9%	11.5%	15.7%
Ulcer Performance Index ⁹	4.3	2.5	2.9	0.9	0.4
Correlation to S&P 500 ¹⁰	43%	60%	44%	91%	100%
Correlation to Global Diversified ¹⁰	46%	75%	55%	100%	91%
Up Capture ¹¹	95%	138%	89%	109%	100%
Down Capture ¹¹	41%	73%	47%	91%	100%
Up/Down Ratio ¹²	2.3	1.9	1.9	1.2	1.0
Best 12-Month Return ¹³	51.7%	71.3%	52.5%	59.8%	53.1%
Worst 12-Month Return ¹³	-1.3%	-34.5%	-10.9%	-40.6%	-43.3%
Average 12-Month Return ¹³	17.5%	23.3%	16.2%	13.4%	8.6%
Percent Positive Ratio ¹⁴	98%	95%	96%	87%	70%
Positive Monthly Returns	70%	64%	70%	64%	64%
Batting Average ¹⁵	56%	60%	53%	58%	NA

Statistics are based on a backtest start date of 2/1/2003

1. Global Diversified is a portfolio that equally weights 14 ETFs representing a global 70% equity/30% fixed income portfolio.

2. The estimated value of \$1 invested on February 1, 2003 through the as of date of this presentation.

3. Risk measured as the dispersion of investment returns around the average return. A lower standard deviation means that the range of returns was relatively narrow, indicating a smoother return pattern. A higher standard deviation means that the range of returns was relatively wide, indicating a more volatile return pattern.

4. Risk measured as the worst peak to trough decline in portfolio value over the measured period. For example, a decline in portfolio value from \$1 million to \$750,000 would be 25%. Large drawdowns require higher subsequent returns to recover lost value.

5. Sharpe Ratio is a measure of risk-adjusted return calculated as the excess return (investment return minus risk-free T-bill rate) divided by standard deviation of returns. A higher Sharpe Ratio indicates a better risk-adjusted return.

6. Sortino Ratio is a variation of the Sharpe Ratio that differentiates between "good" volatility (volatility of positive returns) and "bad" volatility (volatility of negative returns). It is calculated as the excess return (investment return minus risk-free T-bill rate) divided by the standard deviation of negative returns. The higher the Sortino Ratio the better the risk-adjusted returns.

7. Gain/Pain Ratio (GPR) is a measure of risk-adjusted return that compares the gain from an investment with the pain endured to achieve it. Gain is measured as the sum of all monthly returns and pain is the sum of all negative monthly returns. Fewer and/or smaller negative returns will result in a higher GPR. A GPR greater than 1 represents an outstanding risk-adjusted return.

8. Ulcer Index (UI) measures the depth and duration of all drawdowns in price from earlier highs (also thought of as time spent "underwater"). Similar in concept to Max Drawdown, UI measures all drawdowns. The greater a drawdown in value, and the longer it takes to recover to earlier highs, the higher the UI. Technically, it is the square root of the mean of the squared percentage drawdowns in value. The squaring effect penalizes larger drawdowns proportionately more than smaller drawdowns.

9. Ulcer Performance Index (UPI) is a measure of risk-adjusted return calculated as excess return (investment return minus risk-free T-bill rate) divided by Ulcer Index. It is similar in concept to the Gain/Pain Ratio. UPI in excess of 2 indicates an outstanding risk-adjusted return.

10. Correlation measures the degree to which one set of returns moves in sync with a benchmark. Ideally, an investment strategy will have a relatively low correlation to benchmarks combined with better returns.

11. Up capture measures investment performance for those periods when the benchmark return is positive. 100% up capture indicates that the investment matched the return of the benchmark. Down capture is the same measurement for those periods when the benchmark return is negative. The combination of high up capture and low down capture is ideal.

12. An Up/Down Ratio is calculated as Up Capture divided by Down Capture. A ratio greater than 1 indicates risk-adjusted outperformance versus the benchmark. A ratio of 2 or better indicates outstanding risk-adjusted performance.

13. Based on all rolling 12-month periods in the historical data. For example, there were 114 different 12-month holding periods from February 2003 through June 2013.

14. Percent Positive Ratio (PPR) measures the % of all possible holding periods ranging from 6 months to five years that produced positive returns. A PPR greater than 95% indicates very high consistency.

15. Batting average measures the % of months that a particular investment outperformed a benchmark (in this case the S&P 500). A batting average greater than 50% indicates strong performance but this statistic provides less information than others such as GPR, UPI and Up/Down Ratio.

See "Important Disclosures Regarding LongRun Capital Risk-Managed Strategies" for additional information

Important Disclosures Regarding LongRun Capital Risk-Managed Strategies

- **Strategies:** Absolute Return and Aggressive Growth (the “Original Strategies”) and Absolute Return version 2 (“ARV2”) are disciplined, rules-based tactical allocation strategies developed by LongRun Capital 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 Original Strategies use a universe of 14 exchange-traded funds (ETFs) and rank them on 3-month total return. ARv2 uses a universe of 33 ETFs and ranks them on a weighted combination of 3-month total return, 6-month total return and 2-month volatility. Both Absolute Return and ARv2 incorporate rules designed to reduce risk when equity markets experience sustained declines and can be invested 100% in cash-equivalent securities. The Aggressive Growth strategy will be fully invested at all times. Additional information regarding the strategies is available upon request.
- **ETF universe:** The 14 ETFs that serve as the selection menu for the Original Strategies were selected as representative of the global equity and fixed income asset classes that would commonly be used to construct a prudently diversified portfolio. The ETFs used for ARv2 are an expanded set of primarily equity and fixed income assets. These ETFs used for each strategy will be held constant unless one or more cease trading in the future, in which case we will seek to use a reasonable substitute representing the same asset class. In addition, we may occasionally substitute an equivalent ETF as part of a tax loss harvesting strategy or to reduce transaction expenses. Clients will incur direct expenses associated with the purchase and sale of ETFs as well as the indirect expenses associated with management of the ETFs by their sponsors (e.g. iShares).
- **Global Diversified Portfolio:** The S&P 500 is a benchmark commonly used as a proxy for the US equity market. As an alternative, we developed the Global Diversified portfolio to measure the performance of all 14 of the ETFs used in the models underlying the Original Strategies. The Global Diversified portfolio assigns an equal weighting to each of the 14 ETFs and rebalances those weightings each month. The portfolio is approximately 70% equity and 30% fixed income with approximately 40% allocated to US equities and 30% allocated to international equities.
- **Backtest:** LongRun Capital constructed backtests of the strategies using the ETF universe assigned to each strategy and, in the case of the Original Strategies, mutual funds representing the same asset classes for time periods prior to the inception of the ETFs being used. The rule-sets used to determine the month-to-month holdings of the strategies were applied consistently for the entire backtest period. 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 Capital 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 Capital. Unaudited composites for the Original Strategies were started on January 1, 2011, representing the performance of actual accounts assigned to the Strategies. An unaudited composite for ARv2 was started on August 1, 2013. Composite returns are presented net of investment management fees and transaction expenses. LongRun Capital’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 Capital’s management fees and the value of assets included in the composite results is available upon request. In addition, LongRun Capital’s disclosure document, Form ADV Part 2A, is available online at www.adviserinfo.sec.gov or upon request.