

AR +1.4% AG +2.9% TMG +3.4% SP500 +2.1% GD +2.3%

Commentary

Sorry to be late getting this out. As you will see, the monthly review has been redesigned, the original Absolute Return strategy has been dropped (no one has had money in it since last September) and the Tax-Managed Growth strategy has been added as we are in the process of introducing it to clients.

June was another good month in most markets with US equities continuing to lead the way higher. After lagging for three months, mid and small caps significantly outperformed large caps to get back even for the trailing twelve months. The LongRun strategies all posted positive returns for the month, with Tax-Managed Growth (TMG) up 3.4%, Aggressive Growth (AG) + 2.9%, and Absolute Return (AR) +1.4%. TMG benefitted from being 100% in US equities with a big dose of mid and small cap. AG was positioned very differently with Latin America (ILF), emerging markets (EEM) and energy (XLE), which was a top performer in June. For July, ILF was dropped in favor of real estate (IYR), so AG's two-thirds US centric. AR was held back by a 50% allocation to bonds (EMB and TLT), both of which jumped into the portfolio for June and were kicked out for July – replaced by technology (QQQ and XLK).

Let me say a few words about Tax-Managed Growth for those who haven't yet heard the pitch. While AG and AR have demonstrated a good balance of return versus risk, their tactical nature results in realized gains being short-term and subject to the highest tax rates. For several years, we've been working on a tactical methodology that moved slowly enough to be tax-efficient but fast enough to reduce the impact of bear markets. TMG is based on the same relative strength concept behind AG and AR but applied differently. Its model contains 36 ETFs spanning US equities, international equities, fixed income, gold and the US dollar. The portfolio generally holds the eight top-ranked ETFs, subject to a buffer that enhances tax-efficiency, but could allocate 100% to cash in a bad bear market. Our research shows returns that outperform benchmarks over a market cycle with less risk and a high degree of tax efficiency. A presentation with the full backtest is available and you will be able to track TMG month-by-month going forward.

Having commented on bonds each of the last three months, a further update is in order. Bonds took a breather in June, essentially flat for the month but this was a combination of first week crash and last week rally. Equities and bonds are caught in a tug of war with investors not sure if they should be "risk-on" or "risk-off." While the US economy seems to be stable, market volatility is low and the Fed has promised to keep interest rates near zero, investors are nervous again about Europe, the Middle East and China. That spilled into US markets this week (ending July 11) with small cap stocks especially week. Ever since the correction in August/September 2011, pullbacks like this have been a great time to buy equities. We'll see how this one works out.

Selected Asset Class Returns for Trailing Twelve Months (%)

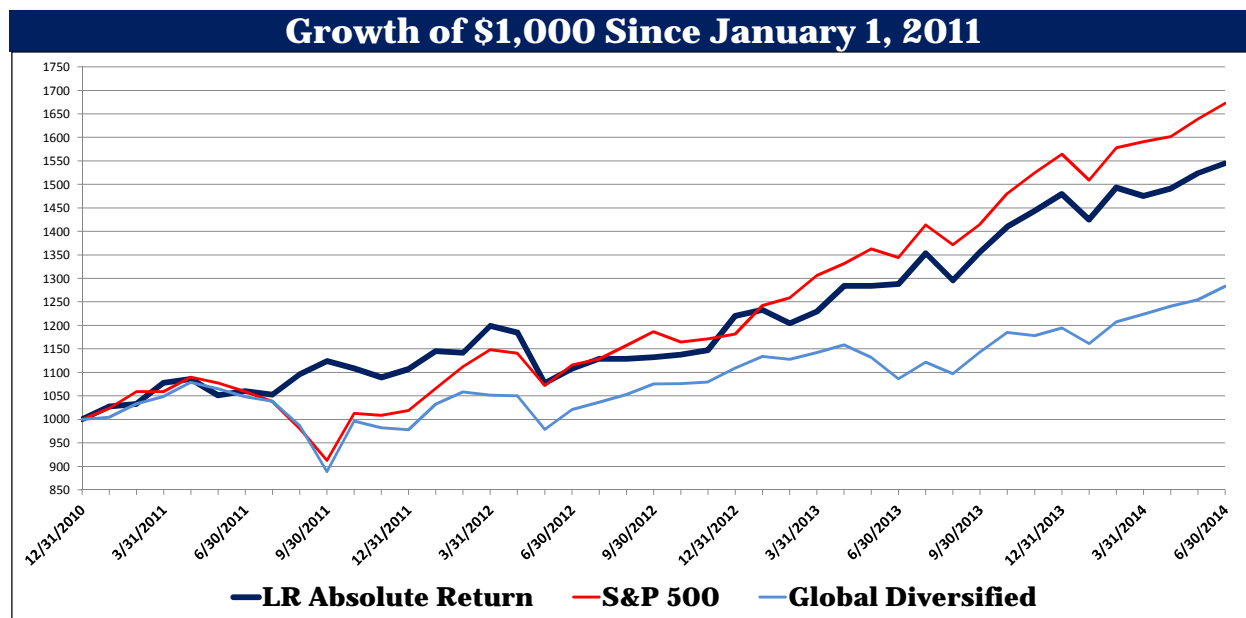
		7/13	8/13	9/13	10/13	11/13	12/13	1/14	2/14	3/14	4/14	5/14	6/14	TTM
US Equity														
SPY	S&P 500	5.2	-3.0	3.2	4.6	3.0	2.6	-3.5	4.6	0.8	0.7	2.3	2.1	24.4
MDY	Mid Cap	6.7	-3.9	5.4	3.6	1.2	3.2	-2.2	4.9	0.4	-1.5	1.6	4.2	25.5
IWM	Small Cap	7.3	-3.2	6.5	2.4	4.0	2.0	-2.8	4.8	-0.8	-3.8	0.8	5.3	24.2
QQQ	NASDAQ 100	6.3	-0.4	4.8	5.0	3.6	2.9	-1.9	5.2	-2.7	-0.3	4.5	3.1	33.8
XLB	Materials	5.6	-0.1	4.4	4.2	1.3	4.9	-4.7	6.9	0.8	0.8	3.0	1.6	32.1
XLE	Energy	5.3	-1.0	2.1	4.2	0.1	2.9	-5.8	5.1	2.1	5.3	1.7	5.5	30.3
XLF	Financials	5.4	-5.1	2.8	3.3	4.5	2.3	-3.7	3.0	3.3	-1.7	1.5	2.4	18.9
XLI	Industrials	5.9	-2.5	5.9	4.8	3.7	4.2	-4.3	4.1	1.0	1.3	1.9	0.5	29.1
XLK	Technology	3.7	-1.0	2.5	5.0	3.1	3.5	-2.6	4.4	0.4	0.3	3.8	1.9	27.7
XLP	Staples	4.3	-4.5	1.4	6.4	1.6	0.7	-5.2	3.9	2.2	2.7	1.8	-0.3	15.4
XLV	Healthcare	7.2	-3.5	3.2	4.3	4.7	0.7	0.9	6.2	-1.3	-0.6	2.9	2.1	29.8
XLY	Discretionary	5.3	-2.9	5.4	4.6	3.5	2.3	-6.0	6.4	-2.9	-1.4	2.9	1.9	19.9
XME	Metals & Mining	7.6	0.8	2.3	7.3	-0.7	8.1	-5.2	4.1	0.7	0.5	-6.5	8.1	29.1
Int'l Equity														
DXJ	Japan	-1.1	-2.9	9.4	-0.4	5.4	3.1	-8.3	2.4	-0.8	-2.6	3.8	4.4	11.6
EEM	Emerging Mkts	1.3	-2.5	7.2	4.2	-0.3	-0.4	-8.6	3.4	3.9	0.8	3.0	2.4	14.2
EPP	Asia Pac ex Japan	3.8	-0.8	7.6	4.3	-3.3	-0.7	-6.1	7.0	2.4	2.7	1.3	-0.1	18.7
FXI	China	5.4	2.5	5.6	1.3	6.8	-3.9	-9.9	2.3	1.1	-2.4	5.5	2.0	16.1
ILF	Latin America	-1.6	-3.3	9.4	3.9	-3.9	-1.5	-10.9	2.5	8.1	3.6	-1.2	3.2	6.9
VGK	Europe	7.6	-1.5	7.2	4.2	1.0	2.9	-4.6	7.3	-0.7	2.7	0.8	-0.1	29.5
Fixed Income														
AGG	Aggregate Bond	0.3	-0.8	1.1	0.8	-0.3	-0.6	1.5	0.4	-0.2	0.8	1.2	-0.1	4.3
EMB	EM Bonds	0.2	-2.4	3.2	2.5	-2.0	0.3	-0.8	3.5	1.2	1.1	3.5	0.0	10.3
HYG	US High Yield	2.9	-1.3	0.8	2.5	0.5	0.4	0.4	2.3	-0.1	0.4	1.2	0.6	11.1
LQD	US IG Corporate	1.1	-1.0	0.7	1.8	-0.1	0.2	1.9	1.1	0.0	1.3	1.5	0.0	8.9
TLT	US 20+ Treasury	-2.3	-1.3	0.7	1.4	-2.7	-1.9	6.3	0.5	0.7	2.1	3.0	-0.3	6.1
Dispersion		9.9	7.7	8.7	7.7	10.7	12.0	17.2	7.0	11.0	9.0	12.0	8.3	29.4

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

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 or upon request.

LongRun Absolute Return Strategy

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
2011	2.7	0.5	4.4	0.8	-3.1	0.8	-0.7	4.2	2.6	-1.4	-1.7	1.6	10.7
2012	3.4	-0.3	5.0	-1.2	-9.1	2.8	1.9	0.0	0.3	0.5	0.8	6.3	10.2
2013	1.1	-2.4	2.1	4.4	0.0	0.3	5.1	-4.2	4.7	4.0	2.4	2.5	21.3
2014	-3.7	4.8	-1.2	1.1	2.2	1.4							4.4

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
Annualized Return from 1/1/11	13.2%	15.8%	7.4%
Trailing 1-Year Return	20.0%	24.4%	18.1%
Trailing 3-Year Return	45.8%	57.9%	22.4%

Portfolio Holdings for Latest Month and Current Month

June 2014		July 2014	
IYR	Real Estate	XLE	Energy
XLE	Energy	IYR	Real Estate
TLT	Treasury Bonds	QQQ	NASDAQ 100
EMB	Emerging Mkt Bonds	XLK	Technology

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

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
2011	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
2012	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
2013	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
2014	-4.1	2.3	0.1	2.2	0.9	2.9							4.3

Returns for all periods represent client composite results.

	Aggressive Growth	S&P 500	Global Diversified
Annualized Return from 1/1/11	12.0%	15.8%	7.4%
Trailing 1-Year Return	19.7%	24.4%	18.1%
Trailing 3-Year Return	39.7%	57.9%	22.4%

Portfolio Holdings for Latest Month and Current Month

June 2014		July 2014	
ILF	Latin America	XLE	Energy
XLE	Energy	IYR	Real Estate
EEM	Emerging Markets	EEM	Emerging Markets

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

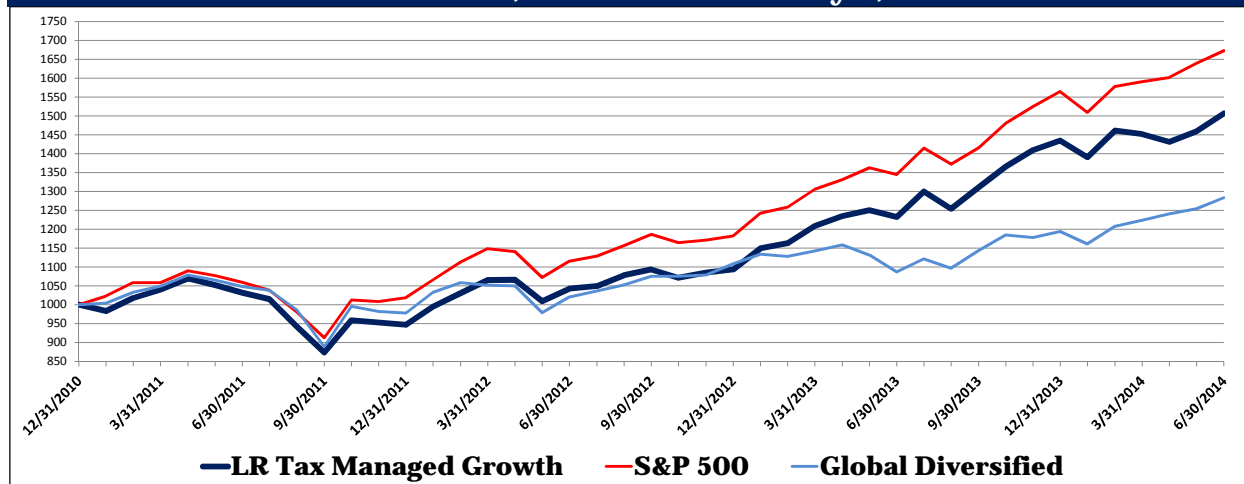
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LongRun Tax Managed Growth Strategy



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.

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
2011	<i>-1.7</i>	<i>3.5</i>	<i>2.2</i>	<i>2.9</i>	<i>-1.7</i>	<i>-1.9</i>	<i>-1.7</i>	<i>-7.1</i>	<i>-7.3</i>	<i>9.7</i>	<i>-0.6</i>	<i>-0.6</i>	-5.3
2012	<i>5.1</i>	<i>3.6</i>	<i>3.4</i>	<i>0.0</i>	<i>-5.3</i>	<i>3.3</i>	<i>0.6</i>	<i>2.8</i>	<i>1.5</i>	<i>-2.1</i>	<i>1.3</i>	<i>0.8</i>	15.5
2013	<i>5.1</i>	<i>1.2</i>	<i>3.9</i>	<i>2.2</i>	<i>1.2</i>	<i>-1.4</i>	<i>5.6</i>	<i>-3.6</i>	<i>4.5</i>	<i>4.2</i>	<i>3.2</i>	<i>1.8</i>	31.2
2014	<i>-3.1</i>	<i>5.1</i>	<i>-0.6</i>	<i>-1.4</i>	<i>1.9</i>	<i>3.3</i>							5.0

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
Annualized Return from 1/1/11	12.4%	15.8%	7.4%
Trailing 1-Year Return	22.3%	24.4%	18.1%
Trailing 3-Year Return	46.0%	57.9%	22.4%

Portfolio Holdings for Latest Month and Current Month

June 2014		July 2014	
XLY	US Consumer Discretionary	XLY	US Consumer Discretionary
QQQ	NASDAQ 100	QQQ	NASDAQ 100
IJK	US Mid Cap Growth	IJK	US Mid Cap Growth
XLV	US Healthcare	XLV	US Healthcare
RSP	Equal-Weight S&P 500	RSP	Equal-Weight S&P 500
IJT	US Small Cap Growth	IJT	US Small Cap Growth
IJS	US Small Cap Value	IJS	US Small Cap Value
IJJ	US Small Cap Growth	IJJ	US Small Cap Growth

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
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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