LongRun Monthly Strategy Review

LONGRUN CAPITAL MANAGEMENT

Feb 2015	AR -2.52% AG -3.22% TMG +4.42% SP500 +5.62% GD +2.30%

Commentary

Well then! Forget about Greece threatening to stiff the rest of Europe. Forget about the tensions in the Middle East over Iran's nuclear intentions. Forget about the timing of a Fed rate hike and whether that will be good or bad for the stock market. February was bigtime "risk-on" with almost all world equity markets rocking higher and US indices hitting new all-time highs. Even crude oil reversed from January lows although still trading for half of what it was last summer.

With two of our three strategies positioned for a continuation of December and January's relatively weak equity performance, Absolute Return (AR) and Aggressive Growth (AG) took a punch to the face. AR was down 2.5% and AG was down 3.2%, primarily because of the major pullback in the US Treasury market. Both owned long-term Treasury bonds (TLT) which were up 9.8% in January but gave back 6.1% in February. On the other end of the spectrum, Tax Managed Growth caught most of the rally with its large exposure to US equities and finished the month up 4.4%. TLT pushed its way into the TMG portfolio based on its strong long-term performance (up 32% for the 12 months ended Jan 31), and its retreat pulled results down a little for the month.

For March, AR has switched back to offense adding healthcare (XLV), consumer discretionary (XLY) and Japan (DXJ) to a holdover position in the dollar (UUP). AG likewise added US small cap (IWM) and mid cap (IJH) to its continuing position in TLT. As mentioned, 7 of 8 holdings in TMG are slices of the US equity market with the eighth being TLT.

In last month's commentary, I noted that good economic and earnings news could lead equity markets higher. While it's clear that the US economy is continuing to recover and doing so better than the rest of the world, there are some crosscurrents in the recent data. Earnings forecasts for the S&P 500 have started to turn lower driven by energy sector weakness. Fourth quarter GDP growth came in at 2.2% vs. estimate of 2.6% and a third quarter number of 5%. Finally, it appears that many consumers are using savings from lower gasoline prices to pay down their debts rather than boost consumer spending (so reports WalMart, Home Depot and JC Penney). So February's rally may have been sparked more by a potential bottoming of oil prices and relief that Greece might not tear a hole in Europe rather than as a result of upside surprises from the economy.

As has been the case for several years, active strategies and diversification have produced poor results compared with a simple strategy of owning the US market through the S&P 500. There have been other multi-year periods in the past when being long the SPY worked really well. In each case, however, the market turned down and took away 50% or more of your portfolio value. You can read more about this in a piece that will be available on our web site this weekend.

"I think about day-to-day market action as a conversation between investors holding different expectations about the future. On any single day, market action is just noise. Over time, as more and more data accumulate, this "conversation" becomes more intense. The markets eventually gather enough information to determine who is correct and prices adjust accordingly." Barry Ritholtz, CEO of FusionIQ

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Selected Asset Class Returns for Trailing Twelve Months (%)

		Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	YTD	TTM
US Equity															
SPY	*S&P 500*	0.8	0.7	2.3	2.1	-1.3	4.0	-1.4	2.4	2.8	-0.3	-3.0	5.6	2.5	15.3
MDY	*Mid Cap*	0.4	-1.5	1.6	4.2	-4.4	5.1	-4.5	3.5	1.8	0.8	-1.1	5.0	3.9	10.8
IWM	*Small Cap*	-0.8	-3.8	0.8	5.3	-6.1	4.8	-5.9	6.6	0.1	2.9	-3.3	6.0	2.5	5.7
QQQ	*NASDAQ 100*	-2.7	-0.3	4.5	3.1	1.2	5.0	-0.8	2.6	4.6	-2.3	-2.1	7.2	5.0	21.3
IYR	*Real Estate*	0.1	3.0	2.8	1.0	-0.1	3.5	-5.9	8.5	2.7	0.8	5.7	-2.6	3.0	20.5
XLB	*Materials*	0.8	0.8	3.0	1.6	-2.0	3.9	-1.4	-2.4	1.6	-0.6	-1.8	8.0	6.0	11.5
XLE	*Energy*	2.1	5.3	1.7	5.5	-3.5	2.2	-7.8	-3.5	-8.7	-0.2	-4.6	4.6	-0.2	-8.0
XLF	*Financials*	3.3	-1.7	1.5	2.4	-1.5	4.2	-0.4	2.9	2.4	1.9	-7.0	5.8	-1.5	14.1
XLI	*Industrials*	1.0	1.3	1.9	0.5	-4.1	4.2	-1.2	3.9	3.1	0.0	-3.6	5.4	1.6	12.6
XLK	*Technology*	0.4	0.3	3.8	1.9	1.7	3.3	-0.5	1.6	4.8	-2.2	-3.5	8.0	4.2	20.7
XLP	*Staples*	2.2	2.7	1.8	-0.3	-3.3	4.6	0.6	3.6	5.5	-0.9	-1.0	4.1	3.1	21.1
XLV	*Healthcare*	-1.3	-0.6	2.9	2.1	0.1	4.8	0.4	5.3	3.5	-1.4	1.3	4.3	5.6	23.3
XLY	*Discretionary*	-2.9	-1.4	2.9	1.9	-1.3	4.5	-2.8	2.1	5.5	0.9	-3.0	8.5	5.3	15.2
XME	*Metals & Mining*	0.7	0.5	-6.5	8.1	-2.0	5.7	-15.6	-4.3	-3.8	-8.2	-12.1	7.8	-5.2	-28.2
Int'l Equity															
DXJ	*Japan*	-0.8	-2.6	3.8	4.4	1.2	-0.2	4.9	2.9	2.9	-2.0	0.0	9.5	9.4	25.9
EEM	*Emerging Mkts*	3.9	0.8	3.0	2.4	1.4	2.8	-7.8	1.4	-1.5	-4.0	-0.7	4.4	3.7	5.5
EPP	*Asia Pac ex Japan*	2.4	2.7	1.3	-0.1	2.8	1.0	-9.9	5.5	-4.2	-3.1	0.5	5.0	5.5	3.0
FXI	*China*	1.1	-2.4	5.5	2.0	9.3	0.0	-5.4	4.3	1.7	3.8	-0.9	6.1	5.1	27.0
ILF	*Latin America*	8.1	3.6	-1.2	3.2	2.6	8.6	-13.5	-0.4	-2.9	-9.8	-5.4	-5.4	-10.5	-14.0
VGK	*Europe*	-0.7	2.7	0.8	-0.1	-4.3	0.7	-4.0	-1.9	2.1	-4.7	0.5	6.1	6.6	-3.3
Fixed Income															
AGG	*Aggregate Bond*	-0.2	0.8	1.2	-0.1	-0.1	1.2	-0.6	1.1	0.7	0.2	2.1	-0.9	1.1	5.4
EMB	*EM Bonds*	1.2	1.1	3.5	0.0	-0.3	1.3	-2.1	2.0	-0.4	-2.9	1.9	1.0	2.8	6.2
HYG	*US High Yield*	-0.1	0.4	1.2	0.6	-2.4	2.4	-2.0	1.1	-1.1	-0.8	0.7	2.2	2.9	2.1
LQD	*US IG Corporate*	0.0	1.3	1.5	0.0	-0.3	2.0	-1.7	1.2	0.9	0.0	3.8	-1.4	2.3	7.4
TLT	*US 20+ Treasury*	0.7	2.1	3.0	-0.3	0.7	4.7	-2.1	2.8	3.0	3.3	9.8	-6.1	3.1	22.8
Dispersion		11.0	9.0	12.0	8.3	15.3	8.8	20.5	12.8	14.2	13.6	21.9	15.6	19.9	55.3

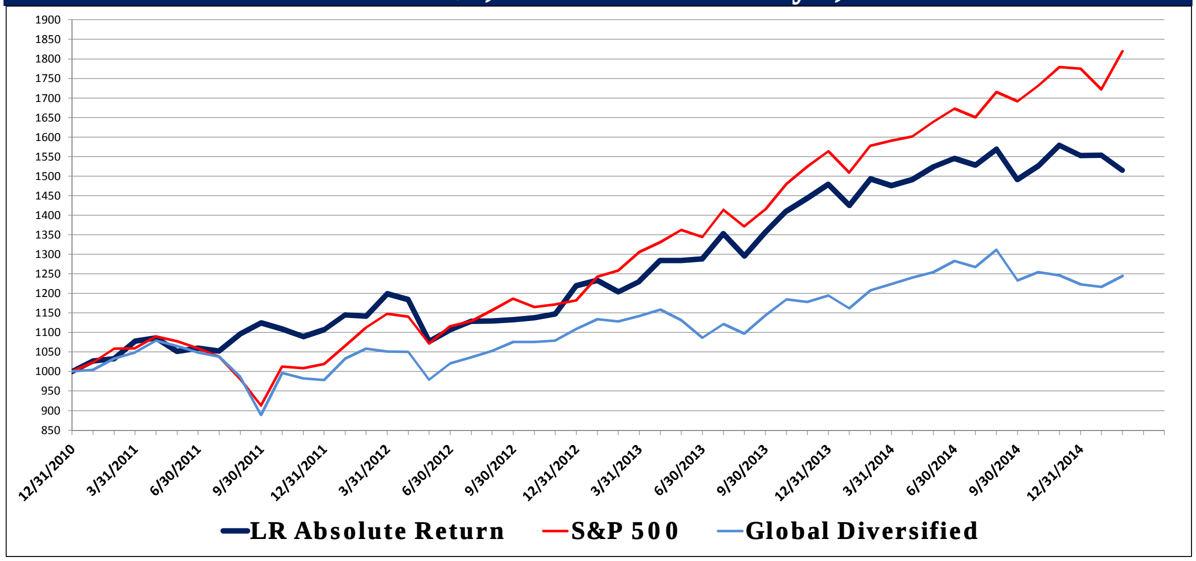
High value minus low value; large dispersion provides better opportunity for active strategies.

LongRun Absolute Return Strategy - Feb 2015

LONGRUN CAPITAL MANAGEMENT

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.

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	*2.7*	*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	-1.1	2.7	-5.0	2.3	3.4	-1.6	**5.0**
2015	*0.1*	*-2.5*											**-2.5**

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	-2.5%	2.5%	1.8%
Trailing 1-Year Return	1.5%	15.3%	3.1%
Trailing 3-Year Cume Return	32.7%	63.5%	17.6%
Annualized Return from 2/1/03*	17.2%	9.6%	11.4%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

February 2015		March 2015	
UUP	**US Dollar**	**UUP**	**US Dollar**
TLT	**20+ Year Treasury Bonds**	**XLV**	**Healthcare**
IYR	**Real Estate**	**XLY**	**Consumer Discretionary**
IEF	**10 Yr Treasury Bonds**	**DXJ**	**Japan Hedged**

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

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 manage 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 Aggressive Growth Strategy - Feb 2015

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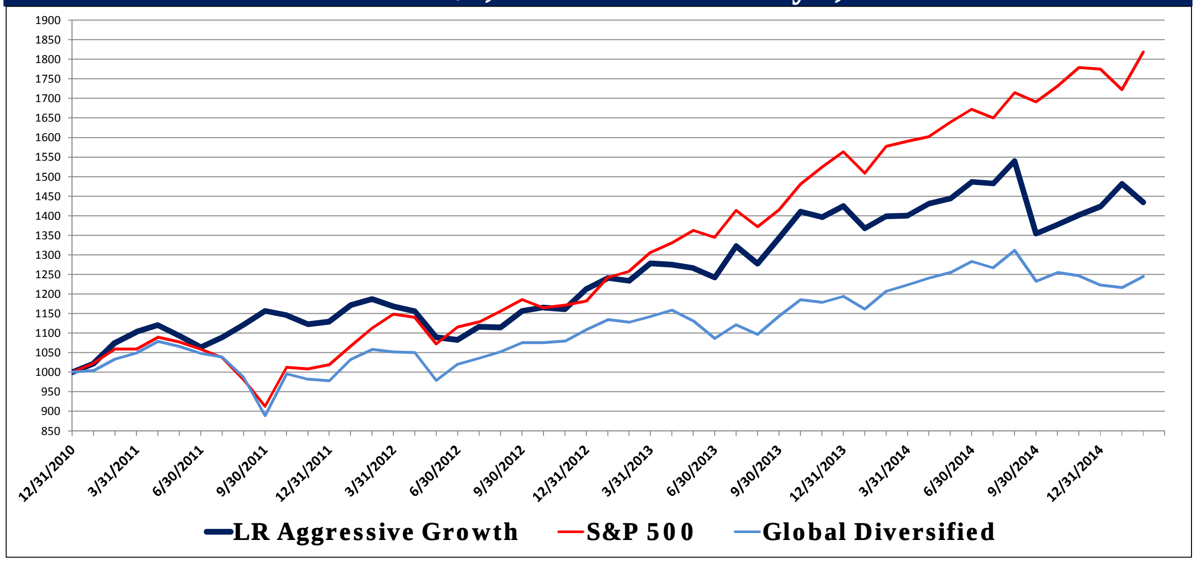
The LongRun Aggressive Growth Strategy is a disciplined, quantitative approach to tactical asset allocation using exchange-traded funds (ETFs) for access to a diverse selection of equity and fixed income investments. Aggressive Growth is designed to significantly outperform benchmark returns over a full 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.

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	-0.3	3.9	-12.0	1.7	1.8	1.5	**-0.1**
2015	4.1	-3.2											**0.7**

Returns for all periods represent client composite results.

	Aggressive Growth	S&P 500	Global Diversified
Year-to-Date Return	0.7%	2.5%	1.8%
Trailing 1-Year Return	2.5%	15.3%	3.1%
Trailing 3-Year Cume Return	20.8%	63.5%	17.6%
Annualized Return from 2/1/03*	20.1%	9.6%	11.4%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

February 2015		March 2015	
IYR	**US Real Estate**	**TLT**	**US Real Estate**
TLT	**20+ Year Treasury Bonds**	**IWM**	**US Small Cap**
LQD	**Inv Grade Corporate Bonds**	**IJH**	**US Mid Cap**

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

LongRun Tax Managed Growth Strategy - Feb 2015

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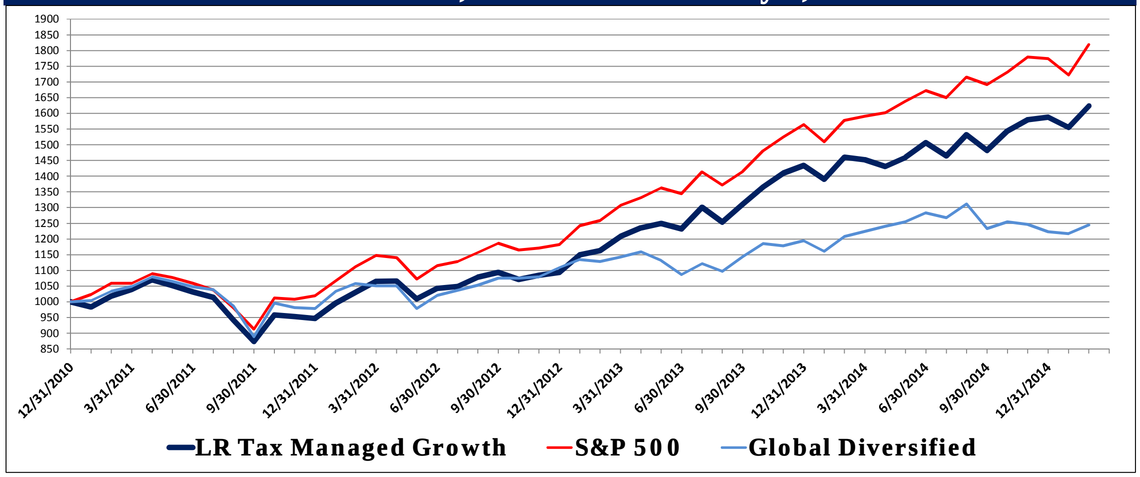
The LongRun Tax-Managed Growth Strategy ("TMG") is a disciplined, quantitative approach to tactical asset allocation using exchange-traded funds (ETFs) for access to a diverse selection of primarily equity and fixed income investments. TMG is designed to outperform benchmark returns over a full market 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	*-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**
2012	*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**
2013	*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**
2014	-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**
2015	-2.1	4.4											**2.2**

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	2.2%	2.5%	1.8%
Trailing 1-Year Return	11.1%	15.3%	3.1%
Trailing 3-Year Cume Return	57.5%	63.5%	17.6%
Annualized Return from 2/1/03*	15.9%	9.6%	11.4%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Latest Prior and Current Month

February 2015		March 2015	
IJJ	**US Mid Cap Value**	**IJJ**	**US Mid Cap Value**
IJK	**US Mid Cap Growth**	**IJK**	**US Mid Cap Growth**
IJT	**US Small Cap Growth**	**IJT**	**US Small Cap Growth**
QQQ	**NASDAQ 100**	**QQQ**	**NASDAQ 100**
RSP	**Equal-Weight S&P 500**	**RSP**	**Equal-Weight S&P 500**
TLT	**20+ Year Treasury Bonds**	**TLT**	**20+ Year Treasury Bonds**
XLV	**US Healthcare**	**XLV**	**US Healthcare**
XLY	**US Consumer Discretionary**	**XLY**	**US Consumer Discretionary**

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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