

Jul 2015

AR -0.87% AG -0.79% TMG +0.69% SP500 +2.26% GD -1.94%

Commentary

Where June was bad across the board, July was a mixed bag of winners and losers. US was better than international – weighed down by China and Greece. Large caps were better than small caps. Consumer sectors were best while energy and materials were worst. And rate sensitive real estate, utilities and Treasuries did well, reflecting ongoing uncertainty about whether or not the Fed will raise interest rates this year. The S&P 500 was up 2.3% while the Global Diversified benchmark dropped 1.9%. Absolute Return (AR) was down 0.87%, Aggressive Growth (AG) retreated 0.79%, and Tax Managed Growth (TMG) managed a gain of 0.69%. In AR, Healthcare (XLV), Consumer Discretionary (XLY) and Japan (DXJ) showed gains but couldn't offset China (FXI). Latin America (ILF) pulled AG down into the red. Gains in TMG's US holdings offset the loss from China.

Performance of our strategies continues to lag the S&P 500 but outperforms the diversified portfolio of stocks and bonds represented by the Global Diversified benchmark. The small losses in July were a vast improvement over the lows reached during the month at the worst of the China meltdown. Sometimes it pays not to panic. For August, AR has dropped Japan and China in favor of Nasdaq 100 (QQQ) and Financials (XLF). In rebalancing the portfolios, we also took a little profit in XLV and XLY. AG exited both Europe (VGK) and Latin America to focus in the US by adding mid caps (IJH) and small caps (IJR) to the existing large cap (IVV) position. TMG made no changes, still concentrated in US equities while holding on to both Japan and China based on their strength over the longer time horizon of that strategy.

Ever since the last real correction in August/September of 2011, the S&P 500 has been the place to be – up more than 100% from the low on October 3, 2011 through 7/31. However, progress in 2015 has been meager. Having made a new all-time high on May 20th, SPY has retreated below the 2014 closing high reached last December 29th. Seven months of one step forward and one step back. In addition, small cap stocks (IWM) have already pulled back more than 5% from their May high.

As you may recall from prior commentary, dips in the price of SPY have been buying opportunities for the past several years. Last year saw a new high before a big dip in October followed by another new high. It would be an evil omen if SPY can't mount another assault on the summit. Indicative of this struggle is Apple, the single largest component of the S&P 500 index and the major contributor to its performance over the last several years. Apple reached its 2014 high of \$119 back on November 26th, tacked on a new high of \$134.54 in April and is currently back below \$119. Forget Greece and China - watch to see what Apple does. Unless it can reverse course and make a new high, the market may be in for a bout of real weakness.

“I enjoy working at something that is impossible to conquer.” - Jordan Spieth, professional golfer

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Selected Asset Class Returns for Trailing Twelve Months (%)

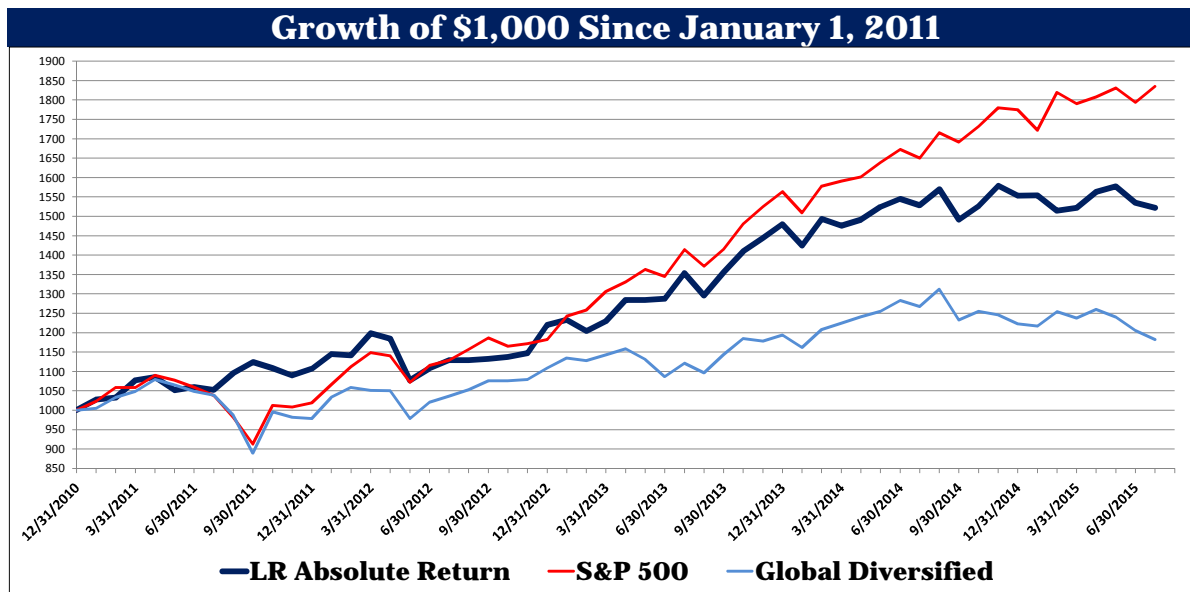
	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	YTD	TTM
US Equity														
SPY <i>S&P 500</i>	4.0	-1.4	2.4	2.8	-0.3	-3.0	5.6	-1.6	1.0	1.3	-2.0	2.3	3.4	11.2
MDY <i>Mid Cap</i>	5.1	-4.5	3.5	1.8	0.8	-1.1	5.0	1.3	-1.5	1.7	-1.3	0.1	4.2	11.1
IWM <i>Small Cap</i>	4.8	-5.9	6.6	0.1	2.9	-3.3	6.0	1.8	-2.6	2.2	0.8	-1.1	3.6	12.1
QQQ <i>NASDAQ 100</i>	5.0	-0.8	2.6	4.6	-2.3	-2.1	7.2	-2.6	1.9	2.3	-2.5	4.6	8.7	18.8
IYR <i>Real Estate</i>	3.5	-5.9	8.5	2.7	0.8	5.7	-2.6	1.1	-4.8	-0.3	-4.4	5.0	-0.9	8.4
XLB <i>Materials</i>	3.9	-1.4	-2.4	1.6	-0.6	-1.8	8.0	-4.9	3.4	0.4	-4.0	-5.0	-4.6	-3.7
XLE <i>Energy</i>	2.2	-7.8	-3.5	-8.7	-0.2	-4.6	4.6	-1.2	6.6	-5.2	-3.5	-7.7	-11.2	-26.4
XLF <i>Financials</i>	4.2	-0.4	2.9	2.4	1.9	-7.0	5.8	-0.6	0.1	2.0	-0.5	3.4	2.8	14.5
XLI <i>Industrials</i>	4.2	-1.2	3.9	3.1	0.0	-3.6	5.4	-2.6	-0.3	0.3	-2.7	0.3	-3.2	6.7
XLK <i>Technology</i>	3.3	-0.5	1.6	4.8	-2.2	-3.5	8.0	-3.4	2.8	1.9	-4.1	2.9	3.9	11.1
XLP <i>Staples</i>	4.6	0.6	3.6	5.5	-0.9	-1.0	4.1	-2.0	-0.8	0.9	-1.8	5.7	5.0	19.7
XLU <i>Utilities</i>	4.9	-1.9	8.0	1.2	3.6	2.3	-6.4	-1.0	-0.5	0.6	-6.0	6.1	-5.3	10.4
XLV <i>Healthcare</i>	4.8	0.4	5.3	3.5	-1.4	1.3	4.3	0.6	-1.1	4.5	-0.4	3.0	12.7	27.5
XLY <i>Discretionary</i>	4.5	-2.8	2.1	5.5	0.9	-3.0	8.5	-0.5	-0.1	1.3	0.6	4.9	11.9	23.5
XME <i>Metals & Mining</i>	5.7	-15.6	-4.3	-3.8	-8.2	-12.1	7.8	-6.8	4.0	-4.0	-10.1	-16.8	-34.0	-50.2
Int'l Equity														
DXJ <i>Japan</i>	-0.2	4.9	2.9	2.9	-2.0	0.0	9.5	2.3	2.4	6.0	-3.8	0.4	17.4	27.5
EEM <i>Emerging Mkts</i>	2.8	-7.8	1.4	-1.5	-4.0	-0.7	4.4	-1.5	6.9	-4.1	-2.9	-6.3	-4.8	-13.5
EPP <i>Asia Pac ex Japan</i>	1.0	-9.9	5.5	-4.2	-3.1	0.5	5.0	-2.2	4.3	-2.7	-3.7	-1.3	-0.5	-11.4
FXI <i>China</i>	0.0	-5.4	4.3	1.7	3.8	-0.9	6.1	1.5	15.6	-5.0	-5.0	-12.2	-2.2	1.8
ILF <i>Latin America</i>	8.6	-13.5	-0.4	-2.9	-9.8	-5.4	5.6	-7.7	9.7	-7.3	0.9	-9.0	-13.8	-29.4
VGK <i>Europe</i>	0.7	-4.0	-1.9	2.1	-4.7	0.5	6.1	-2.4	4.2	0.3	-3.3	2.7	8.0	-0.3
Fixed Income														
AGG <i>Aggregate Bond</i>	1.2	-0.6	1.1	0.7	0.2	2.1	-0.9	0.4	-0.3	-0.4	-1.1	0.9	0.5	3.0
EMB <i>EM Bonds</i>	1.3	-2.1	2.0	-0.4	-2.9	1.9	1.0	0.0	1.2	-0.3	-1.8	0.2	2.1	-0.1
HYG <i>US High Yield</i>	2.4	-2.0	1.1	-1.1	-0.8	0.7	2.2	-1.0	0.9	0.4	-1.9	-0.5	0.8	0.3
LQD <i>US IG Corporate</i>	2.0	-1.7	1.2	0.9	0.0	3.8	-1.4	0.2	-1.2	-1.1	-1.9	0.8	-0.9	1.5
TLT <i>US 20+ Treasury</i>	4.7	-2.1	2.8	3.0	3.3	9.8	-6.1	1.1	-3.4	-2.4	-4.1	4.6	-1.5	10.4
Currencies														
UUP <i>US Dollar</i>	1.3	3.9	1.0	1.7	2.1	4.8	0.3	2.8	-3.8	2.2	-1.7	1.6	6.1	17.0
FXE <i>Euro</i>	-1.9	-3.9	-0.8	-0.8	-2.7	-6.7	-1.0	-4.0	4.4	-2.2	1.4	-1.5	-9.5	-18.4
FXJ <i>Yen</i>	-1.2	-5.1	-2.4	-5.4	-1.0	2.0	-1.9	-0.3	0.4	-3.9	1.4	-1.3	-3.6	-17.3
Dispersion	8.8	20.5	12.8	14.2	13.6	21.9	15.8	10.0	20.4	13.2	11.0	22.9	51.4	77.7
<i>High value minus low value for each month; large dispersion provides better opportunity for active strategies.</i>														
Global Diversified Benchmark														
	3.5	-6.0	1.8	-0.7	-1.9	-0.5	3.1	-1.3	1.8	-1.5	-2.8	-1.9	-3.3	-6.7

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LongRun Absolute Return Strategy - Jul 2015



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	-1.1	2.7	-5.0	2.3	3.4	-1.6	5.0
2015	0.1	-2.5	0.5	2.7	0.9	-2.7	-0.9						-2.0

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	-2.0%	3.4%	-3.3%
Trailing 1-Year Return	-0.4%	11.2%	-6.7%
Trailing 3-Year Cume Return	34.8%	62.6%	14.1%
Annualized Return from 2/1/03*	16.2%	9.4%	10.5%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

July 2015		August 2015	
DXJ	Japan Hedged	QQQ	Nasdaq 100
FXI	China	XLF	Financials
XLV	Healthcare	XLV	Healthcare
XLY	Consumer Discretionary	XLY	Consumer Discretionary

Management and Operational Details

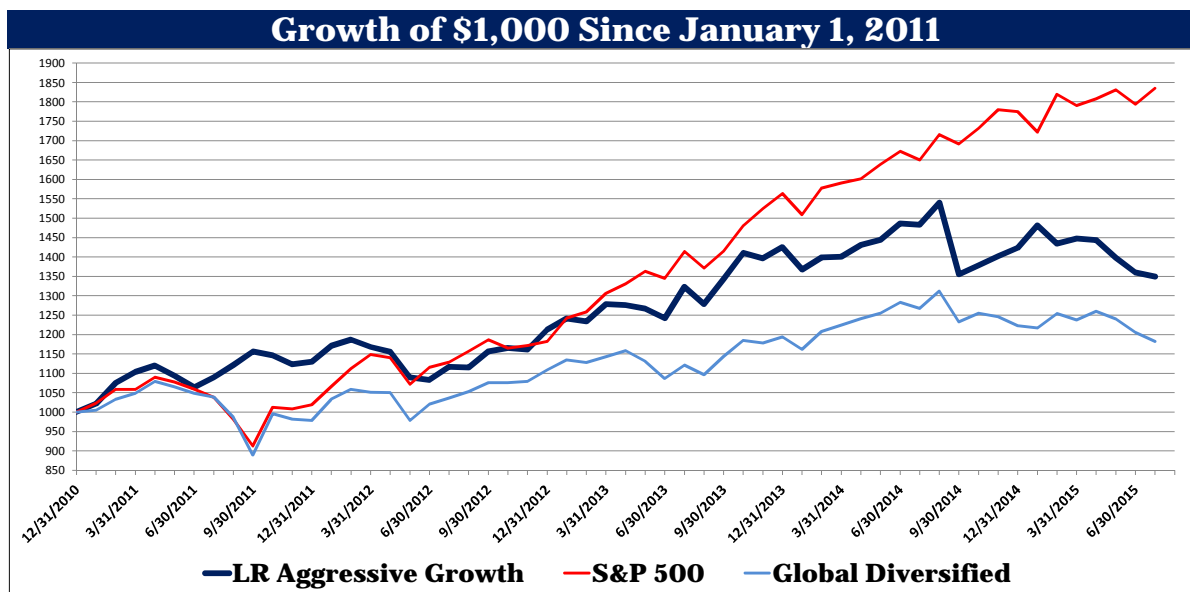
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above \$5 million
Contact Information:	Jim Carroll, jim@longruncapital.com, 914-202-2755

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LongRun Aggressive Growth Strategy - Jul 2015



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
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	1.0	-0.3	-3.2	-2.7	-0.8						-5.2

Returns for all periods represent client composite results.

	<u>Aggressive Growth</u>	<u>S&P 500</u>	<u>Global Diversified</u>
Year-to-Date Return	-5.2%	3.4%	-3.3%
Trailing 1-Year Return	-9.0%	11.2%	-6.7%
Trailing 3-Year Cume Return	20.9%	62.6%	14.1%
Annualized Return from 2/1/03*	18.5%	9.4%	10.5%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

July 2015		July 2015	
ILF	Latin America	IJH	US Mid Cap Stocks
IVV	US Large Cap Stocks	IJR	US Small Cap Stocks
VGK	Europe	IVV	US Large Cap Stocks

Management and Operational Details

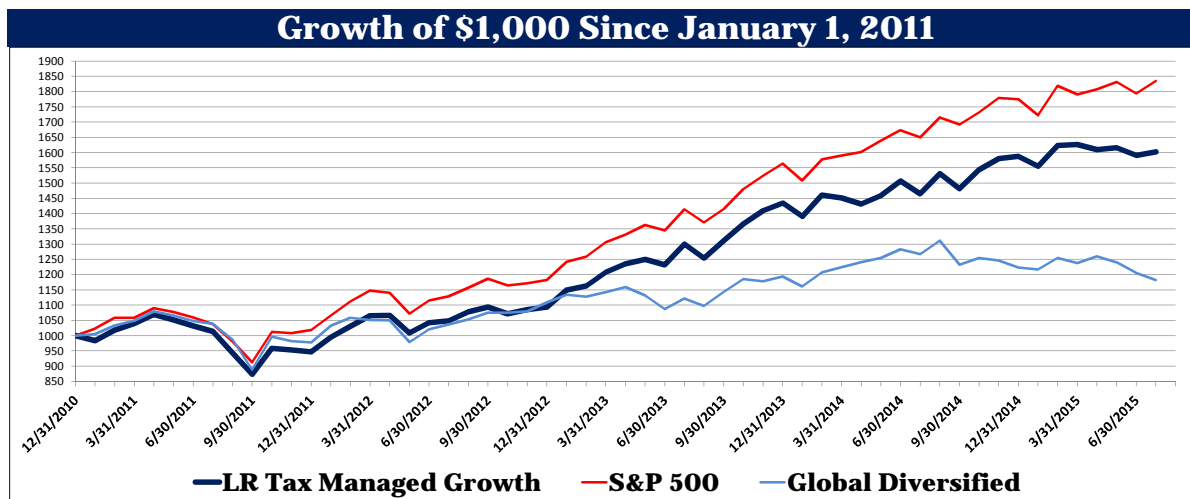
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
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LongRun Tax Managed Growth Strategy - Jul 2015



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
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>	<i>-2.8</i>	<i>4.6</i>	<i>-3.3</i>	<i>4.2</i>	<i>2.3</i>	<i>0.5</i>	10.7
2015	<i>-2.1</i>	<i>4.4</i>	<i>0.2</i>	<i>-1.1</i>	<i>0.4</i>	<i>-1.6</i>	<i>0.7</i>						0.9

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	0.9%	3.4%	-3.3%
Trailing 1-Year Return	9.4%	11.2%	-6.7%
Trailing 3-Year Cume Return	52.7%	62.6%	14.1%
Annualized Return from 2/1/03*	15.2%	9.4%	10.5%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Latest Prior and Current Month

July 2015		August 2015	
DXJ	Japan (Hedged)	DXJ	Japan (Hedged)
FXI	China	FXI	China
LJK	US Mid Cap Growth	LJK	US Mid Cap Growth
LJT	US Small Cap Growth	LJT	US Small Cap Growth
QQQ	NASDAQ 100	QQQ	NASDAQ 100
RSP	Equal-Weight S&P 500	RSP	Equal-Weight S&P 500
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
Management fee:	1% of first \$5 million; .75% of assets above \$5 million
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