

Sep 2015

AR -1.40% AG -0.72% TMG -3.50% SP500 -2.54% GD -3.80%

## Commentary

September was another rough month for equity markets around the world with mixed signals for what may lie ahead. All major geographies were in the red though not to the extent of August's damage. US markets were showing signs of healing before the Fed announced on the 17th that they were not raising interest rates, though still forecasting a hike before year-end. This was seen as a signal that our economy is vulnerable to continuing weakness in Europe and Asia while the impending Fed move would put pressure on what little recovery we have. Markets reacted negatively, retesting the August lows before recovering some of the lost ground. In fact, small cap US stocks (IWM) broke below their August lows and finished September 15% below their June highs. Large cap stocks (SPY) are only a little better, down 10% from the high reached in May. For September, SPY was down 2.5% while IWM was lower by 4.9% and our Global Diversified benchmark lost 3.8% even with 30% exposure to the bond market.

LongRun's Absolute Return (AR) and Aggressive Growth (AG) strategies both moved to cash and bonds in September but were still hit by a down day on September 1st when the trades were made. AR and AG finished the month down 1.4% and 0.7% respectively. For October, AR is even more defensive with 75% cash and 25% in intermediate Treasuries (IEF). AG carries over its positions in short-term Treasuries (SHY), investment grade corporate bonds (LQD) and long-term Treasuries (TLT). Tax-Managed Growth (TMG) took a bigger 3.5% hit in September with its full exposure to equities. TMG has been our best performing strategy over the last couple of years because of its concentration in US equities. It adjusts much more slowly than the other strategies to achieve its tax efficiency, so staying invested during a downturn like this is not at all surprising (in fact, I have warned that this would happen if the market turned south). On the other side, TMG is well positioned if markets recover quickly – witness the start of October.

The market's reaction to this past Friday's employment report is a clear indication of investor psychology. By most accounts, the jobs report was a disaster, coming in below estimates and with downward revisions to prior months, suggesting that our economy is worse off than expected. The initial reaction was for equities to sell off more than 1% and bonds to rally with the 10-year yield dropping below 2%. However, this was a case of bad news being good news and stocks proceeded to rally hard, finishing up more than 1% for a reversal of 3% on the day. It was very impressive, especially because bonds finished higher as well. The "good" news is that investors now expect the Fed to hold off on that interest rate hike until sometime in 2016, continuing to accommodate our lagging recovery. We already know that the European Central Bank is committed to easy money along with the Bank of Japan and the People's Bank of China. Unfortunately, easy money may have prevented global disaster in 2008 but it hasn't produced any robust economic growth since then.

Now we are into October and the start of earnings season with Alcoa kicking things off this Thursday. Just to set the table, earnings for companies in the S&P 500 are expected to decline almost 4% from the same period last year. A lot of that is energy but it's still a decline. Here's what we don't know. Will earnings come in better-than-expected and trump weak employment data? Would that put a 2015 Fed rate increase back on the table? Would that be OK this time? And what if earnings are bad and the Fed really can't raise rates for a while? Would that cause another market fainting spell or give legs to a rally because the Fed will ditch the rate hike and start QE4 to make sure things don't get too bad? Talk about uncertainty. Anything could happen. Hold on tight.

**"It is a mistake to look too far ahead. Only one link of the chain of destiny can be handled at a time."  
Winston Churchill**

**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](http://www.adviserinfo.sec.gov) or upon request.

**Sep 2015**

**AR -1.40% AG -0.72% TMG -3.50% SP500 -2.54% GD -3.80%**

## Selected Asset Class Returns for Trailing Twelve Months (%)

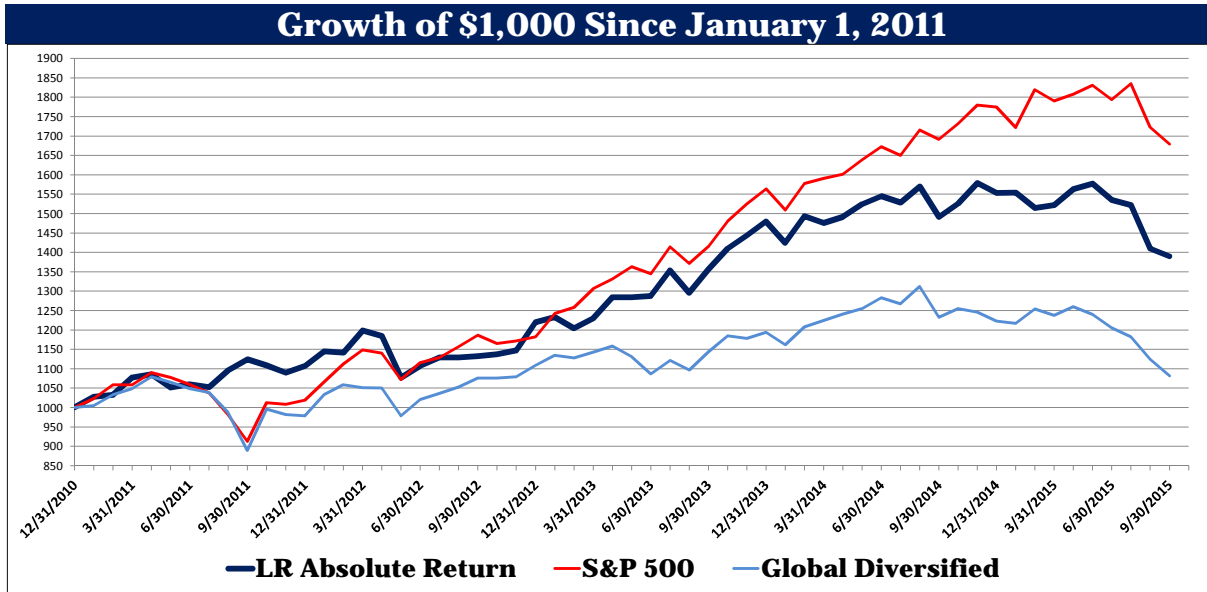
|   | Oct-14 | Nov-14 | Dec-14 | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | YTD   | TTM   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| <b>US Equity</b>  |        |        |        |        |        |        |        |        |        |        |        |        |       |       |
| <b>SPY</b> <i>S&amp;P 500</i>   | 2.4    | 2.8    | -0.3   | -3.0   | 5.6    | -1.6   | 1.0    | 1.3    | -2.0   | 2.3    | -6.1   | -2.5   | -5.4  | -0.8  |
| <b>MDY</b> <i>Mid Cap</i>   | 3.5    | 1.8    | 0.8    | -1.1   | 5.0    | 1.3    | -1.5   | 1.7    | -1.3   | 0.1    | -5.7   | -3.2   | -4.9  | 1.1   |
| <b>IWM</b> <i>Small Cap</i>   | 6.6    | 0.1    | 2.9    | -3.3   | 6.0    | 1.8    | -2.6   | 2.2    | 0.8    | -1.1   | -6.3   | -4.9   | -7.8  | 1.3   |
| <b>QQQ</b> <i>NASDAQ 100</i>  | 2.6    | 4.6    | -2.3   | -2.1   | 7.2    | -2.6   | 1.9    | 2.3    | -2.5   | 4.6    | -6.8   | -2.2   | -1.0  | 3.9   |
| <b>IYR</b> <i>Real Estate</i>   | 8.5    | 2.7    | 0.8    | 5.7    | -2.6   | 1.1    | -4.8   | -0.3   | -4.4   | 5.0    | -5.8   | 1.6    | -5.2  | 6.5   |
| <b>XLB</b> <i>Materials</i>   | -2.4   | 1.6    | -0.6   | -1.8   | 8.0    | -4.9   | 3.4    | 0.4    | -4.0   | -5.0   | -5.6   | -7.4   | -16.7 | -17.9 |
| <b>XLE</b> <i>Energy</i>  | -3.5   | -8.7   | -0.2   | -4.6   | 4.6    | -1.2   | 6.6    | -5.2   | -3.5   | -7.7   | -4.3   | -7.2   | -21.1 | -30.6 |
| <b>XLF</b> <i>Financials</i>  | 2.9    | 2.4    | 1.9    | -7.0   | 5.8    | -0.6   | 0.1    | 2.0    | -0.5   | 3.4    | -7.1   | -2.8   | -7.2  | -0.4  |
| <b>XLI</b> <i>Industrials</i>   | 3.9    | 3.1    | 0.0    | -3.6   | 5.4    | -2.6   | -0.3   | 0.3    | -2.7   | 0.3    | -5.4   | -2.2   | -10.5 | -4.2  |
| <b>XLK</b> <i>Technology</i>  | 1.6    | 4.8    | -2.2   | -3.5   | 8.0    | -3.4   | 2.8    | 1.9    | -4.1   | 2.9    | -5.5   | -1.4   | -3.2  | 0.8   |
| <b>XLP</b> <i>Staples</i>   | 3.6    | 5.5    | -0.9   | -1.0   | 4.1    | -2.0   | -0.8   | 0.9    | -1.8   | 5.7    | -6.0   | 0.4    | -0.8  | 7.4   |
| <b>XLU</b> <i>Utilities</i>   | 8.0    | 1.2    | 3.6    | 2.3    | -6.4   | -1.0   | -0.5   | 0.6    | -6.0   | 6.1    | -3.5   | 2.9    | -5.9  | 6.5   |
| <b>XLV</b> <i>Healthcare</i>  | 5.3    | 3.5    | -1.4   | 1.3    | 4.3    | 0.6    | -1.1   | 4.5    | -0.4   | 3.0    | -8.0   | -5.7   | -2.2  | 5.1   |
| <b>XLY</b> <i>Discretionary</i>   | 2.1    | 5.5    | 0.9    | -3.0   | 8.5    | -0.5   | -0.1   | 1.3    | 0.6    | 4.9    | -6.5   | -0.6   | 4.0   | 13.0  |
| <b>XME</b> <i>Metals &amp; Mining</i>   | -4.3   | -3.8   | -8.2   | -12.1  | 7.8    | -6.8   | 4.0    | -4.0   | -10.1  | -16.8  | 1.2    | -18.0  | -45.2 | -53.7 |
| <b>Int'l Equity</b>   |        |        |        |        |        |        |        |        |        |        |        |        |       |       |
| <b>DXJ</b> <i>Japan</i>   | 2.9    | 2.9    | -2.0   | 0.0    | 9.5    | 2.3    | 2.4    | 6.0    | -3.8   | 0.4    | -9.0   | -6.8   | -0.5  | 3.3   |
| <b>EEM</b> <i>Emerging Mkts</i>   | 1.4    | -1.5   | -4.0   | -0.7   | 4.4    | -1.5   | 6.9    | -4.1   | -2.9   | -6.3   | -8.8   | -3.1   | -16.0 | -19.4 |
| <b>EPP</b> <i>Asia Pac ex Japan</i>   | 5.5    | -4.2   | -3.1   | 0.5    | 5.0    | -2.2   | 4.3    | -2.7   | -3.7   | -1.3   | -11.7  | -3.1   | -14.8 | -16.6 |
| <b>FXI</b> <i>China</i>   | 4.3    | 1.7    | 3.8    | -0.9   | 6.1    | 1.5    | 15.6   | -5.0   | -5.0   | -12.2  | -11.3  | -1.2   | -14.3 | -5.7  |
| <b>ILF</b> <i>Latin America</i>   | -0.4   | -2.9   | -9.8   | -5.4   | 5.6    | -7.7   | 9.7    | -7.3   | 0.9    | -9.0   | -10.0  | -7.7   | -28.4 | -37.5 |
| <b>VGK</b> <i>Europe</i>  | -1.9   | 2.1    | -4.7   | 0.5    | 6.1    | -2.4   | 4.2    | 0.3    | -3.3   | 2.7    | -7.0   | -4.1   | -3.7  | -8.1  |
| <b>Fixed Income</b>   |        |        |        |        |        |        |        |        |        |        |        |        |       |       |
| <b>AGG</b> <i>Aggregate Bond</i>  | 1.1    | 0.7    | 0.2    | 2.1    | -0.9   | 0.4    | -0.3   | -0.4   | -1.1   | 0.9    | -0.3   | 0.8    | 1.0   | 2.9   |
| <b>EMB</b> <i>EM Bonds</i>  | 2.0    | -0.4   | -2.9   | 1.9    | 1.0    | 0.0    | 1.2    | -0.3   | -1.8   | 0.2    | -1.1   | -1.1   | -0.1  | -1.5  |
| <b>HYG</b> <i>US High Yield</i>   | 1.1    | -1.1   | -0.8   | 0.7    | 2.2    | -1.0   | 0.9    | 0.4    | -1.9   | -0.5   | -1.5   | -3.0   | -3.7  | -4.5  |
| <b>LQD</b> <i>US 1G Corporate</i>   | 1.2    | 0.9    | 0.0    | 3.8    | -1.4   | 0.2    | -1.2   | -1.1   | -1.9   | 0.8    | -0.8   | 1.2    | -0.6  | 1.5   |
| <b>TLT</b> <i>US 20+ Treasury</i>   | 2.8    | 3.0    | 3.3    | 9.8    | -6.1   | 1.1    | -3.4   | -2.4   | -4.1   | 4.6    | -0.7   | 2.0    | -0.2  | 9.1   |
| <b>Currencies</b>   |        |        |        |        |        |        |        |        |        |        |        |        |       |       |
| <b>UUP</b> <i>US Dollar</i>   | 1.0    | 1.7    | 2.1    | 4.8    | 0.3    | 2.8    | -3.8   | 2.2    | -1.7   | 1.6    | -1.5   | 0.2    | 4.7   | 9.8   |
| <b>FXE</b> <i>Euro</i>  | -0.8   | -0.8   | -2.7   | -6.7   | -1.0   | -4.0   | 4.4    | -2.2   | 1.4    | -1.5   | 2.1    | -0.4   | -8.0  | -12.0 |
| <b>FXJ</b> <i>Yen</i>   | -2.4   | -5.4   | -1.0   | 2.0    | -1.9   | -0.3   | 0.4    | -3.9   | 1.4    | -1.3   | 2.2    | 1.0    | -0.5  | -9.0  |
| <b>Dispersion</b>   | 12.8   | 14.2   | 13.6   | 21.9   | 15.8   | 10.5   | 20.4   | 13.2   | 11.6   | 22.9   | 13.9   | 20.9   | 49.2  | 66.6  |
| <i>High value minus low value for each month; large dispersion provides better opportunity for active strategies.</i> |        |        |        |        |        |        |        |        |        |        |        |        |       |       |
| <b>Global Diversified Benchmark</b>   |        |        |        |        |        |        |        |        |        |        |        |        |       |       |
|   | 1.8    | -0.7   | -1.9   | -0.5   | 3.1    | -1.3   | 1.8    | -1.5   | -2.8   | -1.9   | -4.9   | -3.8   | -11.6 | -12.3 |

**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](http://www.adviserinfo.sec.gov) or upon request.

# LongRun Absolute Return Strategy - Sep 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          |
| <b>2011</b>                      | <i>2.7</i>  | <i>0.5</i>  | <i>4.4</i>  | <i>0.8</i>  | <i>-3.1</i> | <i>0.8</i>  | <i>-0.7</i> | <i>4.2</i>  | <i>2.6</i>  | <i>-1.4</i> | <i>-1.7</i> | <i>1.6</i>  | <b>10.7</b>  |
| <b>2012</b>                      | <i>3.4</i>  | <i>-0.3</i> | <i>5.0</i>  | <i>-1.2</i> | <i>-9.1</i> | <i>2.8</i>  | <i>1.9</i>  | <i>0.0</i>  | <i>0.3</i>  | <i>0.5</i>  | <i>0.8</i>  | <i>6.3</i>  | <b>10.2</b>  |
| <b>2013</b>                      | <i>1.1</i>  | <i>-2.4</i> | <i>2.1</i>  | <i>4.4</i>  | <i>0.0</i>  | <i>0.3</i>  | <i>5.1</i>  | <i>-4.2</i> | <i>4.7</i>  | <i>4.0</i>  | <i>2.4</i>  | <i>2.5</i>  | <b>21.3</b>  |
| <b>2014</b>                      | <i>-3.7</i> | <i>4.8</i>  | <i>-1.2</i> | <i>1.1</i>  | <i>2.2</i>  | <i>1.4</i>  | <i>-1.1</i> | <i>2.7</i>  | <i>-5.0</i> | <i>2.3</i>  | <i>3.4</i>  | <i>-1.6</i> | <b>5.0</b>   |
| <b>2015</b>                      | <i>0.1</i>  | <i>-2.5</i> | <i>0.5</i>  | <i>2.7</i>  | <i>0.9</i>  | <i>-2.7</i> | <i>-0.9</i> | <i>-7.4</i> | <i>-1.4</i> |             |             |             | <b>-10.5</b> |

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            | -10.5%          | -5.4%   | -11.6%             |
| Trailing 1-Year Return         | -6.8%           | -0.8%   | -12.3%             |
| Trailing 3-Year Cume Return    | 22.7%           | 41.5%   | 0.6%               |
| Annualized Return from 2/1/03* | 15.1%           | 8.5%    | 9.6%               |

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Prior Month and Current Month

| September 2015 |                       | October 2015 |                       |
|----------------|-----------------------|--------------|-----------------------|
| <b>AGG</b>     | US Aggregate Bond     | <b>IEF</b>   | 7-10 Year US Treasury |
| <b>IEF</b>     | 7-10 Year US Treasury | <b>Cash</b>  |                       |
| <b>Cash</b>    |                       | <b>Cash</b>  |                       |
| <b>Cash</b>    |                       | <b>Cash</b>  |                       |

### Management and Operational Details

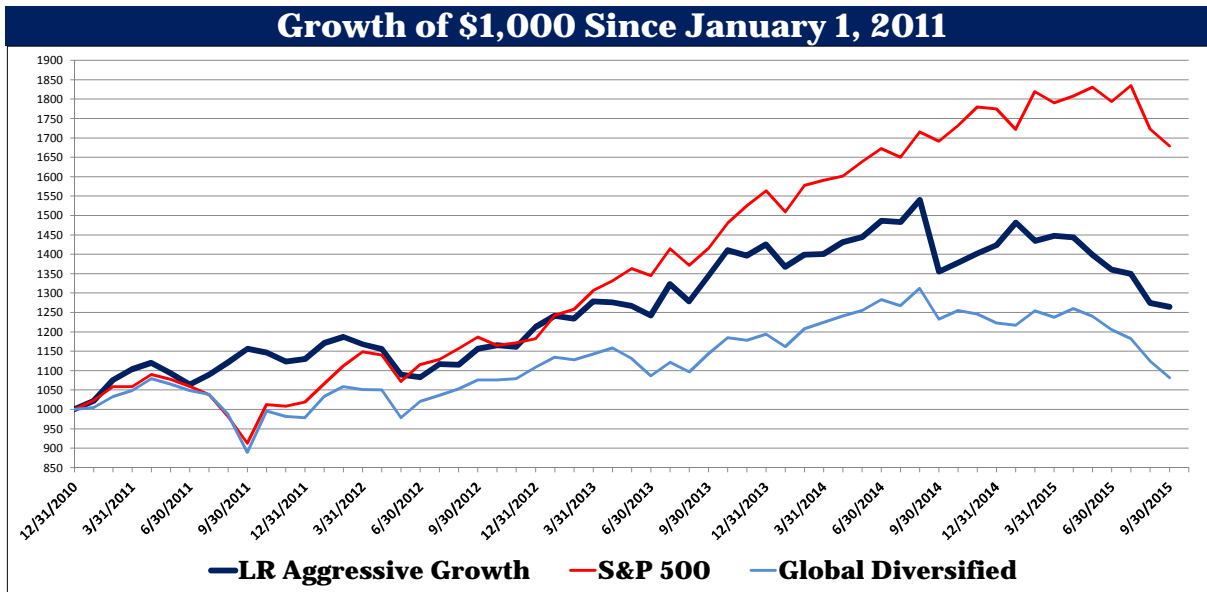
|                       |   |
|-----------------------|---|
| Investment Manager:   | LongRun Capital Management LLC                            |
| Investment Structure: | Separately Managed Accounts                               |
| Custodian:            | Fidelity Investments                                      |
| 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 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](http://www.adviserinfo.sec.gov) or upon request.

# LongRun Aggressive Growth Strategy - Sep 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          |
|-------------|------|------|------|------|------|------|------|------|-------|------|------|-----|--------------|
| <b>2011</b> | 2.2  | 5.2  | 2.6  | 1.6  | -2.4 | -2.8 | 2.4  | 2.9  | 3.2   | -0.9 | -2.0 | 0.6 | <b>13.0</b>  |
| <b>2012</b> | 3.7  | 1.3  | -1.6 | -1.0 | -5.7 | -0.6 | 3.1  | -0.1 | 3.7   | 0.8  | -0.4 | 4.4 | <b>7.3</b>   |
| <b>2013</b> | 2.4  | -0.6 | 3.6  | -0.2 | -0.7 | -1.9 | 6.5  | -3.4 | 5.1   | 5.0  | -1.0 | 2.1 | <b>17.5</b>  |
| <b>2014</b> | -4.1 | 2.3  | 0.1  | 2.2  | 0.9  | 2.9  | -0.3 | 3.9  | -12.0 | 1.7  | 1.8  | 1.5 | <b>-0.1</b>  |
| <b>2015</b> | 4.1  | -3.2 | 1.0  | -0.3 | -3.2 | -2.7 | -0.8 | -5.6 | -0.7  |      |      |     | <b>-11.2</b> |

Returns for all periods represent client composite results.

|                                | <u>Aggressive Growth</u> | <u>S&amp;P 500</u> | <u>Global Diversified</u> |
|--------------------------------|--------------------------|--------------------|---------------------------|
| Year-to-Date Return            | -11.2%                   | -5.4%              | -11.6%                    |
| Trailing 1-Year Return         | -6.6%                    | -0.8%              | -12.3%                    |
| Trailing 3-Year Cume Return    | 9.4%                     | 41.5%              | 0.6%                      |
| Annualized Return from 2/1/03* | 17.7%                    | 8.5%               | 9.6%                      |

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Prior Month and Current Month

| September 2015 |                         | October 2015 |                         |
|----------------|-------------------------|--------------|-------------------------|
| LQD            | US Inv Grade Corp Bonds | LQD          | US Inv Grade Corp Bonds |
| SHY            | 1-3 Year US Treasury    | SHY          | 1-3 Year US Treasury    |
| TLT            | 20+ Year US Treasury    | TLT          | 20+ Year US Treasury    |

### Management and Operational Details

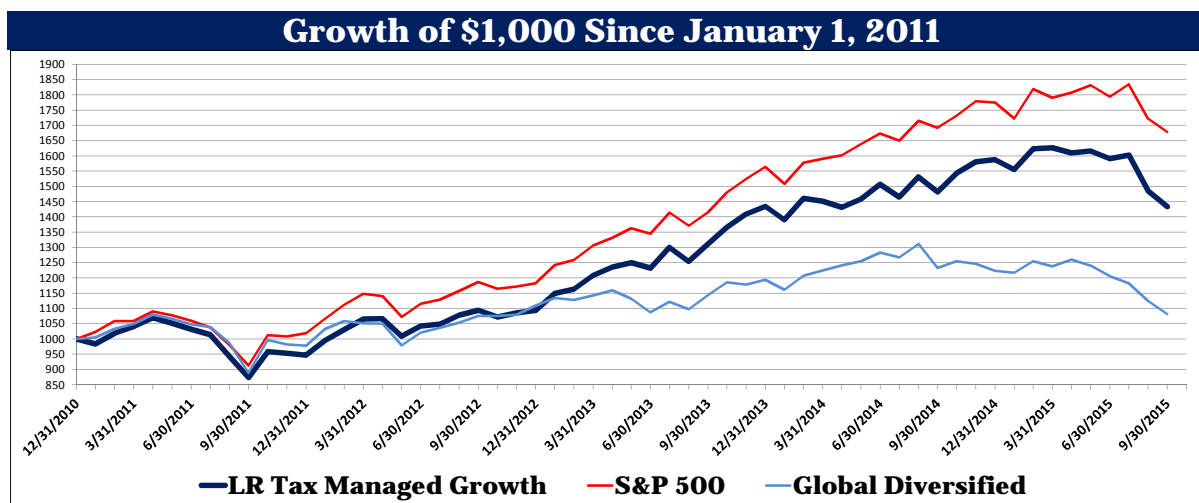
|                       |   |
|-----------------------|---|
| Investment Manager:   | LongRun Capital Management LLC                            |
| Investment Structure: | Separately Managed Accounts                               |
| Custodian:            | Fidelity Investments                                      |
| 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 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](http://www.adviserinfo.sec.gov) or upon request.

# LongRun Tax Managed Growth Strategy - Sep 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         |
|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>2011</b> | <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> | <b>-5.3</b> |
| <b>2012</b> | <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>  | <b>15.5</b> |
| <b>2013</b> | <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>  | <b>31.2</b> |
| <b>2014</b> | <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>  | <b>10.7</b> |
| <b>2015</b> | <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>  | <i>-7.3</i> | <i>-3.5</i> |             |             |             | <b>-9.7</b> |

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            | -9.7%              | -5.4%   | -11.6%             |
| Trailing 1-Year Return         | -3.3%              | -0.8%   | -12.3%             |
| Trailing 3-Year Cume Return    | 31.0%              | 41.5%   | 0.6%               |
| Annualized Return from 2/1/03* | 14.0%              | 8.5%    | 9.6%               |

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Latest Prior and Current Month

| September 2015 |                           | October 2015 |                           |
|----------------|---------------------------|--------------|---------------------------|
| DXJ            | Japan (Hedged)            | DXJ          | Japan (Hedged)            |
| IJK            | US Mid Cap Growth         | IJK          | US Mid Cap Growth         |
| IJT            | US Small Cap Growth       | IJT          | US Small Cap Growth       |
| IVW            | US Large Cap Growth       | IVW          | US Large 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 |
| 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](http://www.adviserinfo.sec.gov) or upon request.