

Nov 2015

AR -0.16% AG -0.62% TMG +0.81% SP500 +0.37% GD -0.92%

Commentary

Coming after the dramatic drop and pop we saw from late August through the end of October, November was relatively boring with the S&P 500 essentially flat (up 0.4%). Even so, volatility carried over from prior months with a sharp 4% pullback mid-month followed by an equally sharp rally to retrace the lost ground. Within the broader market, US small cap stocks (IWM) outperformed for the first time this year, up 3.3% for the month. Most international equity markets and commodities were down as the US dollar resumed its strength. Crude oil dropped 10% and is retesting the lows reached in August.

LongRun's Absolute Return (AR) strategy carried conservative positioning into November with 50% cash plus positions in Real Estate (IYR) and Investment Grade Corporate Bonds (LQD). AR was essentially breakeven for the month with a loss of less than 0.2%. For December, AR added positions in US Large Cap (IVV) and Emerging Market Bonds (EMB). Aggressive Growth (AG) carried more equity exposure with Energy (XLE) in addition to Real Estate and Emerging Market Bonds (EMB), posting a slightly larger 0.6% loss for the month. Heading to year end, AG will hold on to Real Estate but switch to US Large Cap and Small Cap stocks. Tax Managed Growth (TMG) maintained its overweight in US equities, including mid-cap and small-cap, and was able to grab a gain of 0.8%. All three strategies remain disappointingly in the red for the year.

2015 has proven to be a very challenging year for a number of better-known investors. One of Europe's largest hedge funds, BlueCrest Capital, announced last week that it will be returning capital to investors and converting to a private firm after weak performance and large redemptions. As recently as 2012, BlueCrest managed more than \$30 billion but is down below \$10 billion these days. US hedge fund Seminole Capital will be returning \$400 million of its \$3 billion under management as they struggle to match past returns (they are reportedly down 7% year-to-date after averaging 16% per year). David Einhorn's Greenlight Capital has dropped 20% this year with large losses across a number of positions. A number of prominent hedge funds have been torpedoed by large stakes in Valeant Pharmaceutical, the controversial company that has dropped more than 60% from its high in August and is down more than 30% from the start of the year. Victims include Bill Ackman's Pershing Square, down some 20% this year, and John Paulson whose two largest funds have reportedly lost more than 30% with problems extending beyond their Valeant positions.

We don't want to shed too many tears for hedge fund billionaires, but part of their problem is that this year has seen a big split between winning and losing stocks. Within the S&P 500, the 15 biggest companies by market capitalization (think Apple, Google, Microsoft, Amazon...) are up an average of 20% while the other 485 are up less than 1%. Jim Cramer has a new acronym for his favorite stocks: FANG (Facebook +36%, Amazon +116%, Netflix +168% and Google +46%). It's never a good thing when the market indices are being carried by a narrowing group of high performing stocks. Not a complete surprise, however, given that third quarter revenue and earnings growth for the S&P 500 were both down from the same period in 2014. Current forecasts are for Q4 reports to be lower again and any further strength in the dollar will reinforce this negative trend.

The first few trading days of December played into the theme of continuing volatility. Last Thursday, the market sold off hard in response to news that the ECB would extend but not expand its quantitative easing program – disappointing investors. On Friday, we received a good US jobs report, conciliatory remarks from Mario Draghi and a signal from Janet Yellen that the Fed is ready to raise interest rates later this month. BAM! A full reversal of Thursday's collapse. The only word that fits is one I've used before – bipolar. Expect more of the same.

“Anyone who believes that exponential growth can go on forever in a finite world is either a madman or an economist.” - Kenneth Boulding, Economist and co-creator of General Systems Theory

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Selected Asset Class Returns for Trailing Twelve Months (%)

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	YTD	TTM
US Equity														
SPY <i>S&P 500</i>	-0.3	-3.0	5.6	-1.6	1.0	1.3	-2.0	2.3	-6.1	-2.5	8.5	0.4	3.0	2.8
MDY <i>Mid Cap</i>	0.8	-1.1	5.0	1.3	-1.5	1.7	-1.3	0.1	-5.7	-3.2	5.6	1.3	1.8	2.6
IWM <i>Small Cap</i>	2.9	-3.3	6.0	1.8	-2.6	2.2	0.8	-1.1	-6.3	-4.9	5.6	3.3	0.6	3.5
QQQ <i>NASDAQ 100</i>	-2.3	-2.1	7.2	-2.6	1.9	2.3	-2.5	4.6	-6.8	-2.2	11.4	0.6	11.0	8.5
IYR <i>Real Estate</i>	0.8	5.7	-2.6	1.1	-4.8	-0.3	-4.4	5.0	-5.8	1.6	6.2	-0.2	0.5	1.3
XLB <i>Materials</i>	-0.6	-1.8	8.0	-4.9	3.4	0.4	-4.0	-5.0	-5.6	-7.4	13.4	1.0	-4.5	-5.1
XLE <i>Energy</i>	-0.2	-4.6	4.6	-1.2	6.6	-5.2	-3.5	-7.7	-4.3	-7.2	11.2	0.0	-12.3	-12.5
XLF <i>Financials</i>	1.9	-7.0	5.8	-0.6	0.1	2.0	-0.5	3.4	-7.1	-2.8	6.3	2.0	0.6	2.5
XLI <i>Industrials</i>	0.0	-3.6	5.4	-2.6	-0.3	0.3	-2.7	0.3	-5.4	-2.2	8.8	0.9	-1.8	-1.8
XLK <i>Technology</i>	-2.2	-3.5	8.0	-3.4	2.8	1.9	-4.1	2.9	-5.5	-1.4	10.5	0.7	7.7	5.4
XLP <i>Staples</i>	-0.9	-1.0	4.1	-2.0	-0.8	0.9	-1.8	5.7	-6.0	0.4	5.7	-0.9	3.8	2.9
XLV <i>Utilities</i>	3.6	2.3	-6.4	-1.0	-0.5	0.6	-6.0	6.1	-3.5	2.9	1.1	-2.1	-6.9	-3.6
XLU <i>Healthcare</i>	-1.4	1.3	4.3	0.6	-1.1	4.5	-0.4	3.0	-8.0	-5.7	7.7	-0.3	5.0	3.6
XLV <i>Discretionary</i>	0.9	-3.0	8.5	-0.5	-0.1	1.3	0.6	4.9	-6.5	-0.6	9.0	-0.2	13.1	14.1
XME <i>Metals & Mining</i>	-8.2	-12.1	7.8	-6.8	4.0	-4.0	-10.1	-16.8	1.2	-18.0	3.0	-6.6	-47.3	-51.6
Int'l Equity														
DXJ <i>Japan</i>	-2.0	0.0	9.5	2.3	2.4	6.0	-3.8	0.4	-9.0	-6.8	9.5	3.2	12.5	10.2
EEM <i>Emerging Mkts</i>	-4.0	-0.7	4.4	-1.5	6.9	-4.1	-2.9	-6.3	-8.8	-3.1	6.4	-2.5	-12.8	-16.3
EFA <i>Developed Int'l</i>	-4.0	0.6	6.3	-1.4	3.7	0.2	-3.1	2.0	-7.4	-4.4	6.6	-0.8	1.4	-2.7
EPP <i>Asia Pac ex Japan</i>	-3.1	0.5	5.0	-2.2	4.3	-2.7	-3.7	-1.3	-11.7	-3.1	6.6	-0.5	-9.6	-12.4
FXI <i>China</i>	3.8	-0.9	6.1	1.5	15.6	-5.0	-5.0	-12.2	-11.3	-1.2	7.9	-2.1	-9.6	-6.1
ILF <i>Latin America</i>	-9.8	-5.4	5.6	-7.7	9.7	-7.3	0.9	-9.0	-10.0	-7.7	4.8	-3.5	-27.6	-34.7
VGK <i>Europe</i>	-4.7	0.5	6.1	-2.4	4.2	0.3	-3.3	2.7	-7.0	-4.1	5.9	-1.3	0.7	-4.0
Fixed Income														
AGG <i>Aggregate Bond</i>	0.2	2.1	-0.9	0.4	-0.3	-0.4	-1.1	0.9	-0.3	0.8	0.1	-0.4	0.7	0.8
EMB <i>EM Bonds</i>	-2.9	1.9	1.0	0.0	1.2	-0.3	-1.8	0.2	-1.1	-1.1	2.4	0.3	2.6	-0.4
HYG <i>US High Yield</i>	-0.8	0.7	2.2	-1.0	0.9	0.4	-1.9	-0.5	-1.5	-3.0	3.2	-2.5	-3.1	-3.9
LQD <i>US IG Corporate</i>	0.0	3.8	-1.4	0.2	-1.2	-1.1	-1.9	0.8	-0.8	1.2	0.6	-0.2	-0.2	-0.2
TLT <i>US 20+ Treasury</i>	3.3	9.8	-6.1	1.1	-3.4	-2.4	-4.1	4.6	-0.7	2.0	-0.4	-0.9	-1.5	1.7
Currencies														
UUP <i>US Dollar</i>	2.1	4.8	0.3	2.8	-3.8	2.2	-1.7	1.6	-1.5	0.2	0.6	3.3	8.8	11.1
FXE <i>Euro</i>	-2.7	-6.7	-1.0	-4.0	4.4	-2.2	1.4	-1.5	2.1	-0.4	-1.7	-4.0	-13.1	-15.5
FXV <i>Yen</i>	-1.0	2.0	-1.9	-0.3	0.4	-3.9	1.4	-1.3	2.2	1.0	-0.6	-2.0	-3.0	-4.0
Dispersion	13.6	21.9	15.8	10.5	20.4	13.2	11.6	22.9	13.9	20.9	15.1	9.9	60.5	65.8
<i>High value minus low value for each month; large dispersion provides better opportunity for active strategies.</i>														
Global Diversified Benchmark														
	-1.9	-0.5	3.1	-1.3	1.8	-1.5	-2.8	-1.9	-4.9	-3.8	5.0	-0.9	-8.0	-9.8

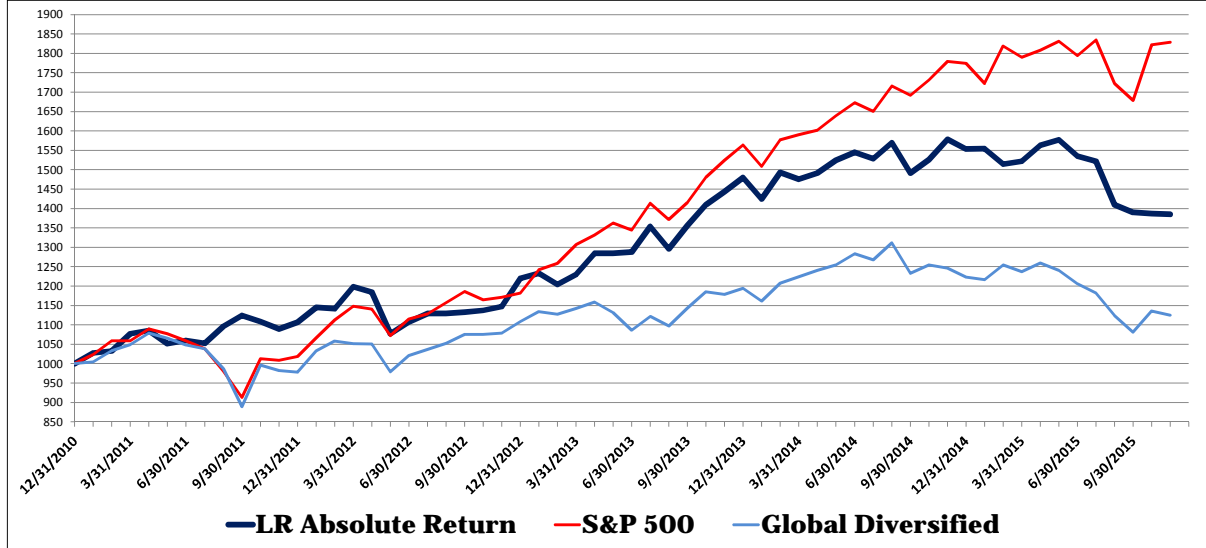
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LongRun Absolute Return Strategy - Nov 2015



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.

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>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>	10.7
2012	<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>	10.2
2013	<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>	21.3
2014	<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>	5.0
2015	<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>	<i>-0.2</i>	<i>-0.2</i>		-10.8

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	-10.8%	3.0%	-8.0%
Trailing 1-Year Return	-12.3%	2.8%	-9.7%
Trailing 3-Year Cume Return	20.7%	56.1%	4.2%
Annualized Return from 2/1/03*	14.9%	9.2%	9.8%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

November 2015		December 2015	
IYR	Real Estate	EMB	Emerging Market Bonds
LQD	US IG Corporate Bonds	IVV	US Large Cap Equity
Cash		IYR	Real Estate
Cash		LQD	US IG Corporate Bonds

Management and Operational Details

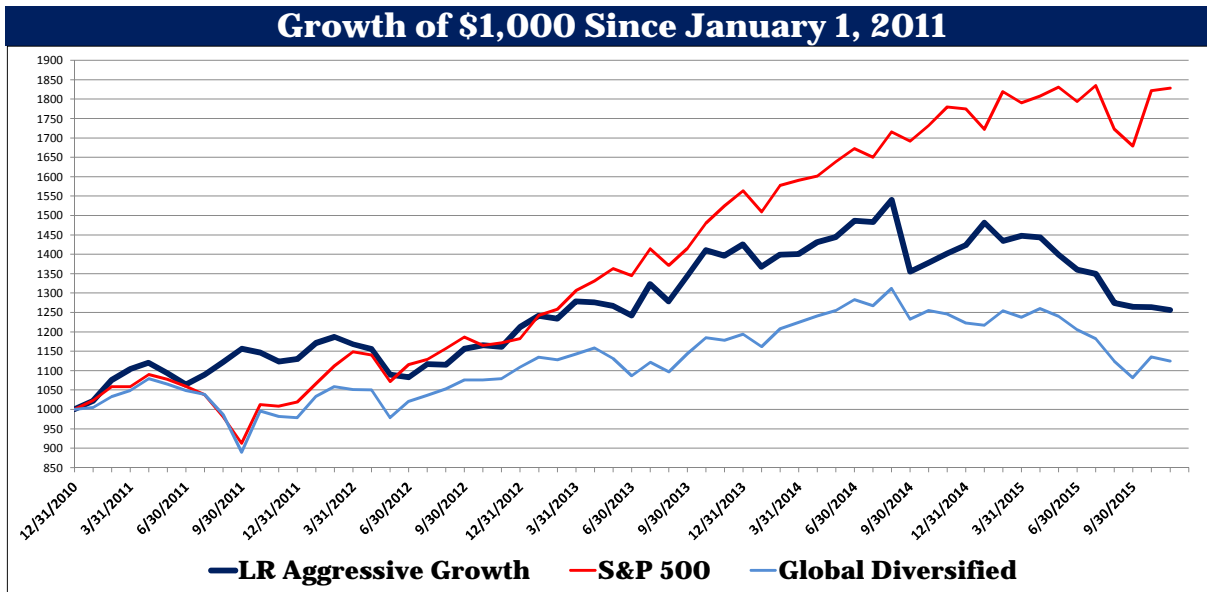
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above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

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LongRun Aggressive Growth Strategy - Nov 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	-5.6	-0.7	-0.1	-0.6		-11.8

Returns for all periods represent client composite results.

	Aggressive Growth	S&P 500	Global Diversified
Year-to-Date Return	-11.8%	3.0%	-8.0%
Trailing 1-Year Return	-10.4%	2.8%	-9.7%
Trailing 3-Year Cume Return	8.2%	56.1%	4.2%
Annualized Return from 2/1/03*	17.4%	9.2%	9.8%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

November 2015		December 2015	
EMB	Emerging Market Bonds	IJR	US Small Cap Equity
IYR	Real Estate	IVV	US Large Cap Equity
XLE	Energy	IYR	Real Estate

Management and Operational Details

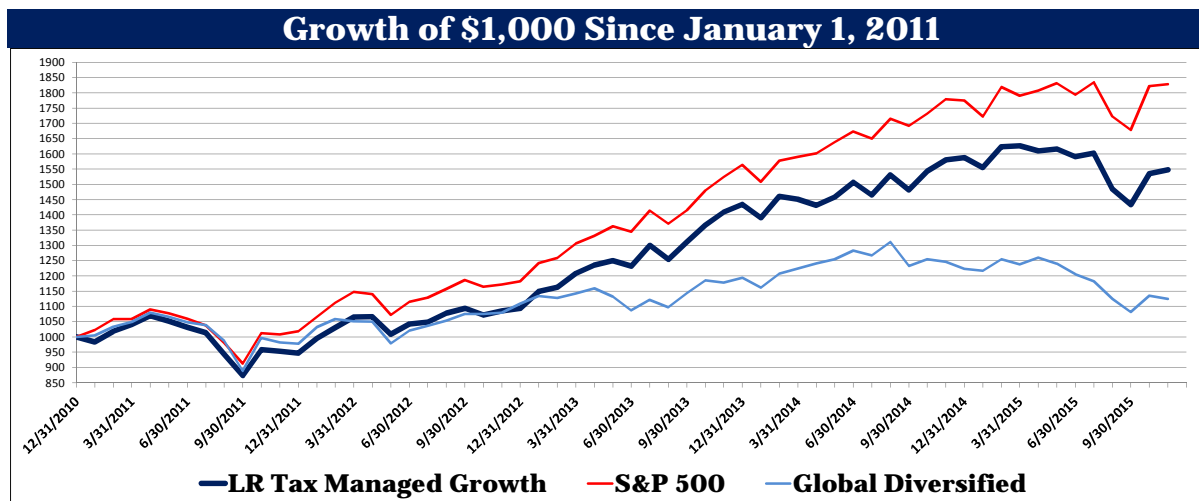
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above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

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LongRun Tax Managed Growth Strategy - Nov 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>	<i>-7.3</i>	<i>-3.5</i>	<i>7.1</i>	<i>0.8</i>		-2.5

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	-2.5%	3.0%	-8.0%
Trailing 1-Year Return	-2.1%	2.8%	-9.7%
Trailing 3-Year Cume Return	42.7%	56.1%	4.2%
Annualized Return from 2/1/03*	14.5%	9.2%	9.8%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Latest Prior and Current Month

November 2015		December 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 or upon request.