

Aug 2016

AR -0.71% AG -5.21% TMG -2.67% SP500 +0.12% R2000 +1.78% GDP -0.57%

Commentary

August was a quiet month in most markets with the major US equity indices making marginal new highs while trading in a tight sideways range as investors searched for the next big piece of news that might jolt things up or down. The Federal Reserve's annual retreat in Jackson Hole gave us a speech from Chair Yellen and interview with Vice Chair Fisher that combined to confuse people about the timing and number of possible 2016 rate hikes. That focused attention on the August jobs report released last Friday as the last major data point before the Fed's next pronouncement on September 21st. The report came in weak and stock markets rallied because bad news is good news and may cause the Fed to hold off. Once again, everyone is hyper-obsessed over a 25 basis point move in interest rates because it would signal a tightening of monetary policy that would diverge from ultra-loose positioning in the rest of the world. What most people have missed is that short-term rates in the credit markets have been moving higher without the Fed. Three-month LIBOR has moved from .60% to .85% and corporate borrowing in the commercial paper market has mirrored this increase. Even with the credit markets providing cover for a Fed increase, equity markets have been signaling that it will not be well received. The tug-of-war continues.

Before reviewing LongRun performance for August, regular readers may notice that there is an extra page in the package this month. I am in the process of rolling out a new strategy that is designed to take advantage of market volatility to achieve aggressive returns. The Volatility Strategy (VolStrat) requires a very high risk tolerance but has demonstrated attractive long-term returns. Send me an email if you'd like to know more.

Three of the four LongRun strategies posted losses in August. Absolute Return (AR) was down 0.7%, as long-term Treasuries (TLT) and real estate (IYR) offset gains in US equities. Aggressive Growth (AG) reversed 5.2% as all of its holdings went down with metals/mining (XME) dropping more than 11%. Tax Managed Growth (TMG) gave back 2.7%, hurt by exposure to XME and lesser weakness in other holdings. VolStrat entered August short volatility (owning the XIV exchange-traded note) and picked up 11% as volatility remained relatively subdued. Half of the strategy's position was closed out during the month with a gain of about 50% from the post-Brexit entry at the end of June.

As can be seen in the +17% year-to-date performance of the Global Diversified benchmark, international stocks and commodity-related play have been rewarding investors for the first time in years. As a result of this change in relative strength, emerging market stocks (EEM) were added to both AR and AG for the month of September and AG also added Latin America (ILF). AR maintains US exposure through small caps (IWM) and real estate (IYR). TMG retains a balance of offense and defense.

If a rate hike is off the table for September, global equity markets are likely to grind higher in spite of weak economic growth, declining earnings and other worries. Investors simply don't want to miss out. Handicapping the Presidential race and its market impact looks to be the next big focal point. The market's tight range and low volatility don't leave much margin for unexpected news, so a pullback in here somewhere should not come as a surprise.

“Without deviation from the norm, progress is not possible.”
Frank Zappa

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Aug 2016

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Selected Asset Class Returns for Trailing Twelve Months (%)

| | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | YTD | TTM |
|-----------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| US Equity | | | | | | | | | | | | | | |
| SPY <i>S&P 500</i> | -2.5 | 8.5 | 0.4 | -1.7 | -5.0 | -0.1 | 6.7 | 0.4 | 1.7 | 0.4 | 3.7 | 0.1 | 7.7 | 12.4 |
| MDY <i>Mid Cap</i> | -3.2 | 5.6 | 1.3 | -4.2 | -5.5 | 1.2 | 8.5 | 1.2 | 2.3 | 0.5 | 4.2 | 0.5 | 12.9 | 12.0 |
| IWM <i>Small Cap</i> | -4.9 | 5.6 | 3.3 | -5.0 | -8.6 | -0.2 | 8.0 | 1.7 | 2.2 | 0.0 | 5.9 | 1.8 | 10.3 | 8.7 |
| QQQ <i>NASDAQ 100</i> | -2.2 | 11.4 | 0.6 | -1.6 | -6.9 | -1.6 | 6.9 | -3.2 | 4.4 | -2.3 | 7.2 | 1.1 | 4.7 | 12.9 |
| IYR <i>Real Estate</i> | 1.6 | 6.2 | -0.2 | 1.1 | -4.1 | -0.8 | 10.3 | -1.7 | 2.2 | 6.2 | 3.7 | -3.4 | 12.3 | 22.2 |
| XLB <i>Materials</i> | -7.4 | 13.4 | 1.0 | -4.3 | -10.7 | 7.8 | 7.6 | 5.1 | -0.3 | -0.8 | 5.1 | -0.3 | 12.8 | 14.4 |
| XLE <i>Energy</i> | -7.2 | 11.2 | 0.0 | -10.5 | -3.5 | -2.8 | 10.2 | 9.1 | -0.9 | 2.7 | -1.3 | 1.7 | 15.1 | 6.3 |
| XLF <i>Financials</i> | -2.8 | 6.3 | 2.0 | -2.4 | -8.9 | -2.9 | 7.3 | 3.6 | 1.9 | -3.3 | 3.5 | 3.9 | 4.2 | 7.2 |
| XLI <i>Industrials</i> | -2.2 | 8.8 | 0.9 | -2.6 | -5.7 | 4.3 | 7.0 | 1.2 | -0.4 | 0.7 | 3.6 | 1.0 | 11.7 | 16.8 |
| XLK <i>Technology</i> | -1.4 | 10.5 | 0.7 | -2.1 | -3.7 | -0.7 | 8.8 | -5.0 | 4.9 | -1.4 | 7.1 | 1.2 | 10.8 | 19.1 |
| XLP <i>Staples</i> | 0.4 | 5.7 | -0.9 | 2.9 | 0.5 | 0.3 | 4.7 | -1.4 | 0.7 | 5.4 | -0.8 | -0.6 | 8.9 | 17.9 |
| XLU <i>Utilities</i> | 2.9 | 1.1 | -2.1 | 2.1 | 4.9 | 1.9 | 8.0 | -2.4 | 1.5 | 7.6 | -0.7 | -5.5 | 15.5 | 20.1 |
| XLV <i>Healthcare</i> | -5.7 | 7.7 | -0.3 | 1.7 | -7.7 | -0.4 | 2.7 | 3.0 | 2.2 | 0.9 | 4.9 | -3.2 | 1.8 | 4.8 |
| XLY <i>Discretionary</i> | -0.6 | 9.0 | -0.2 | -2.8 | -5.2 | 0.5 | 6.7 | 0.1 | 0.1 | -1.1 | 4.6 | -1.4 | 3.8 | 9.1 |
| XME <i>Metals & Mining</i> | -18.0 | 3.0 | -6.6 | -6.1 | -7.0 | 20.0 | 23.1 | 20.3 | -10.5 | 11.2 | 18.9 | -11.5 | 73.1 | 28.2 |
| Int'l Equity | | | | | | | | | | | | | | |
| DXJ <i>Japan</i> | -6.8 | 9.5 | 3.2 | -4.2 | -5.0 | -12.5 | 5.0 | -6.0 | 6.8 | -10.7 | 5.0 | 6.1 | -12.8 | -12.0 |
| EEM <i>Emerging Mkts</i> | -3.1 | 6.4 | -2.5 | -3.8 | -5.0 | -0.8 | 13.0 | 0.4 | -3.7 | 4.6 | 5.4 | 0.9 | 14.4 | 10.5 |
| EFA <i>Developed Int'l</i> | -4.4 | 6.6 | -0.8 | -0.8 | -5.5 | -3.3 | 6.6 | 2.2 | -0.1 | -2.4 | 4.0 | 0.5 | 1.4 | 1.8 |
| EPP <i>Asia Pac ex Japan</i> | -3.1 | 6.6 | -0.5 | 1.2 | -7.8 | -0.6 | 11.6 | 1.9 | -2.2 | 2.0 | 6.5 | -2.4 | 7.9 | 12.2 |
| FXI <i>China</i> | -1.2 | 7.9 | -2.1 | -3.7 | -11.6 | -3.0 | 11.5 | -0.7 | 0.4 | 2.4 | 3.5 | 4.6 | 5.8 | 6.2 |
| ILF <i>Latin America</i> | -7.7 | 4.8 | -3.5 | -5.7 | -3.2 | 1.6 | 20.7 | 7.8 | -13.0 | 11.9 | 5.8 | 1.3 | 33.6 | 17.5 |
| VGK <i>Europe</i> | -4.1 | 5.9 | -1.3 | -2.6 | -5.6 | -3.2 | 7.0 | 2.8 | -0.5 | -4.0 | 3.5 | 0.7 | 0.0 | -2.4 |
| Fixed Income | | | | | | | | | | | | | | |
| AGG <i>Aggregate Bond</i> | 0.8 | 0.1 | -0.4 | -0.2 | 1.2 | 0.9 | 0.9 | 0.3 | 0.0 | 1.9 | 0.6 | -0.2 | 5.6 | 6.0 |
| EMB <i>EM Bonds</i> | -1.1 | 2.4 | 0.3 | -1.5 | 0.0 | 1.8 | 3.3 | 1.6 | -0.2 | 4.2 | 1.4 | 1.3 | 14.0 | 14.1 |
| HYG <i>US High Yield</i> | -3.0 | 3.2 | -2.5 | -2.0 | -1.6 | 1.5 | 2.5 | 3.1 | 0.2 | 1.8 | 1.3 | 2.0 | 11.2 | 6.4 |
| LQD <i>US IG Corporate</i> | 1.2 | 0.6 | -0.2 | -1.1 | 0.1 | 1.1 | 3.6 | 1.6 | -0.5 | 3.1 | 1.3 | 0.2 | 10.8 | 11.4 |
| TLT <i>US 20+ Treasury</i> | 2.0 | -0.4 | -0.9 | -0.3 | 5.6 | 3.1 | -0.1 | -0.7 | 0.8 | 6.9 | 2.1 | -1.0 | 17.6 | 18.0 |
| Currencies | | | | | | | | | | | | | | |
| UUP <i>US Dollar</i> | 0.2 | 0.6 | 3.3 | -1.7 | 0.8 | -1.4 | -3.7 | -1.8 | 3.1 | 0.0 | -0.7 | 0.6 | -3.2 | -0.9 |
| FXE <i>Euro</i> | -0.4 | -1.7 | -4.0 | 2.8 | -0.4 | 0.4 | 4.5 | 0.6 | -2.9 | -0.4 | 0.7 | -0.3 | 2.1 | -1.3 |
| FXJ <i>Yen</i> | 1.0 | -0.6 | -2.0 | 2.4 | -0.8 | 7.3 | 0.2 | 5.7 | -3.9 | 7.1 | 1.2 | -1.4 | 15.8 | 16.6 |
| Dispersion | 20.9 | 15.1 | 9.9 | 13.4 | 17.2 | 32.5 | 26.8 | 26.3 | 19.8 | 22.6 | 20.2 | 17.6 | 85.9 | 40.2 |
| <i>High value minus low value for each month; large dispersion provides better opportunity for active strategies.</i> | | | | | | | | | | | | | | |
| Global Diversified Benchmark | | | | | | | | | | | | | | |
| | -3.8 | 5.0 | -0.9 | -3.0 | -3.7 | 1.6 | 9.2 | 3.5 | -1.6 | 3.7 | 4.4 | -0.6 | 17.2 | 13.7 |

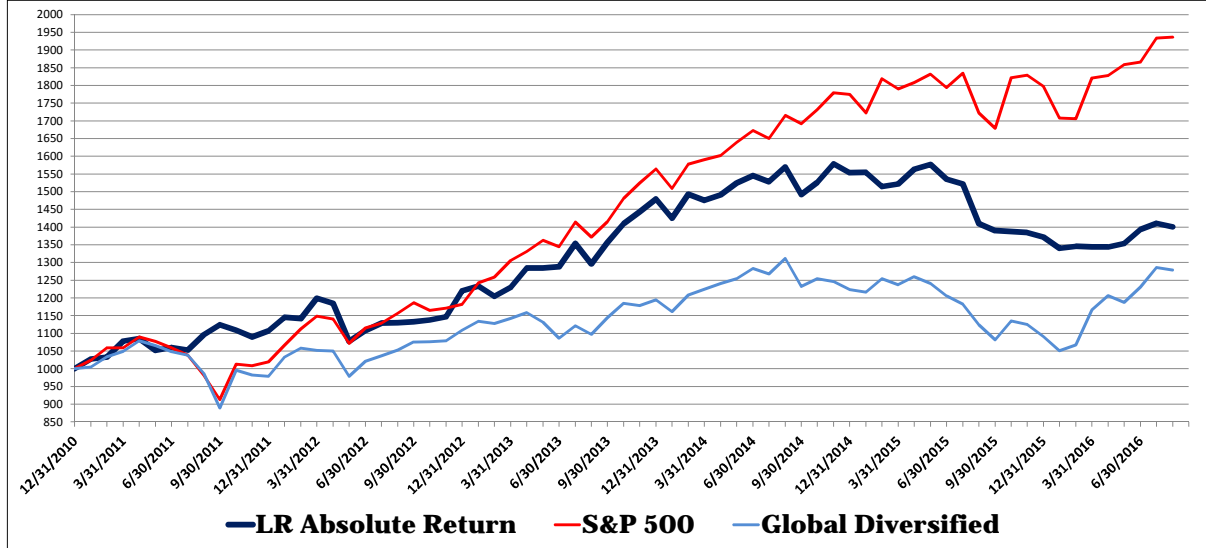
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LongRun Absolute Return Strategy - Aug 2016



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> | <i>-1.0</i> | -11.7 |
| 2016 | <i>-2.3</i> | <i>0.4</i> | <i>-0.1</i> | <i>0.0</i> | <i>0.7</i> | <i>3.0</i> | <i>1.2</i> | <i>-0.7</i> | | | | | 2.1 |

* 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 | 2.1% | 7.7% | 17.2% |
| Trailing 1-Year Return | -8.0% | 5.5% | 8.1% |
| Trailing 3-Year Cume Return | 3.5% | 36.9% | 14.0% |
| Annualized Return from 2/1/03* | 14.1% | 9.1% | 10.3% |

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

| August 2016 | | September 2016 | |
|-------------|--------------------------|----------------|---------------------|
| IJH | US Mid Cap Stocks | EEM | Emerging Mkt Stocks |
| IWM | US Small Cap Stocks | EMB | Emerging Mkt Bonds |
| IYR | US Real Estate | IWM | US Small Cap Stocks |
| TLT | 20+ Yr US Treasury Bonds | IYR | US Real Estate |

Management and Operational Details

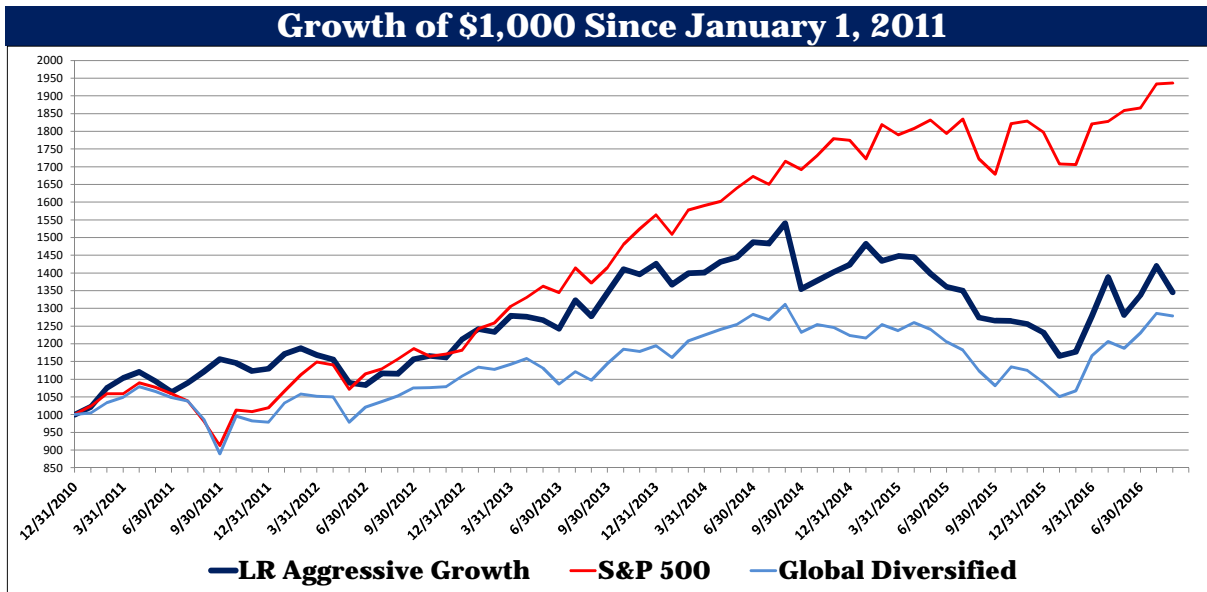
| | |
|-----------------------|-----------------------------------------------------------|
| Investment Manager: | LongRun Capital Management LLC |
| Investment Structure: | Separately Managed Accounts |
| Custodian: | Fidelity Investments |
| Minimum Investment: | \$1,000,000 (subject to waiver) |
| 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 Aggressive Growth Strategy - Aug 2016



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 | -1.9 | -13.5 |
| 2016 | -5.4 | 1.0 | 8.5 | 8.7 | -7.7 | 4.4 | 6.2 | -5.2 | | | | | 9.2 |

Returns for all periods represent client composite results.

| | Aggressive Growth | S&P 500 | Global Diversified |
|--------------------------------|-------------------|---------|--------------------|
| Year-to-Date Return | 9.2% | 7.7% | 17.2% |
| Trailing 1-Year Return | -0.3% | 5.5% | 8.1% |
| Trailing 3-Year Cume Return | 1.7% | 36.9% | 14.0% |
| Annualized Return from 2/1/03* | 16.9% | 9.1% | 10.3% |

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

| | August 2016 | September 2016 |
|------------|---------------------------------|---------------------------------|
| IYR | US Real Estate | EEM Emerging Mkt Stocks |
| TLT | 20+ Yr US Treasury Bonds | ILF Latin America Stocks |
| XME | Metals & Mining | XME Metals & Mining |

Management and Operational Details

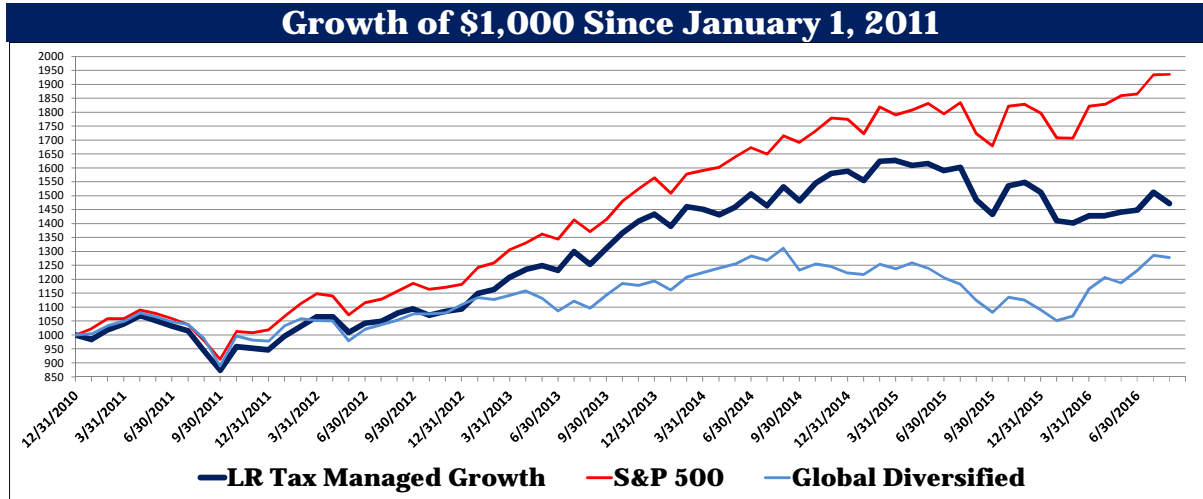
| | |
|-----------------------|-----------------------------------------------------------|
| Investment Manager: | LongRun Capital Management LLC |
| Investment Structure: | Separately Managed Accounts |
| Custodian: | Fidelity Investments |
| Minimum Investment: | \$1,000,000 (subject to waiver) |
| 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 - Aug 2016



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> | <i>-2.3</i> | -4.7 |
| 2016 | <i>-6.7</i> | <i>-0.6</i> | <i>1.9</i> | <i>-0.2</i> | <i>0.9</i> | <i>0.4</i> | <i>4.5</i> | <i>-2.7</i> | | | | | -2.8 |

* 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 | -2.7% | 7.7% | 17.2% |
| Trailing 1-Year Return | -8.1% | 5.5% | 8.1% |
| Trailing 3-Year Cume Return | 13.2% | 36.9% | 14.0% |
| Annualized Return from 2/1/03* | 13.2% | 9.1% | 10.3% |

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Latest Prior and Current Month

| August 2016 | | September 2016 | |
|-------------|---------------------------|----------------|---------------------------|
| GLD | SPDR Gold Shares | GLD | SPDR Gold Shares |
| IEF | 7-10 Year Treasury Bonds | IEF | 7-10 Year Treasury Bonds |
| QQQ | NASDAQ 100 | QQQ | NASDAQ 100 |
| TLT | 20+ Year Treasury Bonds | TLT | 20+ Year Treasury Bonds |
| XLP | US Consumer Staples | XLP | US Consumer Staples |
| XLV | US Healthcare | XLV | US Healthcare |
| XLY | US Consumer Discretionary | XLY | US Consumer Discretionary |
| XME | Metals & Mining | XME | Metals & Mining |

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 |

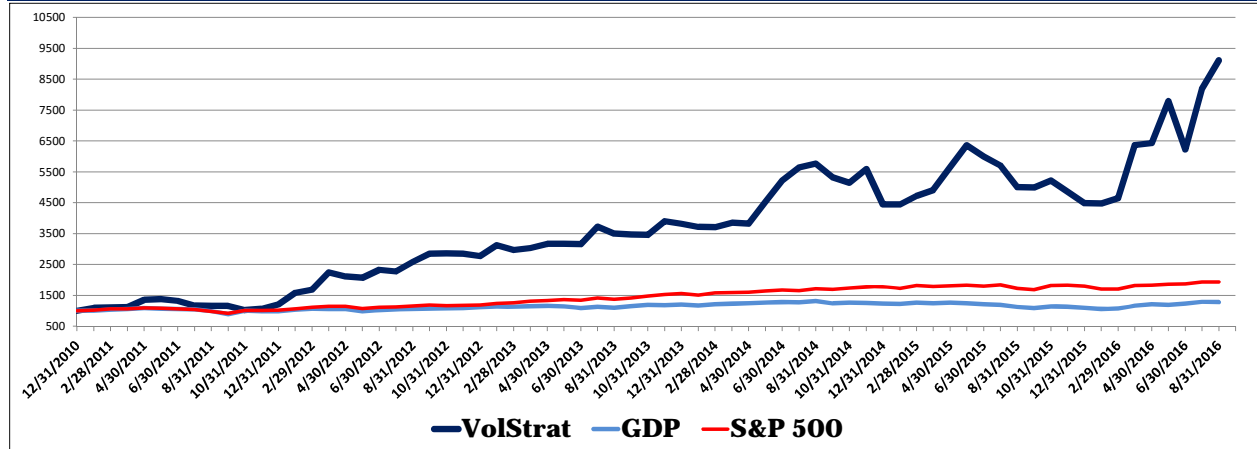
IMPORTANT DISCLOSURES: This document is not an offering to sell or the solicitation of an offering to purchase an interest in any of the separate account strategies offered by LongRun Capital Management LLC. S&P 500 benchmark represents the total return (including dividends) of the SPDR S&P 500 ETF (SPY). 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 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 Volatility Strategy - Aug 2016



The LongRun Volatility Strategy (VolStrat) is designed to produce aggressive returns with a low correlation to broad equity market indices. VolStrat uses a systematic approach to investing in volatility through exchange traded products that are either long or short VIX futures and may also take a neutral position in cash. VolStrat methodology is the product of extensive research into the behavior of equity market volatility and securities designed to harvest returns from that behavior. Backtest results and recent live trading demonstrate attractive long-term returns but also periods of very high volatility. Investors must have a high tolerance for exposure to significant drawdowns in the value of their investment. VolStrat produces short-term gains and losses and is therefore most appropriate for tax-advantaged structures such as retirement accounts, charitable entities and private insurance vehicles.

Growth of \$1,000 Since 12/31/2010



Return Data for the Strategy (%)*

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------|------|------|------|------|------|-------|-------|-------|------|-------|------|-------|-------|
| 2011 | 9.7 | 0.9 | 0.3 | 21.9 | 1.1 | -3.1 | -12.5 | -0.2 | -0.2 | -11.5 | 4.0 | 13.9 | 21.1 |
| 2012 | 30.7 | 6.3 | 33.4 | -6.0 | -2.2 | 12.7 | -2.1 | 13.5 | 9.9 | 0.5 | -0.4 | -2.3 | 129.2 |
| 2013 | 12.5 | -4.9 | 2.2 | 4.3 | -0.2 | -0.2 | 18.0 | -6.0 | -1.0 | -0.1 | 12.7 | -2.0 | 37.7 |
| 2014 | -3.0 | -0.2 | 4.1 | -0.9 | 18.7 | 15.3 | 8.1 | 2.1 | -7.6 | -3.5 | 8.8 | -20.5 | 16.3 |
| 2015 | -0.2 | 6.3 | 4.1 | 15.0 | 12.6 | -5.8 | -4.7 | -12.3 | -0.2 | 4.6 | -6.9 | -7.8 | 0.8 |
| 2016 | -0.2 | 3.8 | 37.2 | 1.0 | 21.1 | -20.2 | 31.8 | 11.2 | | | | | 103.3 |

* Returns in italics are from a systematic backtest of the strategy; non-italicized periods represent client composite results.

| | VolStrat | S&P 500 | Global Diversified |
|-------------------------------------|----------|---------|--------------------|
| Year-to-Date Return | 103.3% | 7.7% | 17.2% |
| Trailing 1-Year Return | 59.6% | 5.5% | 8.1% |
| Annualized Return from August 2008* | 61.5% | 9.0% | 4.9% |

* Start date of VolStrat backtest

Fund Holdings for Prior Month and Current Month

| August 2016 | | September 2016 | |
|-------------|-------------|----------------|-------------|
| XIV* | Inverse VIX | XIV* | Inverse VIX |
| CASH | | CASH | |

*Represents 8/31/2016 positioning of LongRun Volatility Strategy that is subject to change at any time

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 assets invested in the strategy (subject to future increases) |
| Contact Information: | Jim Carroll, jim@longruncapital.com, 914-202-2755 |

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