

Sep 2016

AR +0.54% AG +1.67% TMG +0.24% SP500 +0.01% R2000 +1.08% GDP +0.90%

Commentary

Judging by the 0.01% return of the S&P500 index, September was a true non-event. There was some excitement, however, as equity markets had a sharp pullback on fears the Fed might actually raise rates again. That didn't happen but it kept enthusiasm in check. This was evident in the 0.9% return of our Global Diversified Benchmark and the very narrow 7% dispersion from best to worst of the asset classes shown on the next page. Small cap stocks outperformed large cap while energy, technology and emerging markets showed the best returns but none of the outsized monthly performances scattered around prior months.

The legacy LongRun strategies each posted gains for the month. Absolute Return (AR) was up 0.5%, led by emerging markets (EEM) and US small cap stocks (IWM). Aggressive Growth (AG) picked up 1.7% with EEM and metals & mining (XME) the major contributors. Tax Managed Growth (TMG) eked out a 0.2% gain as its balance of offense and defense cancelled each other out. The new strategy, VolStrat, gave back almost 10% of its previous winnings as a profitable post-Brexit trade (+30%) was closed out below its 8/31 value and the model had a couple of short-term re-entry losses. It starts October with a partial position short volatility but that could change quickly if equity markets get wobbly again.

Last month I observed that international stocks and commodity-related sectors have been picking up their performance relative to the long dominance of US equities. This continues to be reflected in the make-up of our strategies. AR added developed international (EFA) to emerging markets (EEM) while AG swapped from Latin America (ILF) to Asia-Pacific ex-Japan (EPP) and added US small cap (IJR) to mirror AR's holding there. The slower moving TMG has not seen the same emergence of international equities in its rankings but that may be coming.

The fate of Deutsche Bank gained new prominence on the worry list recently, though fears of it going under are almost certainly overblown. Even so, markets are clearly concerned that global economic growth is tenuous, equity valuations are not cheap, Europe may be backsliding, the Bank of Japan is stretching the imagination of monetary policy and the US Presidential election is anything but certain. In spite of all that, money's got to go somewhere. US equities were the clear #1 choice over the past five years but investors have been spreading their bets over the last 12 months or so. Bond returns have equaled equities despite expectations of rising rates and riskier international markets have made a strong comeback. The only item on the worry list with a firm due date is our own November election. Markets are paying close attention and shifts in the polls will have an impact. We saw what Brexit could do and I wouldn't be surprised if October has a volatile moment or two. The opening days of trading have already shown some rollercoaster action.

"90% of what passes for brilliance or incompetence in investing is the ebb and flow of investment style." - Jeremy Grantham, co-founder of investment firm GMO

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LongRun Monthly Strategy Review

Sep 2016

AR +0.54% AG +1.67% TMG +0.24% SP500 +0.01% R2000 +1.08% GDP +0.90%

Selected Asset Class Returns for Trailing Twelve Months (%)

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	YTD	TTM
US Equity														
SPY <i>S&P 500</i>	8.5	0.4	-1.7	-5.0	-0.1	6.7	0.4	1.7	0.4	3.7	0.1	0.0	7.7	15.3
MDY <i>Mid Cap</i>	5.6	1.3	-4.2	-5.5	1.2	8.5	1.2	2.3	0.5	4.2	0.5	-0.6	12.3	15.1
IWM <i>Small Cap</i>	5.6	3.3	-5.0	-8.6	-0.2	8.0	1.7	2.2	0.0	5.9	1.8	1.1	11.5	15.5
QQQ <i>NASDAQ 100</i>	11.4	0.6	-1.6	-6.9	-1.6	6.9	-3.2	4.4	-2.3	7.2	1.1	2.2	7.0	18.0
IYR <i>Real Estate</i>	6.2	-0.2	1.1	-4.1	-0.8	10.3	-1.7	2.2	6.2	3.7	-3.4	-1.5	10.6	18.5
XLB <i>Materials</i>	13.4	1.0	-4.3	-10.7	7.8	7.6	5.1	-0.3	-0.8	5.1	-0.3	-1.2	11.5	22.2
XLE <i>Energy</i>	11.2	0.0	-10.5	-3.5	-2.8	10.2	9.1	-0.9	2.7	-1.3	1.7	3.7	19.4	18.7
XLF <i>Financials</i>	6.3	2.0	-2.4	-8.9	-2.9	7.3	3.6	1.9	-3.3	3.5	3.9	-2.9	1.2	7.1
XLI <i>Industrials</i>	8.8	0.9	-2.6	-5.7	4.3	7.0	1.2	-0.4	0.7	3.6	1.0	0.2	11.9	19.6
XLK <i>Technology</i>	10.5	0.7	-2.1	-3.7	-0.7	8.8	-5.0	4.9	-1.4	7.1	1.2	2.1	13.1	23.3
XLP <i>Staples</i>	5.7	-0.9	2.9	0.5	0.3	4.7	-1.4	0.7	5.4	-0.8	-0.6	-1.5	7.2	15.6
XLU <i>Utilities</i>	1.1	-2.1	2.1	4.9	1.9	8.0	-2.4	1.5	7.6	-0.7	-5.5	0.4	15.9	17.1
XLV <i>Healthcare</i>	7.7	-0.3	1.7	-7.7	-0.4	2.7	3.0	2.2	0.9	4.9	-3.2	-1.5	0.2	9.5
XLY <i>Discretionary</i>	9.0	-0.2	-2.8	-5.2	0.5	6.7	0.1	0.1	-1.1	4.6	-1.4	-0.3	3.5	9.4
XME <i>Metals & Mining</i>	3.0	-6.6	-6.1	-7.0	20.0	23.1	20.3	-10.5	11.2	18.9	-11.5	3.6	79.3	61.9
Int'l Equity														
DXJ <i>Japan</i>	9.5	3.2	-4.2	-5.0	-12.5	5.0	-6.0	6.8	-10.7	5.0	6.1	-0.6	-13.3	-6.1
EEM <i>Emerging Mkts</i>	6.4	-2.5	-3.8	-5.0	-0.8	13.0	0.4	-3.7	4.6	5.4	0.9	2.5	17.3	16.9
EFA <i>Developed Int'l</i>	6.6	-0.8	-0.8	-5.5	-3.3	6.6	2.2	-0.1	-2.4	4.0	0.5	1.3	2.8	7.9
EPP <i>Asia Pac ex Japan</i>	6.6	-0.5	1.2	-7.8	-0.6	11.6	1.9	-2.2	2.0	6.5	-2.4	3.8	12.0	20.2
FXI <i>China</i>	7.9	-2.1	-3.7	-11.6	-3.0	11.5	-0.7	0.4	2.4	3.5	4.6	2.6	8.5	10.3
ILF <i>Latin America</i>	4.8	-3.5	-5.7	-3.2	1.6	20.7	7.8	-13.0	11.9	5.8	1.3	-0.5	33.0	26.8
VGK <i>Europe</i>	5.9	-1.3	-2.6	-5.6	-3.2	7.0	2.8	-0.5	-4.0	3.5	0.7	0.8	0.8	2.6
Fixed Income														
AGG <i>Aggregate Bond</i>	0.1	-0.4	-0.2	1.2	0.9	0.9	0.3	0.0	1.9	0.6	-0.2	0.1	5.7	5.2
EMB <i>EM Bonds</i>	2.4	0.3	-1.5	0.0	1.8	3.3	1.6	-0.2	4.2	1.4	1.3	0.4	14.5	15.8
HYG <i>US High Yield</i>	3.2	-2.5	-2.0	-1.6	1.5	2.5	3.1	0.2	1.8	1.3	2.0	1.1	12.4	10.9
LQD <i>US IG Corporate</i>	0.6	-0.2	-1.1	0.1	1.1	3.6	1.6	-0.5	3.1	1.3	0.2	-0.3	10.4	9.7
TLT <i>US 20+ Treasury</i>	-0.4	-0.9	-0.3	5.6	3.1	-0.1	-0.7	0.8	6.9	2.1	-1.0	-1.5	15.8	14.0
Currencies														
UUP <i>US Dollar</i>	0.6	3.3	-1.7	0.8	-1.4	-3.7	-1.8	3.1	0.0	-0.7	0.6	-0.6	-3.8	-1.7
FXE <i>Euro</i>	-1.7	-4.0	2.8	-0.4	0.4	4.5	0.6	-2.9	-0.4	0.7	-0.3	0.6	2.8	-0.2
FXJ <i>Yen</i>	-0.6	-2.0	2.4	-0.8	7.3	0.2	5.7	-3.9	7.1	1.2	-1.4	2.0	18.1	17.8
Dispersion	15.1	9.9	13.4	17.2	32.5	26.8	26.3	19.8	22.6	20.2	17.6	6.7	92.5	68.0
<i>High value minus low value for each month; large dispersion provides better opportunity for active strategies.</i>														
Global Diversified Benchmark														
	5.0	-0.9	-3.0	-3.7	1.6	9.2	3.5	-1.6	3.7	4.4	-0.6	0.9	18.2	19.2

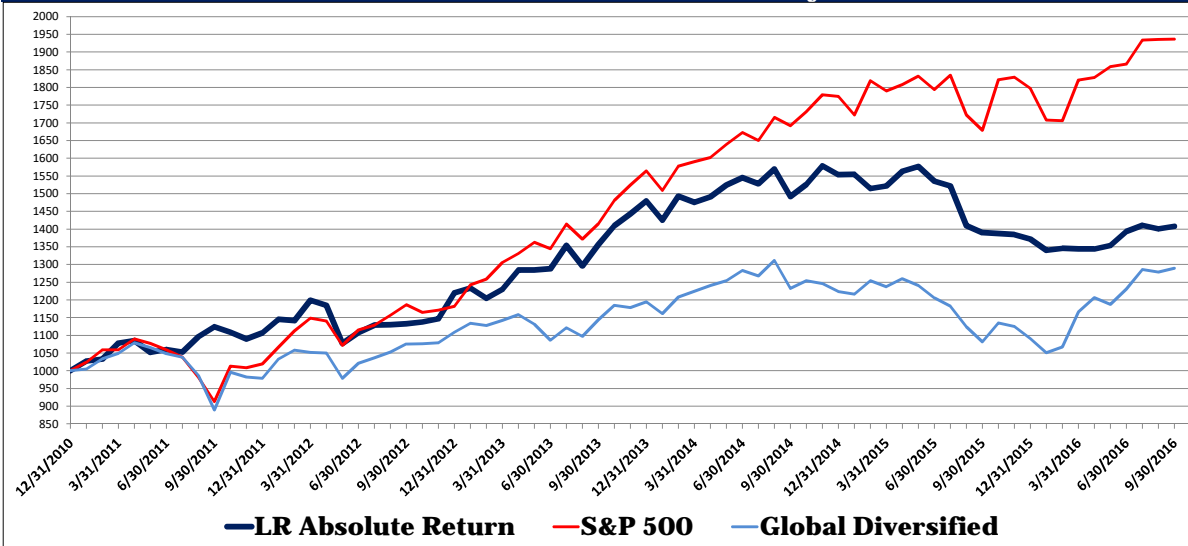
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LongRun Absolute Return Strategy - Sep 2016



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>	<i>0.5</i>				2.7

* 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	2.7%	7.7%	18.2%
Trailing 1-Year Return	-0.1%	12.4%	14.7%
Trailing 3-Year Cume Return	8.6%	41.2%	17.6%
Annualized Return from 2/1/03*	14.1%	9.0%	10.3%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

September 2016		October 2016	
EEM	Emerging Mkt Stocks	EEM	Emerging Mkt Stocks
EMB	Emerging Mkt Bonds	EFA	Developed Intl Stocks
IWM	US Small Cap Stocks	HYG	US High Yield Bonds
IYR	US Real Estate	IWM	US Small Cap Stocks

Management and Operational Details

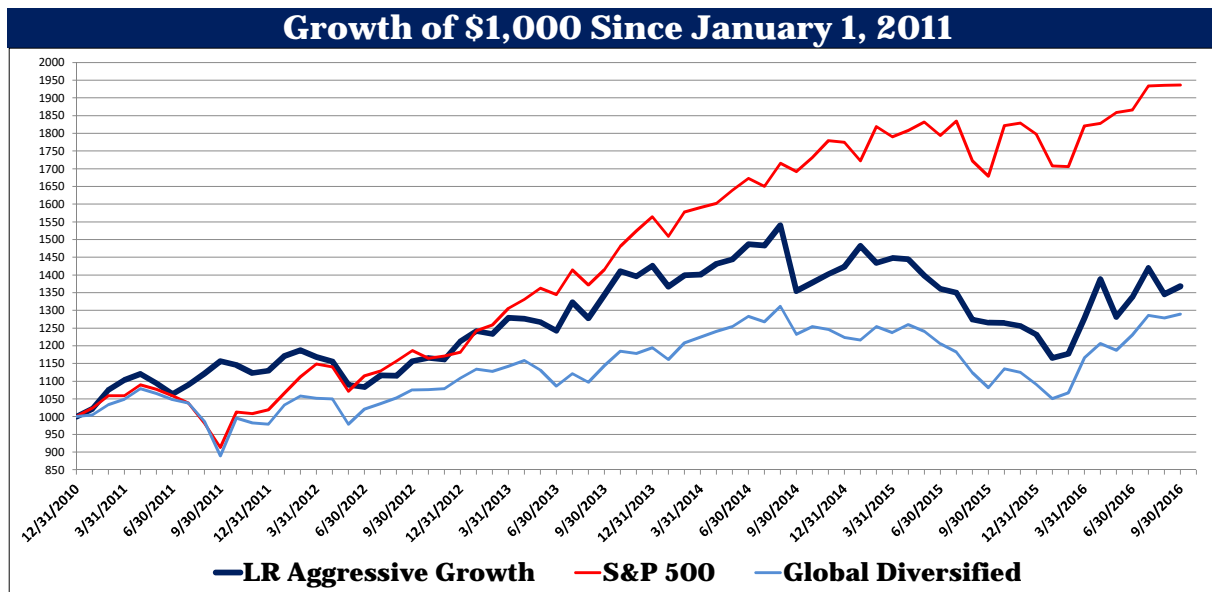
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above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

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LongRun Aggressive Growth Strategy - Sep 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	1.7				11.0

Returns for all periods represent client composite results.

	Aggressive Growth	S&P 500	Global Diversified
Year-to-Date Return	11.0%	7.7%	18.2%
Trailing 1-Year Return	7.4%	12.4%	14.7%
Trailing 3-Year Cume Return	7.0%	41.2%	17.6%
Annualized Return from 2/1/03*	16.9%	9.0%	10.3%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Prior Month and Current Month

September 2016		October 2016	
EEM	Emerging Mkt Stocks	EEM	Emerging Mkt Stocks
ILF	Latin America Stocks	EPP	Asia Pacific ex-Japan Stocks
XME	Metals & Mining	IJR	US Small Cap Stocks

Management and Operational Details

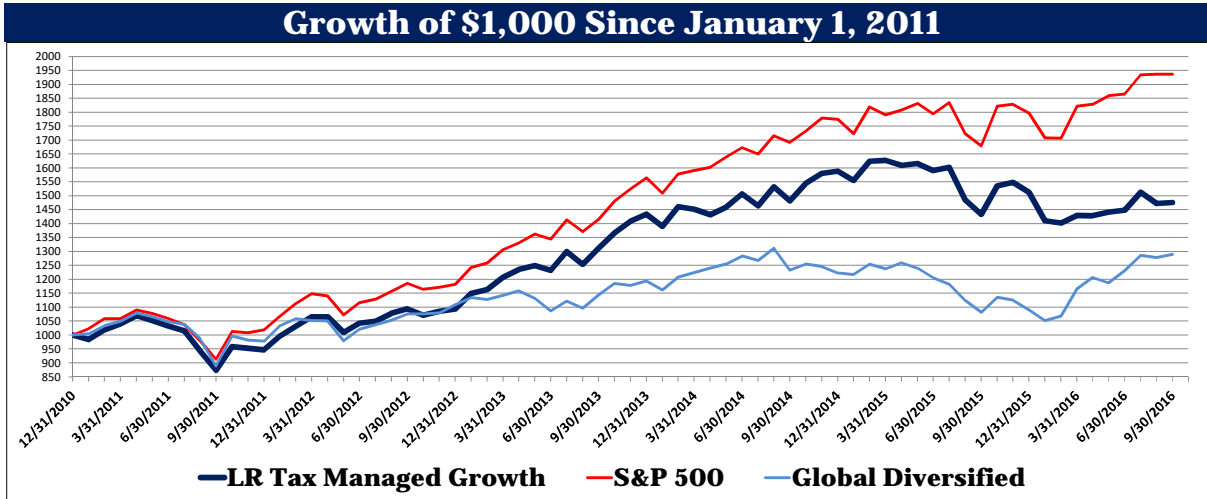
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above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

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LongRun Tax Managed Growth Strategy - Sep 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	-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	0.2	-1.1	0.4	-1.6	0.7	-7.3	-3.5	7.1	0.8	-2.3	-4.7
2016	-6.7	-0.6	1.9	0.0	0.9	0.4	4.5	-2.7	0.2				-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%	7.7%	18.2%
Trailing 1-Year Return	-0.6%	12.4%	14.7%
Trailing 3-Year Cume Return	17.7%	41.2%	17.6%
Annualized Return from 2/1/03*	13.2%	9.0%	10.3%

* Common start date for backtests of three LongRun strategies

Portfolio Holdings for Latest Prior and Current Month

September 2016		October 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

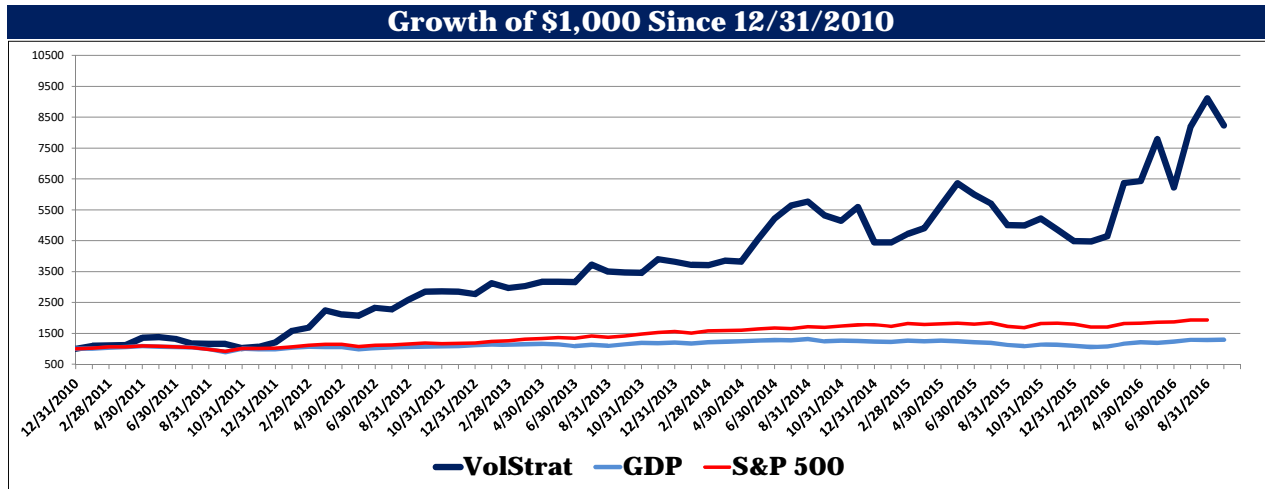
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Management fee:	1% of first \$5 million; .75% of assets above \$5 million
Contact Information:	Jim Carroll, jim@longruncapital.com, 914-202-2755

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 - Sep 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.



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	-9.6				83.7

* 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	83.7%	7.7%	18.2%
Trailing 1-Year Return	64.6%	12.4%	14.7%
Annualized Return from August 2008*	60.7%	8.9%	4.9%

* Start date of VolStrat backtest

Fund Holdings for Prior Month and Current Month

September 2016		October 2016	
XIV	Inverse VIX	XIV*	Inverse VIX
CASH		CASH	

*Represents current 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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