

Apr 2017

AR +1.55% AG +0.16% TMG +1.14% SP500 +0.99% R2000 +1.15% GDP +0.62%

## Commentary

After a lackluster month of March, equity markets were a bit better in April, especially for US small cap stocks where the Nasdaq Composite index broke above 6000 to an all-time high. The Dow and S&P 500 are close to new highs but haven't yet been able to punch through. Despite worries about the French elections, European stocks were top of the list for the second month in a row and international stocks have outperformed the US year-to-date. Diversification away from US stocks has been a drag on performance the past several years but that may be turning around.

The LongRun strategies were all in the green to varying degrees in April, with Absolute Return (AR) posting the best return (+1.6%) thanks to 50% of its holdings being international equities (EFA and EEM). Aggressive Growth (AG) was 100% international but was dinged by Latin America (ILF) being the lone loser. Holdings for those two strategies remain tilted to international for the month of May. Tax-Managed Growth (TMG) holds onto its solid year-to-date performance with a 100% US portfolio as the recent strength of international markets has not yet shown up in its slower moving methodology. The Volatility Strategy spent almost the full month in cash looking for a signal in what has been a very complacent market. Volatility picked up in advance of the primary election in France and then collapsed when the results took the radicals out of the race. That provided an entry that will profit if VIX stays in the doldrums – it closed Monday 5/1 at a low not seen since February 2007.

Wall Street has a favorite saying about the current month: Sell in May and go away. Back in the day, J.P. Morgan would fire up one of his three yachts and sail up to Newport, Rhode Island for the summer. May through October have a history of being weaker on average than November through April, but any given month can buck that trend. May of 2017 has investors still hoping for good news from corporate earnings, economic growth, tax reform (more than a one-page outline), health care and fiscal policy. There's a Federal Reserve meeting this week, though no news is expected. We will also get the final verdict from France where the expectation is that the EU-favorable Macron will be victorious. The bulls need to push the Dow and S&P 500 to new highs so that the Trump Rally can regain momentum. It wouldn't be surprising to see that happen this month. If not, markets could start to lose faith and give back some of their gains.

**“The greatest mistake we make is living in constant fear that we will make one.”**

John Maxwell, author and speaker on leadership

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# LongRun Monthly Strategy Review



Apr 2017

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

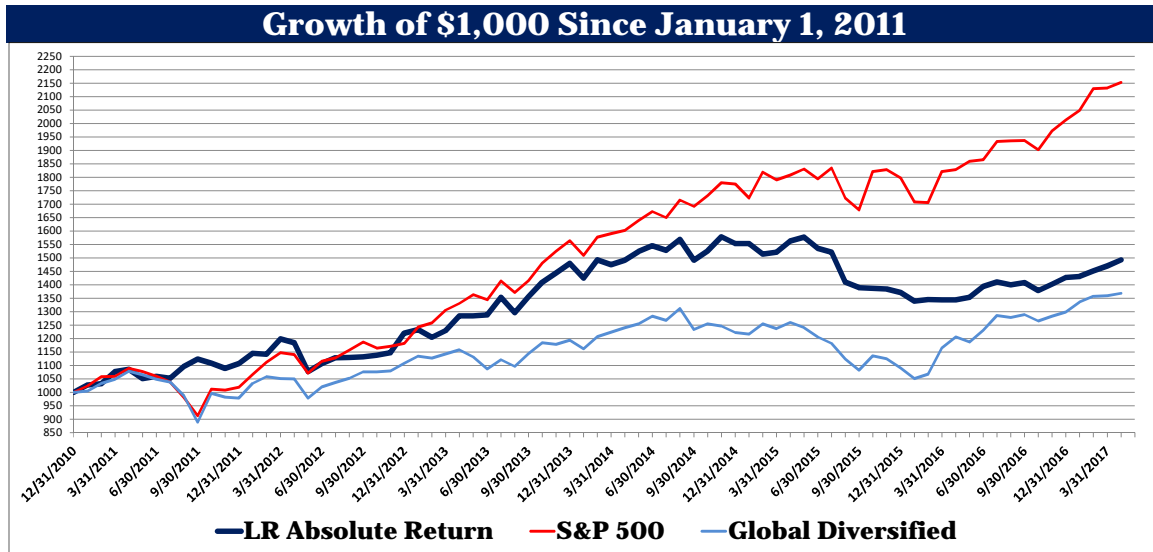
	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	YTD	TTM
<b>US Equity</b>														
<b>SPY</b> S&P 500	1.7	0.4	3.7	0.1	0.0	-1.7	3.7	2.0	1.8	3.9	0.1	1.0	7.0	17.8
<b>MDY</b> Mid Cap	2.3	0.5	4.2	0.5	-0.6	-2.7	7.9	2.2	1.7	2.6	-0.5	0.8	4.6	20.1
<b>IWM</b> Small Cap	2.2	0.0	5.9	1.8	1.1	-4.6	11.1	2.9	0.3	1.9	0.0	1.2	3.4	25.5
<b>QQQ</b> NASDAQ 100	4.4	-2.3	7.2	1.1	2.2	-1.5	0.4	1.1	5.1	4.4	2.0	2.7	15.0	30.0
<b>IYR</b> Real Estate	2.2	6.2	3.7	-3.4	-1.5	-5.0	-2.3	4.3	0.1	4.4	-1.5	0.6	3.6	7.4
<b>XLB</b> Materials	-0.3	-0.8	5.1	-0.3	-1.2	-2.1	6.8	0.2	4.6	0.6	0.6	1.3	7.1	14.9
<b>XLE</b> Energy	-0.9	2.7	-1.3	1.7	3.7	-2.8	8.5	1.7	-3.2	-2.1	-1.5	-3.0	-9.4	2.9
<b>XLF</b> Financials	1.9	-3.3	3.5	3.9	-2.8	2.3	14.0	3.8	0.3	5.3	-3.0	-0.8	1.6	26.6
<b>XLI</b> Industrials	-0.4	0.7	3.6	1.0	0.2	-2.0	9.1	0.3	1.9	3.9	-0.8	2.0	7.1	20.7
<b>XLK</b> Technology	4.9	-1.4	7.1	1.2	2.1	-0.8	0.2	2.3	3.6	4.5	2.2	2.0	12.9	31.3
<b>XLP</b> Staples	0.7	5.4	-0.8	-0.6	-1.5	-0.8	-4.2	3.0	1.7	4.8	-0.4	1.1	7.3	8.2
<b>XLU</b> Utilities	1.5	7.6	-0.7	-5.5	0.4	0.9	-5.4	4.9	1.3	5.3	-0.1	0.8	7.3	10.4
<b>XLV</b> Healthcare	2.2	0.9	4.9	-3.2	-0.5	-6.6	2.1	0.7	2.3	6.3	-0.5	1.5	9.9	9.9
<b>XLV</b> Discretionary	0.1	-1.1	4.6	-1.4	-0.3	-2.4	4.8	0.0	4.2	1.8	2.1	2.4	11.0	15.5
<b>XME</b> Metals & Mining	-10.5	11.2	18.9	-11.5	3.6	-4.0	22.1	-2.0	9.8	-3.1	-5.9	-2.0	-1.9	22.2
<b>Int'l Equity</b>														
<b>DXJ</b> Japan	6.8	-10.7	5.0	6.1	-0.6	5.2	9.0	1.7	0.7	1.7	-0.2	0.9	3.1	27.0
<b>EEM</b> Emerging Mkts	-3.7	4.6	5.4	0.9	2.5	-0.8	-4.4	-0.3	6.7	1.7	3.7	1.7	14.4	18.8
<b>EFA</b> Developed Int'l	-0.1	-2.4	4.0	0.5	1.3	-2.2	-1.8	2.7	3.3	1.2	3.2	2.4	10.5	12.6
<b>EPP</b> Asia Pac ex Japan	-2.2	2.0	6.5	-2.4	3.8	-3.0	0.1	-1.4	6.7	2.9	2.9	0.3	13.3	16.7
<b>FXI</b> China	0.4	2.4	3.5	4.6	2.6	-3.0	2.0	-5.8	5.7	4.1	0.8	0.1	11.0	18.1
<b>ILF</b> Latin America	-12.9	11.9	5.8	1.3	-0.5	10.8	-9.5	-0.8	9.8	2.9	1.8	-1.0	13.8	17.6
<b>VGK</b> Europe	-0.5	-4.0	3.5	0.7	0.8	-3.5	-2.3	4.9	3.0	0.6	4.4	3.9	12.4	11.4
<b>Fixed Income</b>														
<b>AGG</b> Aggregate Bond	0.0	1.9	0.6	-0.2	0.1	-0.8	-2.6	0.3	0.2	0.7	-0.1	0.9	1.7	0.8
<b>EMB</b> EM Bonds	-0.2	4.2	1.4	1.3	0.4	-1.7	-4.3	1.5	1.7	1.7	0.5	1.7	5.7	8.2
<b>HYG</b> US High Yield	0.2	1.8	1.3	2.0	1.1	-1.0	0.0	1.8	0.9	1.5	-0.1	0.8	3.1	10.8
<b>LQD</b> US IG Corporate	-0.5	3.1	1.3	0.2	-0.3	-1.5	-3.2	0.8	0.2	1.3	-0.3	1.2	2.4	2.1
<b>TLT</b> US 20+ Treasury	0.8	6.9	2.1	-1.0	-1.5	-4.4	-8.2	-0.5	0.8	1.6	-0.7	1.6	3.3	-3.1
<b>Currencies</b>														
<b>UUP</b> US Dollar	3.1	0.0	-0.7	0.6	-0.6	3.0	3.3	0.8	-2.8	1.5	-0.6	-1.5	-3.4	6.1
<b>FXE</b> Euro	-2.9	-0.4	0.7	-0.3	0.6	-2.4	-3.5	-0.7	2.5	-1.9	0.6	2.0	3.2	-5.7
<b>FXV</b> Yen	-3.9	7.1	1.2	-1.4	2.0	-3.3	-8.4	-2.1	3.5	0.5	0.8	-0.2	4.7	-5.0
<b>Dispersion</b>	19.7	22.6	20.2	17.6	6.6	17.4	31.6	10.7	13.0	9.4	10.3	6.9	24.4	37.0
<i>High value minus low value for each month; large dispersion provides better opportunity for active strategies.</i>														
<b>Global Diversified Benchmark</b>														
	-1.6	3.7	4.4	-0.6	0.9	-1.9	1.4	1.2	2.9	1.6	0.2	0.6	5.4	13.4

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# LongRun Absolute Return Strategy - Apr 2017



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>	2.7	0.5	4.4	0.8	-3.1	0.8	-0.7	4.2	2.6	-1.4	-1.7	1.6	<b>10.7</b>
<b>2012</b>	3.4	-0.3	5.0	-1.2	-9.1	2.8	1.9	0.0	0.3	0.5	0.8	6.3	<b>10.2</b>
<b>2013</b>	1.1	-2.4	2.1	4.4	0.0	0.3	5.1	-4.2	4.7	4.0	2.4	2.5	<b>21.3</b>
<b>2014</b>	-3.7	4.8	-1.2	1.1	2.2	1.4	-1.1	2.7	-5.0	2.3	3.4	-1.6	<b>5.0</b>
<b>2015</b>	0.1	-2.5	0.5	2.7	0.9	-2.7	-0.9	-7.4	-1.4	-0.2	-0.2	-1.0	<b>-11.7</b>
<b>2016</b>	-2.3	0.4	-0.1	0.0	0.7	3.0	1.2	-0.7	0.5	-2.1	1.7	1.8	<b>4.1</b>
<b>2017</b>	0.2	1.4	1.3	1.6									<b>4.5</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	4.5%	7.0%	5.4%
Trailing 1-Year Return	11.0%	17.8%	13.4%
Trailing 3-Year Cume Return	0.1%	34.4%	10.3%
Annualized Return from 2/1/03*	13.9%	9.5%	10.3%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Prior Month and Current Month

April 2017		May 2017	
EEM	Emerging Mkt Stocks	EEM	Emerging Mkt Stocks
EFA	Developed Intl Stocks	EFA	Developed Intl Stocks
MDY	US Mid Cap Stocks	EMB	Emerging Mkt Bonds
SPY	US Large Cap Stocks	SPY	US Large Cap Stocks

### Management and Operational Details

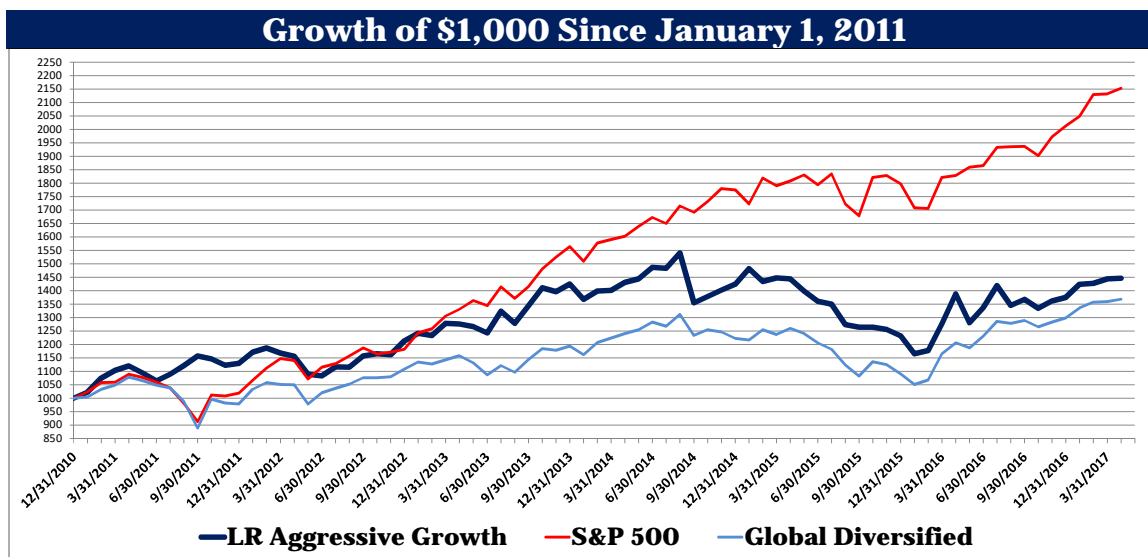
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above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

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# LongRun Aggressive Growth Strategy - Apr 2017



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	-0.1	-0.6	-1.9	<b>-13.5</b>
<b>2016</b>	-5.4	1.0	8.5	8.7	-7.7	4.4	6.2	-5.2	1.7	-2.5	2.1	1.0	<b>11.6</b>
<b>2017</b>	3.6	0.2	1.2	0.2									<b>5.2</b>

Returns for all periods represent client composite results.

	Aggressive Growth	S&P 500	Global Diversified
Year-to-Date Return	5.2%	7.0%	5.4%
Trailing 1-Year Return	4.2%	17.8%	13.4%
Trailing 3-Year Cume Return	1.1%	34.4%	10.3%
Annualized Return from 2/1/03*	16.7%	9.5%	10.3%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Prior Month and Current Month

April 2017		May 2017	
EEM	Emerging Mkt Stocks	EEM	Emerging Mkt Stocks
EPP	Asia Pacific Ex-Japan	EPP	Asia Pacific Ex-Japan
ILF	Latin America	VGK	European Stocks

### Management and Operational Details

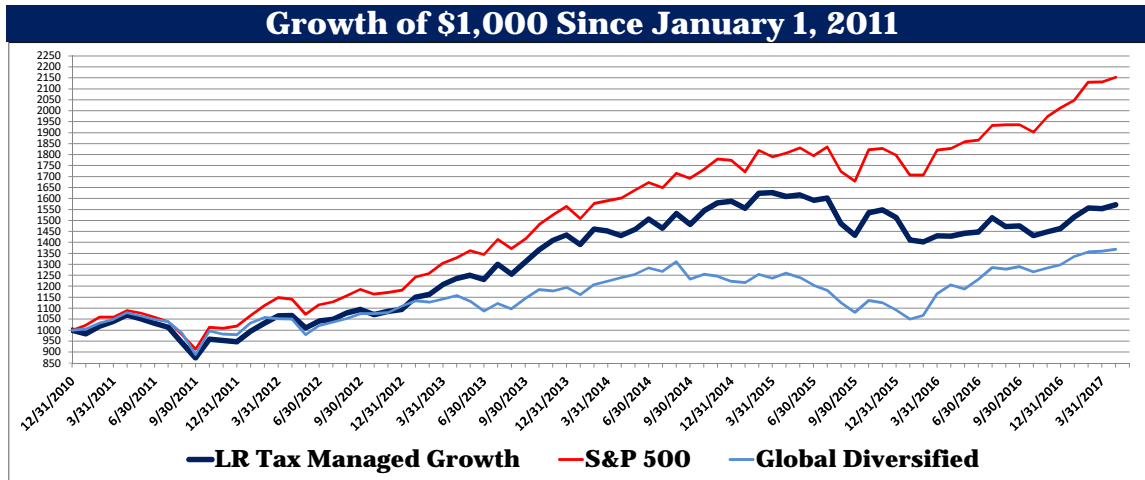
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above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

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# LongRun Tax Managed Growth Strategy - Apr 2017



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>	<i>7.1</i>	<i>0.8</i>	<i>-2.3</i>	<b>-4.7</b>
<b>2016</b>	<i>-6.7</i>	<i>-0.6</i>	<i>1.9</i>	<i>0.0</i>	<i>0.9</i>	<i>0.4</i>	<i>4.5</i>	<i>-2.7</i>	<i>0.2</i>	<i>-3.0</i>	<i>1.2</i>	<i>1.1</i>	<b>-3.2</b>
<b>2017</b>	<i>3.5</i>	<i>2.7</i>	<i>-0.1</i>	<i>1.1</i>									<b>7.4</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	7.4%	7.0%	5.4%
Trailing 1-Year Return	10.0%	17.8%	13.4%
Trailing 3-Year Cume Return	9.8%	34.4%	10.3%
Annualized Return from 2/1/03*	13.1%	9.5%	10.3%

\* Common start date for backtests of three LongRun strategies

### Portfolio Holdings for Latest Prior and Current Month

April 2017		May 2017	
LJT	US Small Cap Growth Stocks	LJT	US Small Cap Growth Stocks
QQQ	NASDAQ 100	QQQ	NASDAQ 100
RSP	US Equal Weight Large Stocks	RSP	US Equal Weight Large Stocks
XLP	US Consumer Staples	XLP	US Consumer Staples
XLK	US Technology	XLK	US Technology
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

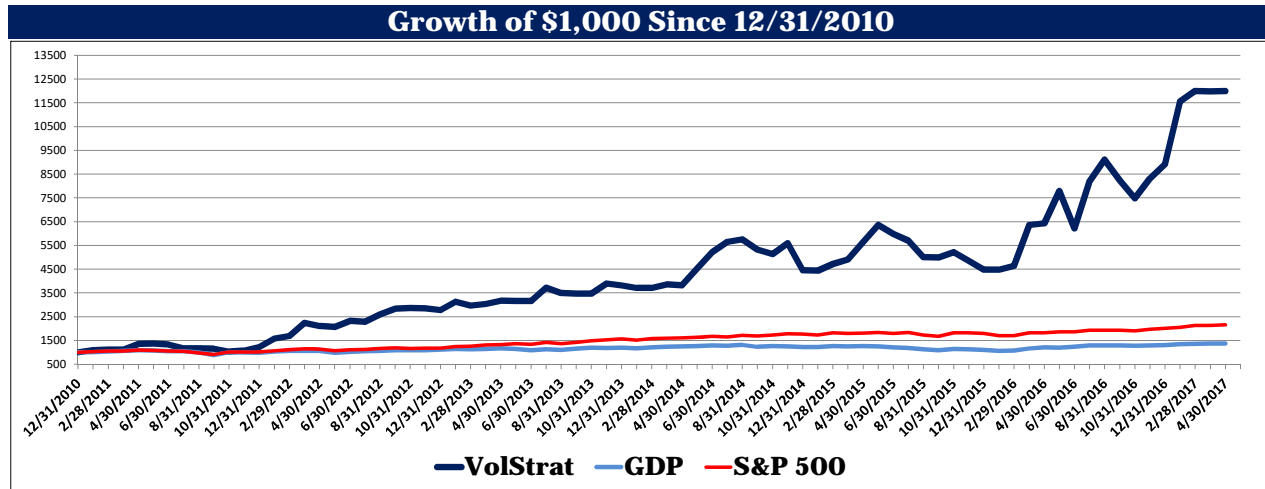
Investment Manager:	LongRun Capital Management LLC
Investment Structure:	Separately Managed Accounts
Custodian:	Fidelity Investments
Minimum Investment:	\$1,000,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of first \$5 million; .75% of assets above \$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](http://www.adviserinfo.sec.gov) or upon request.

# LongRun Volatility Strategy - Apr 2017



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
<b>2011</b>	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
<b>2012</b>	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
<b>2013</b>	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
<b>2014</b>	-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
<b>2015</b>	-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
<b>2016</b>	-0.2	3.8	37.2	1.0	21.1	-20.2	31.8	11.2	-9.6	-9.1	11.2	7.1	98.9
<b>2017</b>	29.7	3.8	-0.2	0.1									34.5

\* 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	34.5%	7.0%	5.4%
Trailing 1-Year Return	86.6%	17.8%	13.4%
Annualized Return from August 2008*	62.7%	9.2%	5.1%

\* Start date of VolStrat backtest

### Fund Holdings for Prior Month and Current Month

April 2017	May 2017
CASH	XIV (Short Volatility)*

\*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:	\$500,000 (subject to waiver)
Lock-up:	None
Liquidity/Redemption:	Upon client request
Management fee:	1% of initial assets; 2% above threshold return
Contact Information:	Jim Carroll, jim@longruncapital.com, 914-202-2755

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