Running Oak's Efficient Growth portfolio was up **7.37%**, gross of fees, for the month of June versus **7.05%** for the S&P 500 Total Return Index.

Since inception, the Efficient Growth equity portfolio has helped our clients:

- Outperform the S&P 500 by an average of **1.5%** per year, gross of fees
- Generate almost **30%** more return, gross of fees, than the S&P 500 given the same level of downside risk
- Realize an alpha of **1.5%**, gross of fees

It's worth noting that our equity portfolio achieved the above *in spite of* an ideal environment for the S&P 500 and a far from ideal environment for a strategy focused on risk, valuations, and debt - such as ours. The environment of the next 10 years is highly likely to be quite different from the last 10.

For additional detail, please see the strategy fact sheet.

Our Efficient Growth portfolio appears to be well-situated to outperform over the foreseeable future. Given where we are today, below are the market scenarios that seem most likely, along with reasonable expectations for Efficient Growth.

S&P 500 Earnings Recession/Low Growth Performance Expectation: Outperform*

S&P 500 earnings for Q2 are currently expected to decline by 3% year over year. The Efficient Growth portfolio's long-term earnings growth rate is 12%. Should that 15% earnings growth gap (or even half of that) be realized, Efficient Growth can be expected to outperform meaningfully.

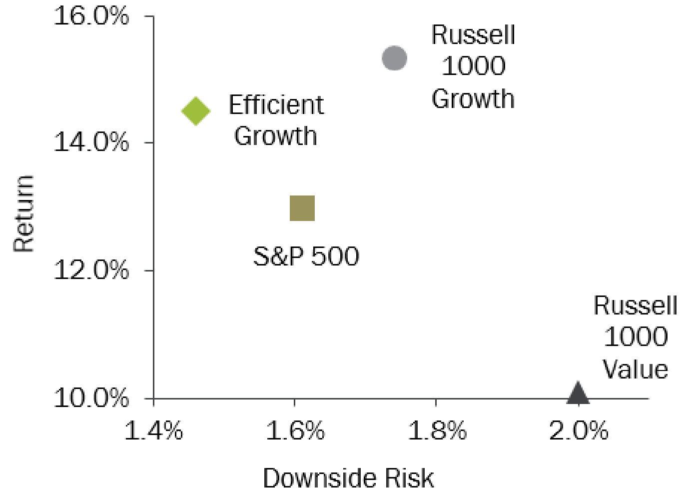
Recession Performance Expectation: Outperform*

The odds of a near-term recession in the US have increased considerably over the last few months, resulting in expectations for lower interest rates, which has in turn led to an ever-rising stock market. Should equity investor complacency wane and fear of declining earnings materialize, Efficient Growth's focus on debt, valuations, and risk can be expected to be beneficial.

Irrational Exuberance Performance Expectation: Underperform*

Bubbles become larger bubbles... until they aren't bubbles. Given negative interest rates abroad, the possibility of negative interest rates domestically, and poor investment alternatives, it is plausible that the equity market will be the recipient of significant inflows - The Best-Looking Horse in the Glue Factory effect. If investors turn a blind eye toward valuations and excessive corporate debt, Efficient Growth can be expected to underperform. Over the long-run, it pays to be disciplined, but anything can happen in the short-run.

Risk vs. Return, Gross (Sep. 2013 – Jun. 2019)



Performance Statistics, Gross (9/13 - 6/19)

	EG	S&P 500
Annualized Return	14.5%	13.0%
Up/Down Capture	99/85	100/100
Alpha	1.5%	0%
Ulcer Perf. Index	4.5	3.6
Sortino Ratio	1.5	1.3

Returns, Gross

	EG	S&P 500
June	7.37%	7.05%
YTD	21.94%	18.54%
Cumulative (9/13)	120%	104%

If you have any questions or if there is any way we can help, please don't hesitate to reach out. Whether through higher returns and greater financial well-being, lower risk and increased peace of mind, or full transparency and rules-based discipline, Running Oak Capital's mission is to make the lives of our clients easier.

Sincerely,

Seth

Seth L. Cogswell
Founder and CEO

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Investment Advisory Services are offered through Running Oak Capital, a registered investment adviser.

* Past performance is no guarantee of future results. Performance expectations are no guarantee of future results; they reflect educated guesses that may or may not come to fruition. All indices are unmanaged and may not be invested into directly.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investments and strategies may be appropriate for you, consult with us at Running Oak Capital or another trusted investment adviser.

Stock prices and index returns provided by Standard & Poor's.