Long Cast ADVISERS LLC

Dear Friends / Clients / Investors:

3Q17 was our eight quarter in business. Cumulative returns on accounts managed by Long Cast Advisers increased 8% in 3Q17, net of applicable fees. This was better than the various indices against which we benchmark ourselves. YTD returns through the end of 3Q17 are 21% net of fees. Since inception, we have returned a cumulative 57% net of fees, materially ahead of our benchmarks.

PERFORMANCE

	LCALLC Gross	LCALLC Net	R2000	S&P	Dow
	Annual Percentage Change				
2015 (2-mos)	12%	12%	-5%	-2%	-2%
2016	17%	16%	21%	12%	17%
1Q17	10%	10%	2%	6%	5%
2Q17	2%	2%	2%	3%	4%
3Q17	9%	8%	6%	4%	6%
YTD returns	22%	21%	11%	14%	15%
Cumulative chg	60%	57%	28%	25%	31%

Returns for separate accounts managed by LCA ranged from +1% to +19% in 3Q17. These gains were determined on the basis of market values at the beginning and end of the period, adjusted for payments made to or contributions received from clients. It is not based on actual realized profits during the year, but is intended to measure the change in liquidating value for the period. Returns are reported net of fees and after commissions and costs paid to the brokers, which we do not receive.

Variances in portfolio returns are driven by two primary factors:

1. Client risk profiles. Some clients prefer to hold higher cash balances than others.

2. Variances in portfolio weightings. We do not automatically rebalance but rather, we “let our winners run” until they reach what we believe to be their intrinsic value. As a result, portfolios we’ve managed longer may carry more single stock risk vs newer portfolios. Under MPT this would be considered risky but we think it’s terrific to own concentrated positions of wonderful businesses acquired inexpensively. Conversely, we think it would be stupid to sell terrific businesses trading below their intrinsic values simply to hew to a target weighting.

New ideas are equitably allocated to everyone in the same risk profile. “Core” holdings however, are allocated to new clients at lower weightings than might be in other accounts. For example, EVI acquired for some long standing clients has been up as much as 10x, and in some accounts has been +30% weighting. However, we believe it would be insane and irresponsible to allocate that high a weighting to each and every new client at +$30. *Our focus is instead buying the next EVI for everyone at a low valuation.*

All of these return variances would change (and quite frankly be incredibly simplified) if / when we transition to a partnership structure, which has numerous benefits related to account rebalancing and tax efficiency, but at additional costs.

In contrast, an SMA structure allows us to keep our administrative costs (and your fees) low while also maintaining accessibility to those who would otherwise be shut out of this corner of the capital markets. We believe it to be a wonderful deal for you.

LCA continues invests with a long term time horizon and should be judged over three year periods, or as we call it, based on our "1,000 Day Portfolio". We hope that over any rolling three year periods, our returns reflect the opportunities that come from making concentrated investments in small growing businesses acquired at reasonable multiples.

As a reminder, LCA does not invest in companies whose primary business or service contributes to the development or production of weapons or hydrocarbons. These industries are essential to most modern life, are impossible to avoid on a day to day basis and even occasionally trade at compelling valuations.

We just don't want to own them. As part owners of businesses we don't want to be responsible for dropping bombs on people's heads or contributing any more than we already do to an industry that takes carbon out of the ground and puts it into the atmosphere. There are many options available for those who want to own these sectors, but this is a vehicle where you won't.

Occasionally, these restrictions create tension based on ethical not investing issues. Should we ever own a business that for ethical reasons you do not feel comfortable owning, we will accommodate your needs.

PORTFOLIO

3Q17 benefited from acquisitions of two companies in our portfolio, Sevcon and CDI, and a late quarter rebound in IZEA, which we used as an opportunity to trim our holdings.

We added to PSSR and QRHC in the quarter. Our rationale for owning PSSR is here. In addition to a service offering that customers find compelling, we believe airline profitability will "lift all boats" as long as there remains rational pricing and low fuel costs.

Our rationale for owning QRHC is here. We see an inexpensive business in turnaround that is close to throwing off cash. While revenues are likely to shrink over the next 12-mos as the company effectively "fires" low margin customers, GP margins should concurrently grow.

Long Cast
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In one year's time, once the decline in sales is lapped, we expect to see topline growth, cash flow *and* margin expansion. Nobody knows the future, but this is a simple business with experienced industry execs at the helm and it seems a good place and a good time to invest money over the next three years.

You will notice in your statements that we've recently been actively buying two other businesses with the available cash on hand. Please call if you have questions about them. We will likely offer additional information on them in the future.

IN CONCLUSION

The first two years of running LCA have been among the most compelling professional experiences of my life. It has not been perfect, but it's been pretty good. I've experienced plenty of impatience, frustration and aggravation but have still managed to stumble onto a few good investments. And enough people have told me that I'm an idiot and will never succeed to give me confidence that I am on the right path.

I urge anyone who has ever thought about starting their own business (investing or otherwise) to find a financial situation that can support the long infancy of a new enterprise and go for it. There is no "right time", only the right attitude to manage the highs and lows of the experience. A sense of humor helps. A simpatico spouse or partner is equally invaluable.

Though I sit in my basement office with a view of my neighbor's wall, I am in fact staring deep towards the horizon. It's an experience that requires no special abilities nor inherited traits, just patience, focus and drive. People do it all over the world across the political spectrum, outside the "normal" corporate structure, in their shorts or pajamas, with kids crying in the background, everyone listening to their own soundtracks, and occasionally betting against each other.

The thing is, anyone can take a piece of it. It is the closest I've ever seen to having your cake and eating it too.

I appreciate your trust in allowing me to allocate your capital, and the incredible responsibility I have in managing it. My line is always open to chat. I look forward to hearing from you.

/ Avi
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Brooklyn NY

AVRAM FISHER PRINCIPAL | 917.697.4910 | AVI@LONGCASTADVISERS.COM | LONGCASTADVISERS.COM