

STRATEGIC BALANCE, LLC

March 3, 2014

	Strategic Balance Partners, LP	S&P 500
February (estimate)	1.7%	4.6%

The information provided is historic and should not be taken as any indication of future performance. SBPLP returns are unaudited for this year and net of 1% management fee and 10% incentive allocation. Actual returns may differ due to differences in contribution date, fee structure and new issue eligibility. All returns are time weighted with dividends reinvested. S&P 500 returns are provided strictly for informational purposes to reflect general equity market performance. Fund Inception 8/1/03.

Dear Fellow Investor:

Our long positions added 4.2% to our capital, while our short positions subtracted 2.4% during February based on our estimates. Economic data continued to come in weak to the point that even most pundits could not deny it. They just blamed the cold weather. Earnings reports were good enough for the bulls. However, fourth quarter GDP growth was just revised down by 25% to 2.4%, stuck near levels we have been at for years. Perhaps cold rain and snow is not fully to blame for more recent softness. Equities rallied under the belief that the central banks will just have to print much more money if growth remains subpar. By our way of thinking, too many stocks have moved well beyond a reasonable value derived from an internal rate of return analysis and into a sphere more akin to gambling, which we avoid with investment capital. We are 117% long and 39% short, with a risk-adjusted market exposure of negative 10%. Please call with questions and comments.

Sincerely,

Scott E. Brown, CFA
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