

STRATEGIC BALANCE, LLC

November 1, 2013

	Strategic Balance Partners, LP	S&P 500
October (estimate)	2.3 %	4.5%

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:

We enjoyed a nice month in a world of near universal optimism regarding equities. Divergence between the real world and stocks continued with the central banks in charge of the inebriation. Our long positions added 3.7% to our capital and our short positions subtracted 1.3% during October based on our estimates. Closed-end bond funds (67% of capital) and precious metals-related positions (7% of capital) helped somewhat, but it was our longs in higher quality equities which contributed the most to our returns. Though we remained well hedged, our losses in short positions remained relatively contained.

We are 123% long and 41% short, with a risk-adjusted market exposure of 24%. We will continue to focus on relative valuations and risk mitigation even as market participants remain giddy over QE. Please call with questions and comments.

Sincerely,

Scott E. Brown, CFA

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