Performance Summary

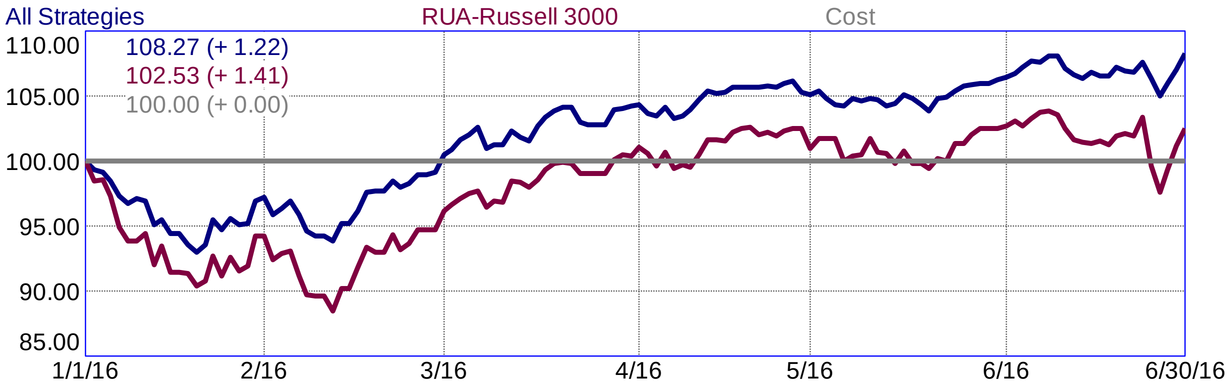
Wenzel
Analytics
Inc

July 1, 2016

All Accounts and Strategies

Time Weighted Return(TWR) Qtr change 4.2%. 12 Months 0.6%. Rate to date since 2/1/2002: 5.1%.

Year-to-date aggregate price changes relative to the Russell 3000.



These rates include cash but not management fees, which vary by size of account, are not applicable for my personal accounts, and are thus difficult to meaningfully calculate. Individual client reports are after fees withheld. Performance rates are based on dollars, while the above chart is based on price change by position, independent of dollars in each position. The numbers in parentheses are for percent change for the last day of the quarter. Future performance is unknown. Nothing in this report of past performance should be construed as an assurance (or threat) of future results.

Wenzel Analytics became a Registered Investment Advisor (RIA) on 1/1/2002. The annual rate of return (TWR), including cash, for Wenzel Analytics over that period of more than fourteen years has been **5.1%** compared to **4.7%** for the Russell 3000 and **4.2%** for the S&P 500.

Comments will accompany the data on each strategy and subsuming portfolio, with an overall comment at the end.

Benchmark Comparisons, 6/30/16

	Quarter *	12 Months	Since 1/1/2002
Wenzel Analytics (TWR)	4.2%	0.6%	5.1%
Benchmarks			
Russell 1000 Equal Weight (EQAL)	3.3%	-0.7%	
Russell 3000 (RUA)	2.1%	0.0%	4.7%
Dow Jones Industrial Avg (DJIA)	1.4%	1.8%	4.1%
S&P 500 (GSPC)	1.9%	1.7%	4.2%
Russell 2000 (RUT)	3.4%	-8.1%	6.1%
All World Ex-U.S. (VEU)	-0.7%	-11.7%	
Emerging Markets (VWO)	1.9%	-13.8%	
Gold (GLD)	7.5%	12.1%	

* Percent change rather than an annual rate

An alternative to mutual funds.

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Benchmark Comments

A few comments are offered defensively about benchmarks. First of all, one cannot buy an index. One can only buy a product such as an ETF or mutual fund which implements an index. These products have license fees for the index, plus transaction costs such as commissions and spreads, as well as other administrative and sales costs. Secondly, in S&P research reported by Mark Hulbert, "Looking at longer-term performance, only 2.41% of large-cap funds, 3.21% of midcap funds and 4.65% of small-cap funds maintained a top-half performance over five consecutive 12-month periods." I read that 87% of money managers in 2014 had returns less than their benchmark indexes. Very few advisors or funds match our long-term performance. Thirdly, the benchmarks are not an average of performance. The benchmarks themselves are slanted towards higher returns, in part because of the common cap-weight that tilts towards momentum. In addition, a stock that drops significantly would likely fall out of the index, thus removing the loss from the index records. Indexes have a significant survivorship bias. The fourth point is that an equities benchmark such as the Russell 3000 is irrelevant for over a third of the assets managed which are in the High Income portfolio designed to produce stable and significant returns independent of market gyrations. Another fifteen percent is in gold and silver, also for the purpose of gaining independence from the volatility of the equities market. We are achieving more and more independence from market fluctuations.

There is an ongoing debate between choosing active or passive investment strategies. In spite of the odds, I'm still partial to active investing. What is referred to as passive or index investing is not all that passive, in that typically there is a choice of one or more indexed products which is active management. In hindsight looking at benchmarks such as provided in the table above, one can always find some indexes which outperformed. The problem is to select the out-performers in advance.

Wenzel Analytics

Wenzel Analytics manages money for sixteen households and forty-one accounts with many families having multiple accounts, i.e. IRA, SEP, Roth, taxed, trust. Some clients have placed all of their investable assets with Wenzel Analytics, and some only a small portion.

This entire report is exclusive of management fees. Some fees are withdrawn from the brokerage accounts and some clients pay by check from other accounts and are thus outside the database calculations. Since fees are a combination of a rate (.25% per quarter) and a flat fee ($50 per family per quarter), the impact on returns varies by the size of account. Our personal accounts do not pay fees. While individual client reports are after fees, it is difficult to create meaningful charts or return calculations net of fees for the aggregate of all accounts.

Strategies and Portfolios

Almost since inception in 2002, portfolios fit into three types of strategies. A strong rational, logic, story or scenario drives the first strategy. Gold and silver are part of the strong rationale strategy.

A second strategy is to use newsletters and other sources selected because of their tested and empirical performance history. The current portfolios within the Tested Source strategy are High Income, Nate's Notes, Investment Advisory Service and Small Cap Informer.

A third strategy derives from criteria developed or adapted using statistical and data mining technology. A somewhat detailed description of the methodology is at the website under Papers. The challenge is to find consistent patterns rather than merely a high average return over an extended period of time, and then to buy enough positions to replicate the finding going forward.

More specific information on portfolios, methodology and tools can be found in the fourth quarter, 2014, general letter to clients at www.wenzelanalytics.com.

Each household's accounts are individually balanced using these strategy and sub-set portfolio preferences, as well as individual stock selection. Some portfolios work better in different market periods. Individuals holding the same portfolio will each have different stocks because of starting or adding positions at different points in time. Even at the same purchasing date and for the same portfolios in different accounts, the number of stocks added to a portfolio is dependent upon cash available and allocation considerations between different portfolios.

Because the total of all accounts is more consistent than any given account, this report is more relevant to expected future performance than the single sample of a client's individual report.

Return calculations include both current and discontinued portfolios, using the AIMR standards.

Small and exploratory portfolios, i.e. under $100,000 for all accounts, are included in overall reporting but usually not reported here individually. New portfolios without a history are not reported. Only portfolios are reported that had open positions at the end of the quarter.

Calculating Returns

The industry standards for calculating returns specify two methods (GIPS/AIMR). Comparing the two methods in the table below reveals significant differences in some cases, and is reason to not put too much reliance on any one number. Return on Investment (ROI), also referred to as Internal Rate of Return (IRR), measures how well invested money has performed, and includes the effects of all cash flows. Client reports are calculated using ROI.

The other method is Time-Weighted Returns (TWR). Time-Weighted returns measure the intrinsic performance of the money under management and are not affected by external cash flows such as the timing of new money from new accounts. Time-Weighted Returns are used by mutual funds to make comparisons, and are used in this report on aggregate or book-of-business returns. To be CIPS/AIMR compliant, annual rates of return are used for periods of one year or more and percent change is used for periods less than one year. If there are no cash flows going in or out, the two methods of calculation will give the same result.

On the second table below, it is interesting to note that the Time Weighted Returns since inception are 5.1% while the IRR is only 2.7% or slightly over half. The difference is accounted for by clients bringing in new money at the wrong times, or withdrawing or closing their accounts at the wrong times. I don't have control over when clients choose to terminate, and to that extent do not have control over the ROI.

Occasionally I have gone to cash in varying degrees and closed out portfolios. My software cannot calculate rates of return for portfolio periods with no investments. Therefore portfolio returns are only shown for periods since the last zero balance even if there might be an earlier history. The earlier history is captured in overall returns such as for the relevant strategy or entire book of business.

The table below gives returns by year.

By Year	Annual Rates			Cumulative		
Time Weighted Returns (TWR)	Russell 3000	Investments	Cash & Investments	Russell 3000	Investments	Cash & Investments
2002	-22.8%	-18.4%	-14.8%	-22.8%	-18.4%	-14.8%
2003	28.7%	62.2%	55.7%	-0.6%	15.0%	12.8%
2004	10.1%	14.5%	12.3%	2.9%	14.9%	12.6%
2005	4.3%	11.0%	9.4%	3.2%	13.9%	11.8%
2006	13.8%	17.2%	16.7%	5.2%	14.5%	12.8%
2007	3.3%	17.0%	16.5%	4.9%	15.0%	13.4%
2008	-38.7%	-48.1%	-45.5%	-2.9%	2.6%	2.1%
2009	25.5%	39.7%	33.0%	0.3%	6.7%	5.8%
2010	14.8%	29.2%	25.0%	1.9%	9.0%	7.8%
2011	-.9%	-19.6%	-19.0%	1.6%	6.0%	4.0%
2012	14.0%	1.6%	1.1%	2.7%	6.3%	5.4%
2013	31.0%	14.6%	14.9%	4.8%	7.0%	6.1%
2014	10.5%	0.5%	-0.5%	5.2%	6.5%	5.6%
2015	-1.5%	-6.4%	-6.7%	4.7%	5.4%	4.6%

Allocation and Returns by Strategy and Portfolio

Strategy	Portfolio	Allocation	Internal Rate Return			Time-Weighted Return		
		6/30/2016	**Quarter % Chg***	**12 Months**	**Rate Since 1/1/02**	**Quarter % Chg***	**12 Months**	**Rate Since 1/1/02**
Cash	Cash	**3.2%**						1.7%
Rationale	Gold Silver	15.8%	9.4%	13.5%		9.4%	13.4%	
	Resource Scarcity	4.0%	21.4%	-12.4%		20.5%	-14.2%	
	Singles	1.4%	2.8%	-10.1%	0.0%	3.0%	-10.3%	8.1%
	Timing	3.8%	1.6%	6.6%		1.7%	-2.2%	
		27.2%	**9.8%**	**5.7%**	**3.7%**	**9.6%**	**3.0%**	**5.1%**
Statistical	Defensive	9.1%	2.8%			2.3%		
Tested Source	Income	37.5%	6.6%	8.7%	5.7%	6.6%	8.7%	10.8%
	Invest Adv Serv	11.0%	-6.5%	-19.5%		-6.6%	-23.7%	
	Nate's Notes	10.9%	2.2%	3.2%		2.2%	3.9%	
	Small Cap Inform	1.1%	-7.9%			-7.7%		
		60.5%	**2.3%**	**0.6%**	**4.3%**	**2.3%**	**-0.3%**	**5.9%**
Investments		**96.8%**	**4.3%**	**1.4%**	**3.0%**	**4.3%**	**0.0%**	**5.9%**
Investments & Cash		**100.0%**	**4.2%**	**1.3%**	**2.7%**	**4.2%**	**0.6%**	**5.1%**

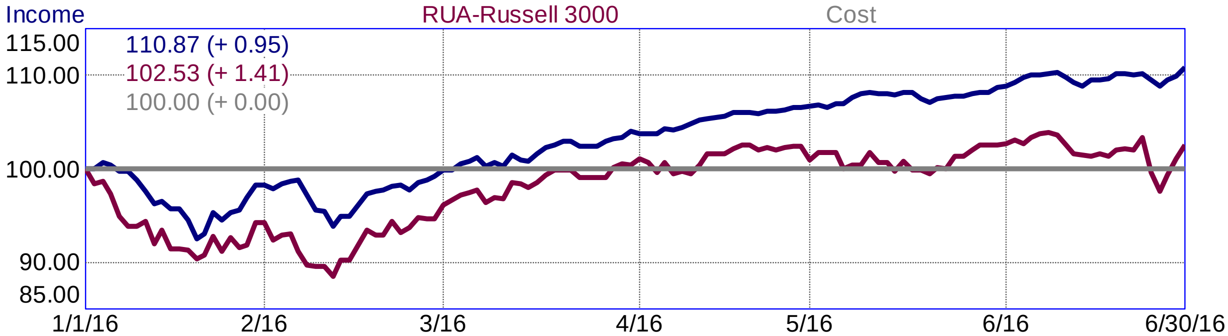
* Quarterly returns are percent change rather than annual rates.

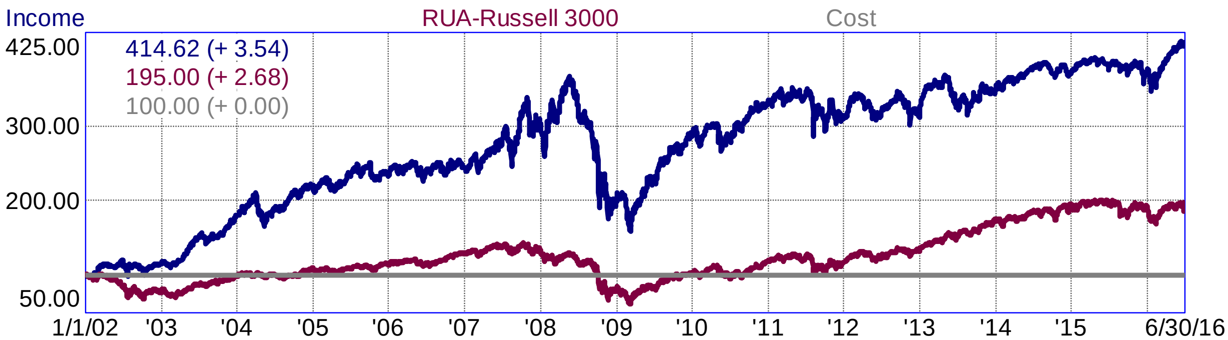
* Blank cells had data for less than a quarter or were cash with minimal returns.

Very small or very recent portfolios do not have a separate line, but are included in strategy totals.

Tested Source Portfolios

1. High Income. TWR 3 Months (% Change): 6.6%. 12 Months: 8.7%. Since 1/1/2002: 10.8%

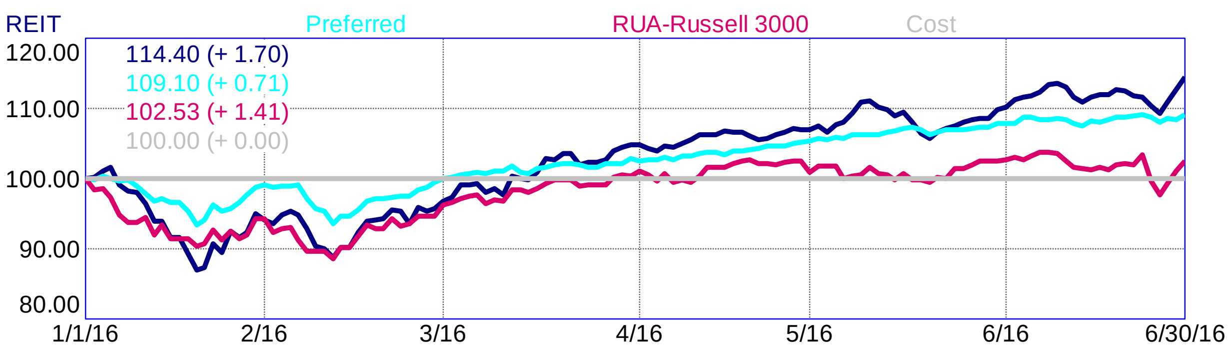




For clients for whom relatively solid and predictable returns are important independent of what the stock market is doing, we are turning more and more to preferred stocks with their high dividends. The preferred stocks plus a few Real Estate Investment Trusts (REITs) now comprises 36% of combined client assets, more than double that of any other portfolio. The positions are divided between preferred stocks (28% of all managed assets), REITs (8%) and other corporations paying very high dividends (1%).

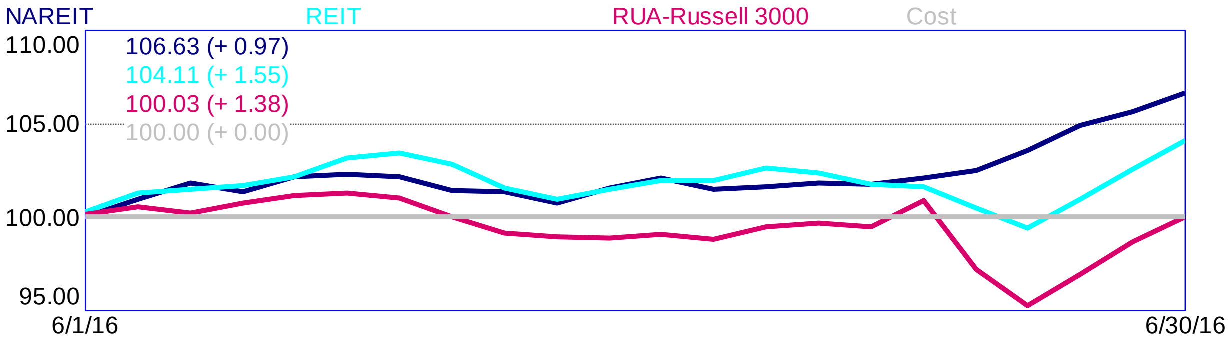
The first chart above is year-to-date and the second is since inception. These charts are for percent change in each position, regardless of the dollars in each position. Therefore, the actual return numbers are more accurate.

The chart below shows price change year-to-date for preferreds and REITs within the High Income portfolio.

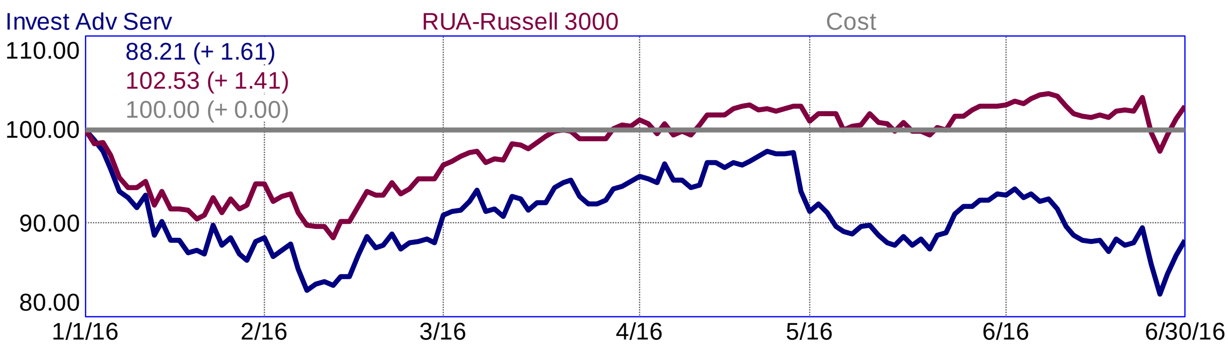


Both preferreds and REITS have had returns significantly in excess of the Russell 3000 or stock market. The preferreds have less volatility because all of the positions are eventually callable at $25. We use the data from CDx3 to select and evaluate preferred stocks.

In addition to the High Income portfolio, I purchased on June 1 a portfolio in my personal account of thirteen specialty REITs. These reflect areas such as self-storage, data centers, and mobile towers. As you can see, the returns to date have exceeded REITs as whole and with less downward volatility. The National Association of Real Estate Investment Trusts (NAREIT), from which the selection data are derived, is a new portfolio option for client accounts.



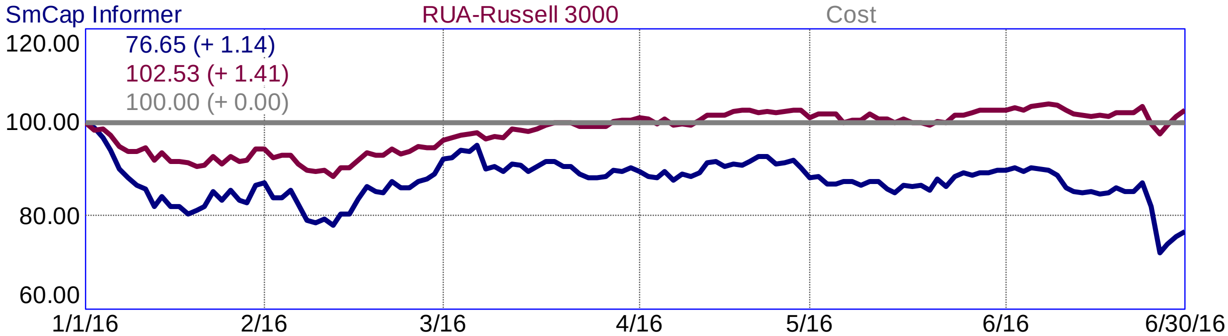
2. Investment Advisory Service. TWR 3 Months (% Change): -6.6%. Twelve months: -23.7%.



The Investment Advisory Service is a newsletter edited by Doug Gerlach published by ICLUB central, best known as the sponsoring organization of investment clubs. *Hulbert Financial Digest* reports stellar returns and Doug Gerlach's presentation at the National AAII Conference was impressive. The methodology is based upon fundamentals. We used the newsletter for a couple years beginning in 2011 and then again for about nine months in 2014. Our exits coincided with decisions to generally go to cash. I have recently begun to invest in a second newsletter of his, the SmallCap Informer, with more expected volatility but similar results to date.

Returns have been very disappointing since resuming this portfolio on 2/20/2015. The newsletter has approximately 80 recommendations, adding three each month and then issuing sell recommendations as it considers appropriate. From the 80 recommendations I have been generally selecting a dozen or so positions that are the most undervalued according to their estimates of valuation. Yesterday I did a comparison of what I hold to the entirety of newsletter recommendations and found that the newsletter recommendations track the Russell 3000 very closely, while I am underperforming. I sent charts of my data to Doug Gerlach, the editor, and asked what criteria he would suggest when needing to pick only a subset of the newsletter's total recommendations. Given the recent rebound, I plan to wait until I hear from him and the recent rebound is over before probably exiting his portfolios.

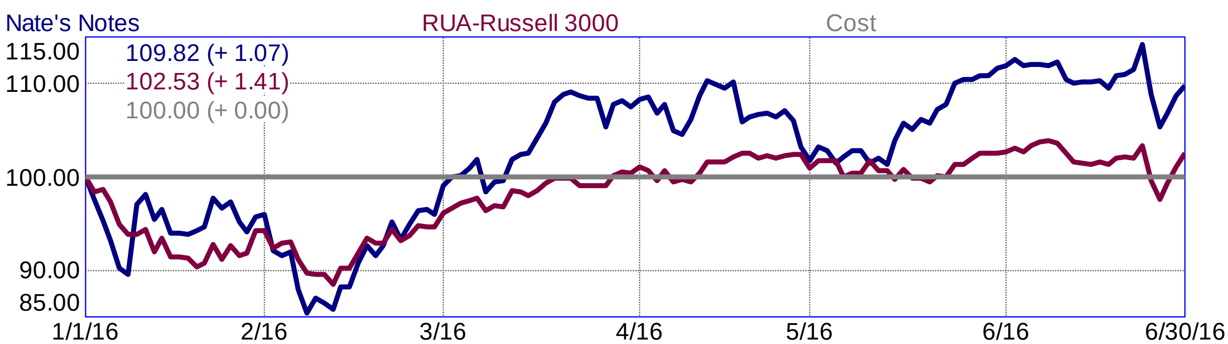
3. Small Cap Informer. TWR to Date (% Change): -7.7%



Historical performance used in the selection of the Investor Advisory Service and Nate's Notes portfolios is posted below.

The Hulbert Financial Digest, July 2015		**Investor Advisory Service**	**Nate's Notes**	**Wilshire 5000**
Total Return	(Annualized except 6 mo)			
	6 Mo (% Change)	4.1	23.4	1.7
	5 Yr	18.1	29.8	17.3
	10 Yr	11.2	18.7	8.2
	15 Yr	11.0	10.5	4.9
Risk (Standard Deviation)		1.15	2.63	1.00
		Hi	V Hi	Avg
Correlation to market		0.87	0.53	1.00
Risk Adjusted (Sharp Ratio)	6 Mo (% Change)	0.18	0.58	0.11
	5 Yr	0.36	0.40	0.39
	10 Yr	0.19	0.23	0.15
	15 Yr	0.17	0.13	0.08

4. Nate's Notes. TWR 3 Months (Percent Change): 2.2%. Since Inception 4/23/15: 6.0%.

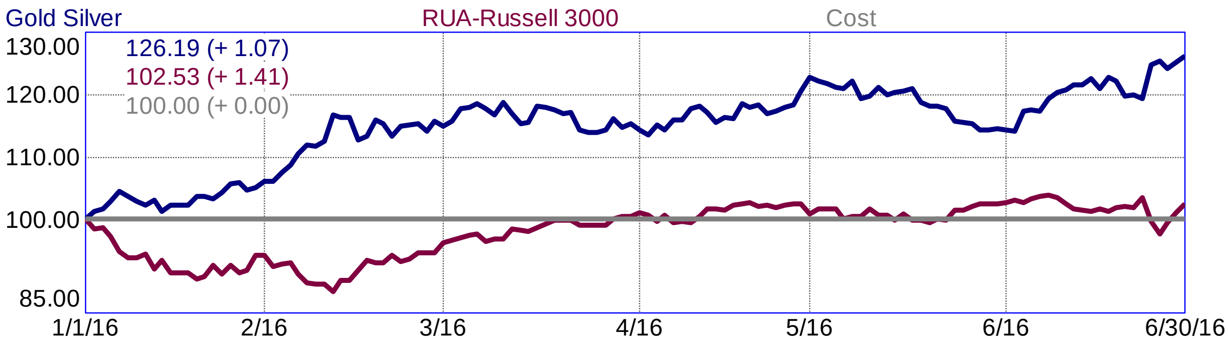


Nate's Notes is utilized because of its exceptional historical performance reported by *Hulbert's Financial Digest*. The newsletter is interesting to read and easy to follow. It has 10.9% of our allocation. This is an aggressive portfolio to balance the low-volatility High Income. Nate does more selling or buying of partial positions while I tend to buy and hold what he initially recommends.

Strong Rationale Portfolios

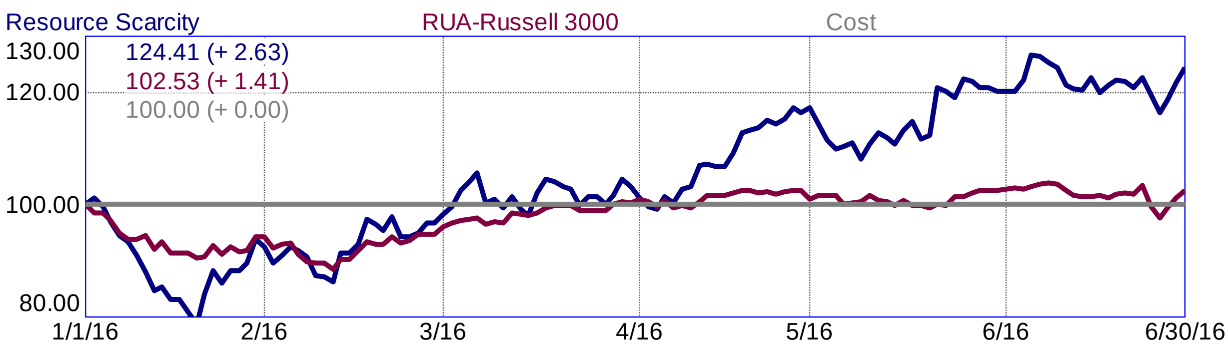
Some portfolios are based mostly on economic assumptions with a convincing story or rationale. There may be some reliance upon fundamentals and technical charting, but the primary driver is that there is a logical case for deploying the portfolio. A portfolio may be from persuasive newsletters without a long performance record. Except for gold and silver, most of these are in my personal account.

5. Gold and Silver. TWR 3 Months (% Change) 9.4%. Twelve Months: 13.5%.



I think we will see more upward price action now that it has broken above the downward channel of the past three years. Gold and silver represent a significant allocation at 15.8% of managed assets.

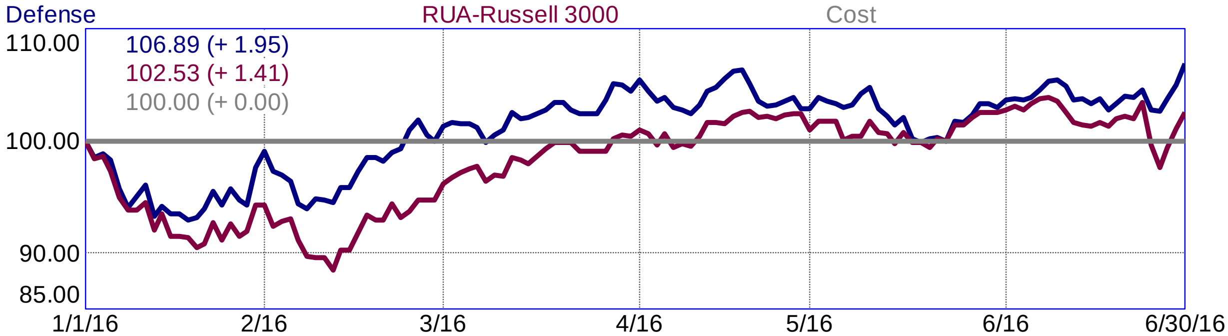
6. Resource Scarcity. TWR 3 Months (% Change) 21.4%. Twelve Months: -12.4%.



There has been volatility in the energy and resources arena with the oil prices fluctuating, making this a very speculative portfolio. Other than in my personal accounts, only one position has been added in the past three years (CLB). Total allocation is 4%, most of which is in my personal portfolio as long-term positions. I happen to think we have seen the bottom in commodity and energy prices.

Statistical Portfolios

7. Defense. TWR 3 Months: 2.8% change. TWR since inception: 8.0% change



Playing Defense is currently our only statistical portfolio. It is described under http://wenzelanalytics.com/Papers.htm. Rolling monthly returns since 2003 have not had a negative year when buying the complete screen results with 15 or more selections. Annual returns are 16.7% including cash when there were too few screen selections to buy, and 25% for time invested.

The screen has been working precisely as in the research, with about half the downward volatility of the market and holding with the market when the market is going up. I'm quite excited about this portfolio as a way to achieve good gains while limiting downward pressures. I encourage you to read the paper if you haven't already.

Overall Comment and Looking Forward

The quarterly percent change of 4.2% compares to 2.1% for the Russell 3000 and comes to an annual rate of 18.1% if it continued for a full year. We might be moving out of Investment Advisory Service or Small Cap Informer and into other portfolios.

As we get older, I'm increasingly finding that clients have less patience trying to figure out what I'm thinking and doing, and are more interested in consistent returns independent of economic and market gyrations. For these clients the High Income and Defensive portfolios are a good fit. It is also good to diversify by asset class, such as including gold and silver and adding the PowerShares DB Agriculture Fund ETF (DBA) which is one of the Nate's Notes recommendations.

For investors wanting an aggressive component, I would suggest the NAREIT described above. I also have a micro-cap portfolio selected with high ratings from Louis Navellier, Piotroski f-scores from AAII, and technical judgments. Micro-cap stocks with low liquidity are a way to escape the impact of hedge funds and index funds. Buying selections from any micro-cap newsletter always results in the recommendations running up the price before being able to buy, and running it down before being able to follow sell recommendations. Therefore it is better to create one's own micro-cap portfolio.

Contact me if you have questions, ideas, or should want to see other charts or data. Now that returns are looking better, I would encourage you to refer friends and relatives, or bring in money from your other accounts.