

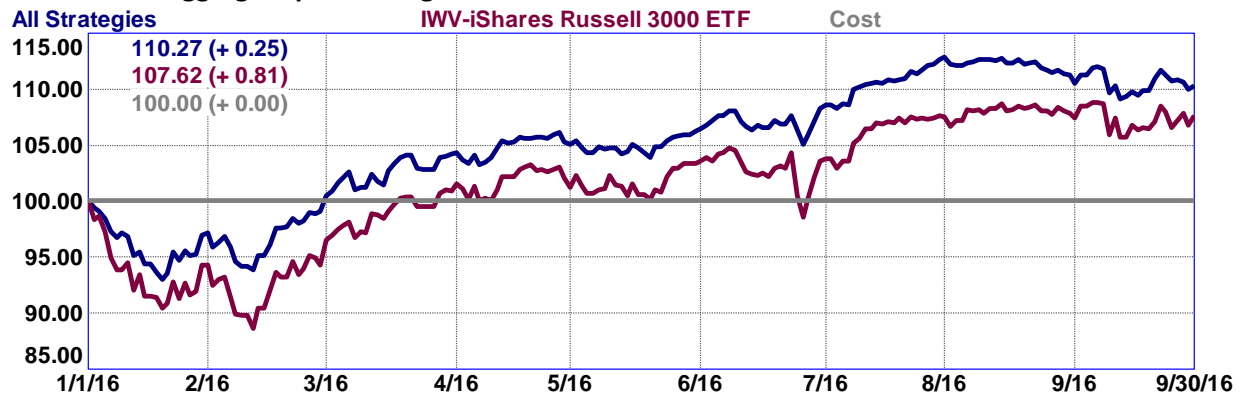
Performance Summary

October 3, 2016

All Accounts and Strategies

Time Weighted Return(TWR) Qtr change 2.4%. 12 Months 11.9%. Rate since 2/1/2002: 4.2%.

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



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 almost fifteen years has been **4.2%** compared to **6.8%** for the Russell 3000, including dividends, and **6.9%** 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, 9/30/16

	Quarter *	12 Months	Since 1/1/2002
Wenzel Analytics (TWR)	2.4%	11.9%	4.2%
Benchmarks			
Russell 1000 Equal Weight (EQAL)	4.3%	15.1%	
Russell 3000 ETF (IWO)	3.9%	14.4%	6.8%
Dow Jones Industrial Avg (DJIA)	2.1%	12.4%	4.2%
S&P 500 (SPY)	4.2%	17.3%	6.9%
Russell 2000 (RUT)	8.7%	13.7%	6.6%
All World Ex-U.S. (VEU)	6.0%	6.6%	
Emerging Markets (VWO)	6.8%	13.7%	
Gold (GLD)	-0.7%	17.6%	

* Percent change rather than an annual rate

An alternative to mutual funds.

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Benchmark Comments

To reduce volatility, we are increasingly using high income positions such as preferred stocks and real estate investment trusts (REITS). We are also heavily invested in precious metals. Therefore the equities indexes or ETFs are increasingly irrelevant to our endeavor to achieve absolute and consistent returns. I would also note that passive investing really isn't all the passive in that one must choose the indexed product or products as well as decide when to enter and when to exit. In addition, indexes are constructed to drop stocks that no longer qualify for the index and give increasing weight to stocks increasing in value. Statistically, index products have their own interaction effects or Efficient Frontier.

That is not to say that I am not challenged by indexed returns. We are invested in them to a certain extent, and in order to exceed the indexed returns, I am increasingly turning to stocks that do not correlated with the market.

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, and Investment Advisory Service.

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 table below, it is interesting to note that the Time Weighted Returns since inception are 4.2% while the IRR is only 1.5%. 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.

Allocation and Returns by Strategy and Portfolio

Strategy	Portfolio	Allocation 9/30/2016	Internal Rate Return			Time-Weighted Return		
			Quarter % Chg*	12 Months	Rate Since 1/1/02	Quarter % Chg*	12 Months	Rate Since 1/1/02
Cash	Cash	7.6%						
Rationale	Gold Silver	15.3%	-0.3%	19.5%		-0.3%	19.5%	
	Resource	2.1%	-7.7%	15.9%		-13.4%	3.6%	
	Scarcity	1.6%	7.1%	1.0%	0.2%	7.1%	2.7%	8.4%
	Singles	3.9%	4.4%	10.9%		4.4%	9.2%	
		24.7%	-1.1%	15.0%	3.6%	-1.1%	13.6%	4.8%
Statistical	Defensive	14.8%	-1.4%			-0.5%		
		16.8%	-1.7%	1.8%		-0.7%	3.7%	
Tested Source	Income	36.9%	2.9%	14.5%	5.9%	3.0%	14.3%	10.8%
	Invest Adv Serv	9.2%	17.4%	6.2%		16.6%	9.8%	
	Nate's Notes	4.7%	9.7%	23.5%		8.7%	24.4%	
		50.8%	6.0%	14.0%	4.6%	5.7%	14.0%	6.2%
Investments		92.4%	2.7%	13.2%	3.1%	2.7%	12.8%	5.9%
Investments & Cash		100.0%	2.4%	11.8%	1.5%	2.4%	11.9%	4.2%

* Quarterly returns are percent change rather than annual rates.

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

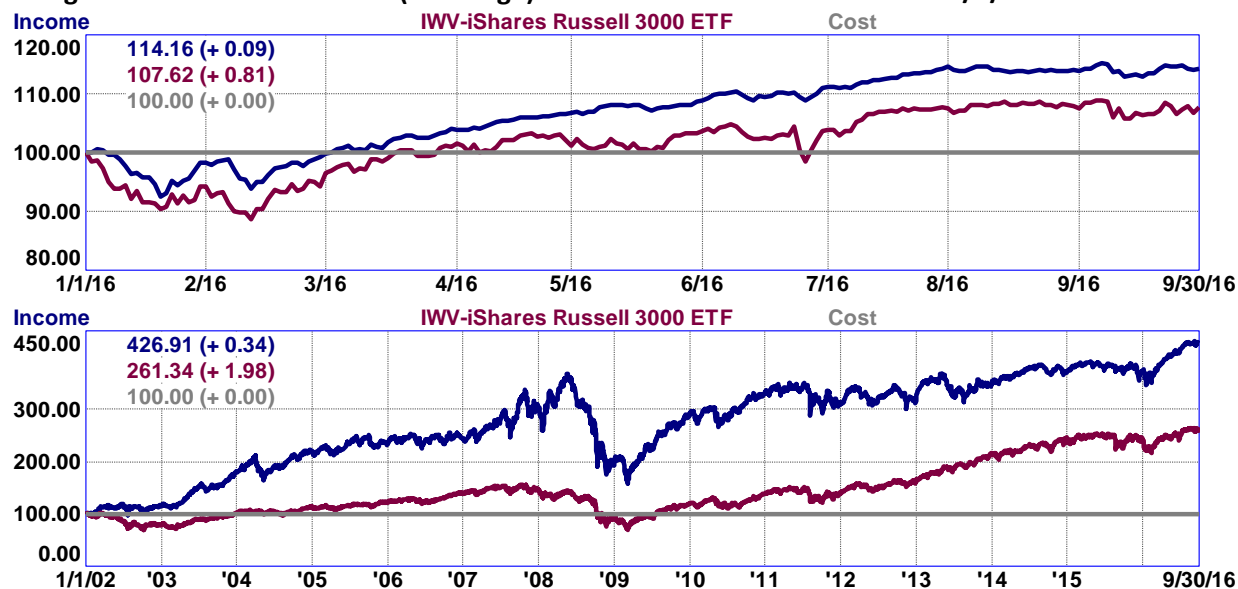
Very small or very recent portfolios do not have a separate line, but are included in strategy totals.

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%

Tested Source Portfolios

1. High Income. TWR 3 Months (% Change): 3.0%. 12 Months: 14.3%. Since 1/1/2002: 10.8%

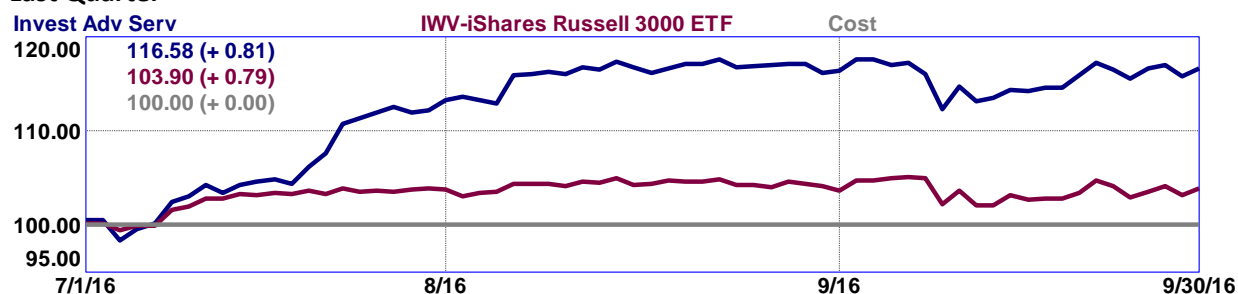


For clients for whom relatively solid and predictable returns are important independent of what the stock market is doing, we are turning more and more to preferred stocks with their high dividends. The preferred stocks plus a few Real Estate Investment Trusts (REITs) now comprises 36% of combined client 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%).

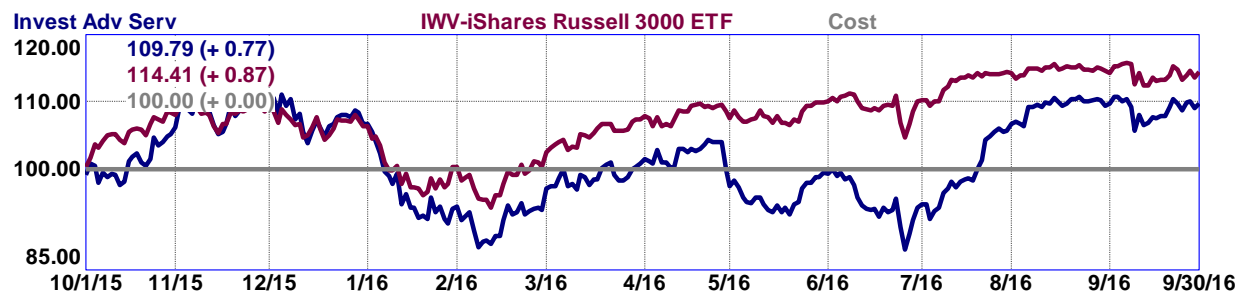
The first chart above is year-to-date and the second is since inception. These charts are for percent change in each position, regardless of the dollars in each position. Therefore, the actual return numbers are more accurate.

2. Investment Advisory Service. TWR 3 Months (% Change): 16.6%. Twelve months: 9.8%.

Last Quarter



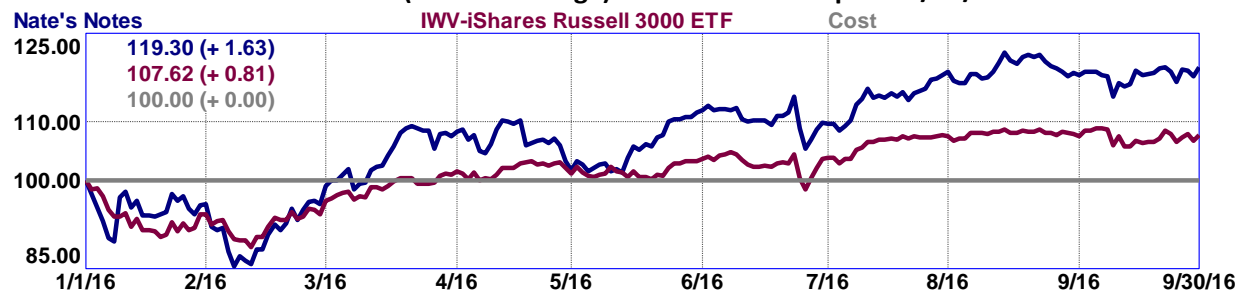
Last Twelve Months



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 AAIL 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.

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. Returns have been very disappointing during the first half of this year. 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 what I was buying that was listed as undervalued was underperforming. I sold a number of positions based on statistical work of underperforming stocks in general, and purchased other positions from his recommendations that also met statistical criteria of better performance and also met the criteria of the Navellier grading system. Recent performance has been excellent.

3. Nate's Notes. TWR 3 Months (Percent Change): 8.7%. Since Inception 4/23/15: 24.4%.

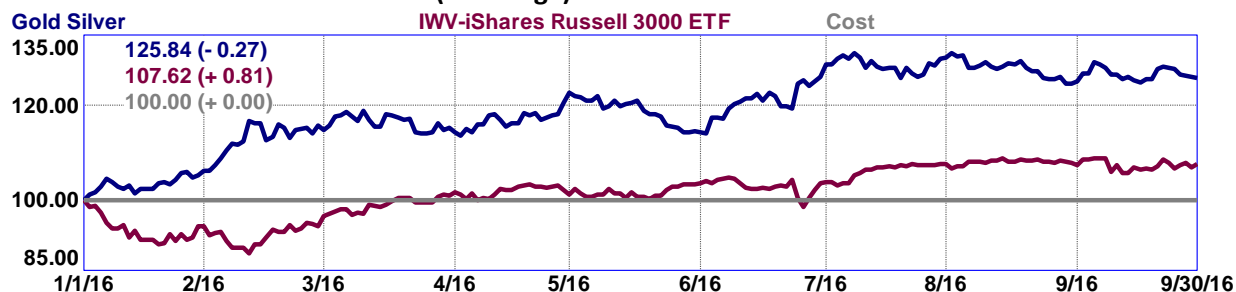


Nate's Notes is utilized because of its exceptional historical performance reported by *Hulbert's Financial Digest*. The newsletter is interesting to read and easy to follow. It has 9.7% of our allocation. This is an aggressive portfolio to balance the low-volatility High Income. Nate does more selling or buying of partial positions while I tend to buy and hold what he initially recommends.

Strong Rationale Portfolios

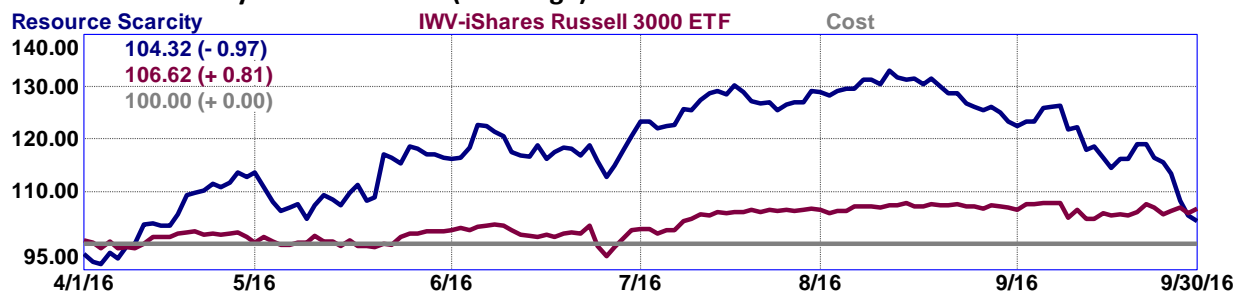
Some portfolios are based mostly on economic assumptions with a convincing story or rationale. There may be some reliance upon fundamentals and technical charting, but the primary driver is that there is a logical case for deploying the portfolio. A portfolio may be from persuasive newsletters without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

4. Gold and Silver. TWR 3 Months (% Change) -0.3%. Twelve Months: 19.5%.



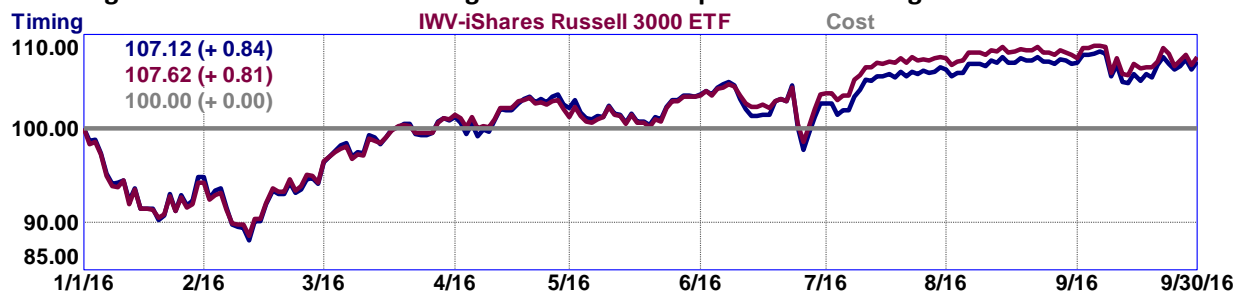
Gold and silver represent a significant allocation at 15.3% of managed assets.

5. Resource Scarcity. TWR 3 Months (% Change) -13.4%. Twelve Months: 3.6%.



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, no current positions have been added in the past three years. Total allocation is 2.1%, most of which is in my personal portfolio as long-term positions.

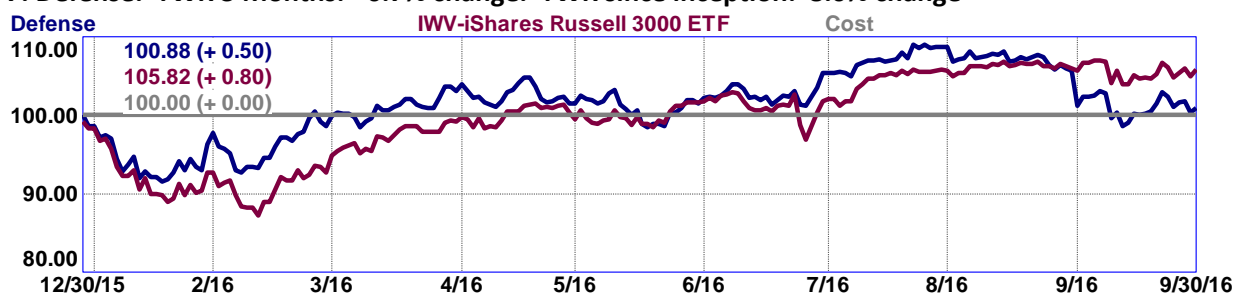
6. Timing. TWR 3 Months: 4.4% change. TWR since inception: 9.2% change



Passive or indexed ETFs are grouped under the category of Timing. As expected, returns match the market.

Statistical Portfolios

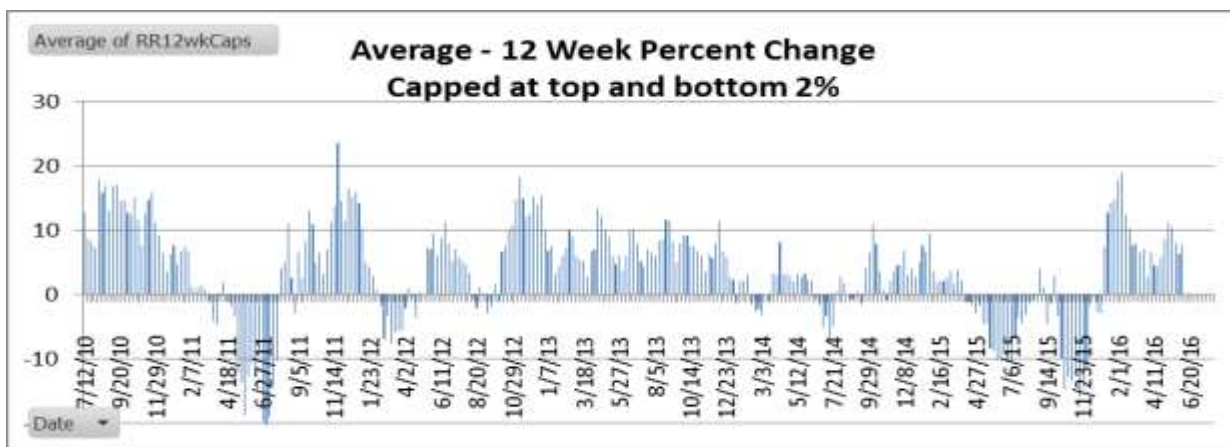
7. Defense. TWR 3 Months: -0.7% change. TWR since inception: 8.0% change



Playing Defense 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 had been working according to plan until the last month. The plan is to hold positions for a year, and then replace them with stocks meeting the screen.

In my own account, I have begun investing in a statistically derived screen showing returns four times that of the market over the past six years, with more consistency of returns than I usually find. The weekly percent change for the following twelve weeks are shown in the chart below.



If it works with real money, I will suggest it for OPM (Other People's Money).