Performance Summary

First Quarter, 2020.

Wenzel Analytics Inc

Overall Returns

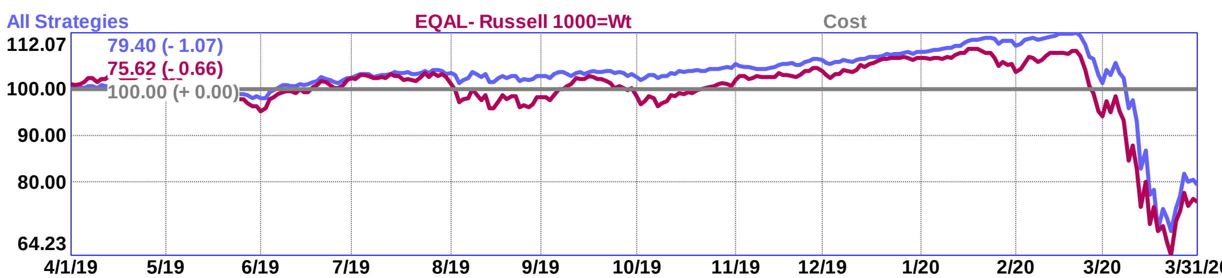
This is not a pretty report, but then you already expected that. The report gives specific returns on different strategies and portfolios arranged by goals.

Because of the dramatic declines, and because for the most part I don't try to time highly volatile markets, I've also introduced to this report a contrast between realized and unrealized losses. Total sales after the beginning market gap down on February 24 took a loss of 19% (realized losses) from their 1/1/2020 value (or purchase during the quarter). These realized losses are -1.7% based on total assets 1/1/2020. Most of these losses were sold at a gain from their original purchase. A loss is not a loss until it is sold. While the picture that follows is dire, I remain optimistic that the next year or two will see a significant recovery.

Also new is a breakdown allocation between cash equivalents, equities and debt/leveraged positions. This seemed relevant given that the high-yield debt/leveraged positions, expected to be independent of equities, fell even more than the stock market.

Cash equivalents	21%	(Cash and precious metals)
Stocks-equity	47%	(Common stocks or ETFs; returns YTD about 5% above EQAL benchmark)
Debt-leverage	32%	(Preferreds, real estate, high-yield leveraged)

The first chart below compares performance of all accounts over the past twelve months (blue) to the Equal Weighted Russell 1000 (EQAL in red). The chart is price change of each position, ignoring position size and excluding cash and management fees since my personal accounts do not have fees. Based on dollars and not position price change, Time-Weighted Returns (TWR) over twelve months were **-19.8%** compared to **-24.4%** for the overall EQAL benchmark.



However, each client has different goals and their investments are allocated according to the goals of 1). Beating the market, 2) Beating a down market, 3) Returns independent of the market, and 4) Matching the market. Returns for each allocation goal are more relevant for how you might want your accounts invested. Most of us balance striving for optimum returns against limiting volatility.

Returns by Goal

For market comparisons, the Russell equal-weight is used rather than the Russell 3000 cap weighted index because positions are generally purchased equal weight within each clients' accounts rather than a tilt towards large cap stocks. Income stocks are benchmarked to an ETF of preferred stocks, although I also show EQAL.

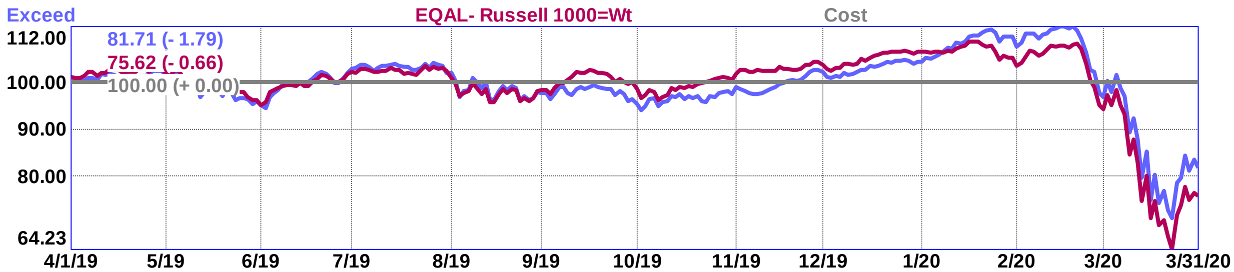
The charts that follow reflect the average percent change of positions, regardless of position size. Printed return numbers are based on dollars and are in a table below. Dollar charts are hard to read because the gray basis line varies considerably with buying and selling. For consistency the common time frame is for the last twelve months. Charts for other time frames are available upon request.

Lee Wenzel
(952) 944-2699
Lee@WenzelAnalytics.com
www.WenzelAnalytics.com

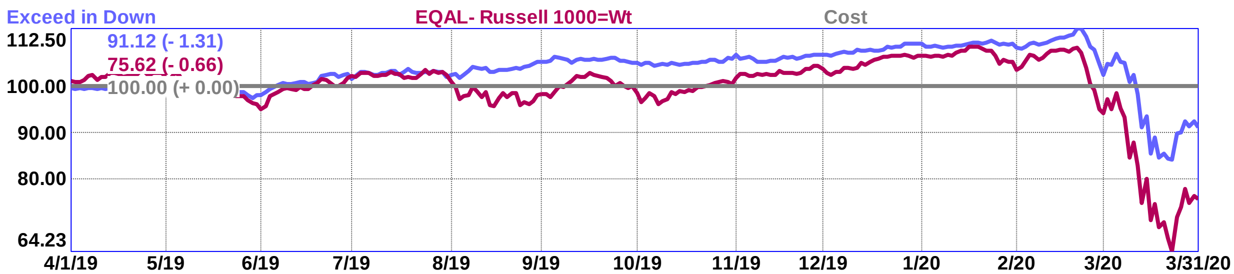
Wenzel Analytics, Inc.
Registered Investment Advisor
8666 Westwind Circle
Eden Prairie, MN 55344

Twelve-Month Returns Compared to Benchmarks

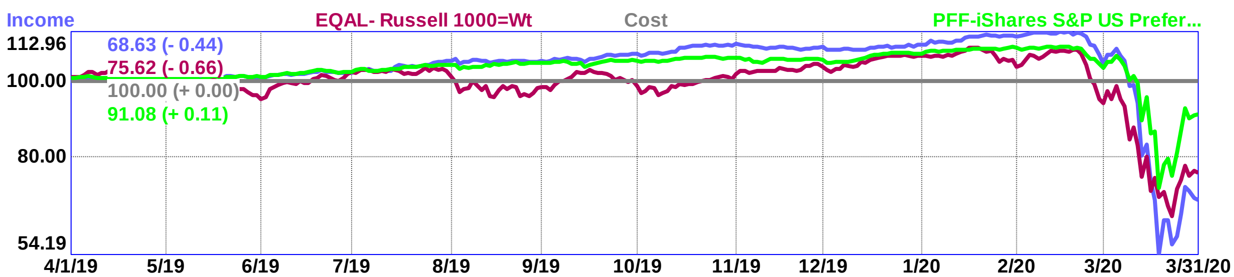
1. Goal to Exceed the Market



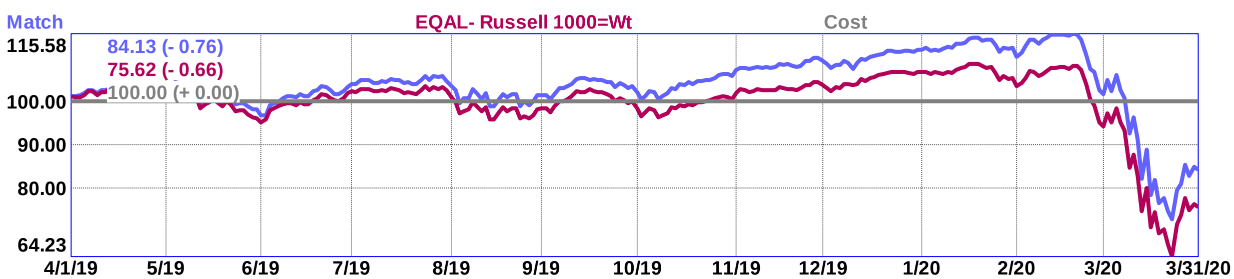
2. Goal to Exceed in Down Markets.



3. Goal to be Independent of the Market.



4. Goal to Match the Market.



Our allocation architecture is distinctive to Wenzel Analytics as an active money manager. Our dominant approach is to buy stocks in portfolios consisting of seven to fifteen positions all conforming to common criteria. The portfolio criteria have priority before looking at selecting the individual stocks within a portfolio. Selling decisions are based mostly on the performance of individual positions except in the unusual case where a portfolio is being abandoned. Therefore, performance is reported here and on client reports by portfolios rather than by individual positions. The stories that accompany individual stocks are generally avoided in favor of the numbers. Even the strong rationale or logic methodology is applied to the portfolio rather than the individual company.

The architecture of these portfolios is aligned in two primary dimensions. Each portfolio is designed to achieve one of the four goals shown above. On a second independent dimension, each portfolio is designed using one of four distinctive strategies or methodologies in its construction, described below. These two dimensions, plus buying in portfolios, provide for strong diversification most of the time.

Not every client devotes a significant allocation towards the goal of better than market returns. Many are more interested in preserving their capital or having consistent income.

Rarely questioned and thus not explained is why most stocks go in sync up and down every minute, every day and every week. This can only happen because of the very tight integration of most stocks being in many funds. They are tangled together like a can of angleworms. When an individual stock is bought or sold, it impacts many funds. When a fund is bought or sold, it impacts many stocks. One can buy the stock or buy the fund but one is mostly on the same ride. We try to avoid stocks that follow market patterns. Performance would have been enhanced by buying the large cap tech and Internet stocks; we expect that to not be true over time.

One way for an active manager to try to excel is through timing strategies that exit an up market prior to a reversal or shortly thereafter and get back in when the market reverses back up. These reversals happen at innumerable scales and are very hard to predict, in part because of all the research and predictive analytics that go into trying and the consequent reflexive nature of the markets. Instead of having dependent and independent variables with cause and effect, price is often both the dependent and independent variable like a dog chasing its tail.

Strategies

As a money manager I use a balance of four different methodologies or strategies in determining the criteria or screens used to create each portfolio for each client.

1. A strong **logic, rationale or story** is the persuasive force for some portfolios.
2. Some portfolios are created from **tested sources** such as newsletters or experience, with consistent outperformance over fifteen years or more.
3. Some portfolio screens are derived from **statistical work** finding consistent patterns in large numbers of stock histories. Sometimes the null hypothesis is derived from the findings of behavioral finance and sometimes the work is exploratory and without a specific hypothesis. Decision Trees are the AI tool.
4. Strong **Income** is pursued using stocks having dividends greater than 5%.

Current allocation by dollars of all current clients breaks out as follows:

Goal Rel Mkt	Strategy	Portfolio	Percent
Exceed	Rationale	Resources	0.3%
		Singles	1.2%
		SAAS	2.9%
	Rationale Total		4.5%
	Statistical	PrSMA	0.4%
	Tested NewsLtr	Nate's Notes	1.0%
		Navellier	2.9%
		IAS SCI	15.5%
	Tested NewsLtr Total		19.3%
Exceed Total			24.2%
Exceed in Down	Rationale	SSD	2.5%
		Intl	3.5%
		Staples	4.7%
		Gold Silver	9.3%
		Cash	11.6%
	Rationale Total		31.5%
	Statistical	Defense	7.3%
Exceed in Down Total			38.8%
Independent	Income	High Div	2.4%
		REIT	4.5%
		Preferred	8.3%
		Pref REIT	16.5%
	Income Total		31.6%
Match	Rationale	Passive	5.3%
Grand Total			100.0%

Returns by Portfolio

Here we offer a breakdown of Time Weighted Returns (TWR) by portfolio and over longer time periods. Portfolios with minimal assets or for short time durations are not itemized but included in totals. As prescribed by regulations, returns for less than one year are given as percent change, while returns for one year or more are given as annual rates.

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since 1/1/2002
By Goal	**% Chg**	**TWR**	**TWR**	**TWR**	**TWR**	**TWR**
Exceed	**-21.8**	**-16.8**	**1.2**	**2.3**	**0.6**	**3.7**
Invest Adv Serv	-19.0	-8.3	8.9	6.3		
Nate's Notes	-31.4	-24.5	-6.0			
Navellier Grades	-22.4					
Software as a Service (SAAS)	-15.8	-2.1				
Singles	-26.9	-29.5	-11.2	-6.0	1.5	5.2
Exceed in Down	**-15.6**	**-6.0**	**1.6**	**3.0**	**2.4**	**4.4**
Defense	-21.3	-12.5	1.9			
International	-28.3	-21.3				
Gold Silver	1.5	19.1	5.8	4.5		
Simple Safe Dividends	-21.9					
Staples	-18.3	-5.5				
Independent	**-37.4**	**-31.3**	**-6.9**	**-1.9**	**2.0**	**7.6**
High Div	-38.2	-31.4	-7.5	-9.9		
Pref REIT	-39.1	-33.2	-8.0	1.1		
Preferred	-26.0	-19.0	-2.2	-3.5		
REIT	-46.6	-41.4	-10.5	-3.6		
Match	**-24.7**	**-15.9**	**-1.6**	**0.9**		
By Strategy						
Rationale	-16.9	-10.1	-0.8	-0.5	0.5	3.7
Statistical	-22.9	-15.4	0.5	-0.6		
Income	-37.4	-31.3	-6.9	1.6		
Newsletter	-21.3	-13.1	3.2	4.8		
Total Invested	-26.3	-19.2	-1.7	0.2	2.8	4.5
Total with Cash	**-26.2**	**-19.8**	**-2.2**	**0.6**	**1.6**	**4.4**
Benchmarks						
U.S. Preferreds ETF-PFF	-14.9	-8.9	-6.3	-4.5	-1.9	
EQAL-Russell 1000=Wt	-29.1	-24.4	-4.0	0.1		
S&P 500 (GSPC)	-27.2	-14.1	1.9	4.6	9.6	6.2

Time-weighted returns (TWR) are different from Return on Investment (ROI) used for individual client reports. TWR are not impacted by when additional investments are deposited or withdrawn. TWR is the standard methodology used to report mutual fund returns.

Charts and Descriptions of Individual Portfolios

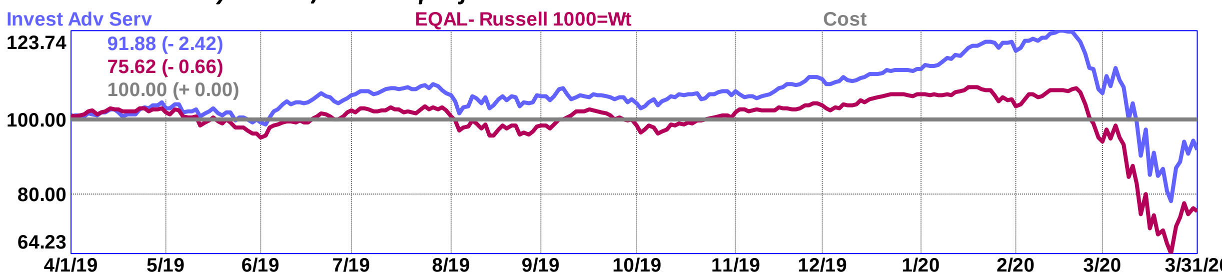
1. Goal to Exceed the Market

Newsletter Portfolios

Two portfolios designed to exceed market returns are based on newsletters having the highest consistent returns according to *Hulbert's Financial Digest*.

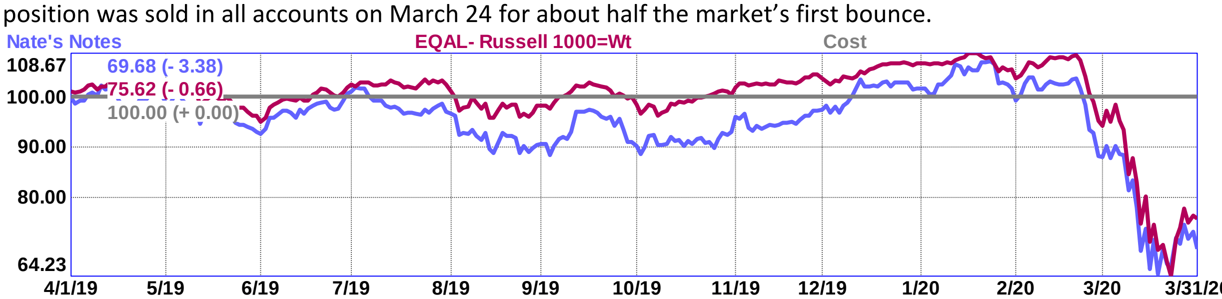
The Investment Advisory Service is a newsletter edited by Doug Gerlach and published by ICLUB central, best known as the sponsoring organization of investment clubs. Doug Gerlach's presentations at the National AAII Conference and at our Twin Cities AAII chapter were impressive. The methodology is based upon fundamentals and the work of Chartered Financial Analysts. We used the newsletter for a couple years beginning in 2011 and then again for about nine months in 2014. Our exits coincided with general decisions to move overall to cash. They publish another newsletter called *Small-Cap Informer*. I have found it works best to pull from both newsletters and select from their recommendations using my other findings from statistical work rather than to use their valuations.

Investment Advisory Service/Small Cap Informer



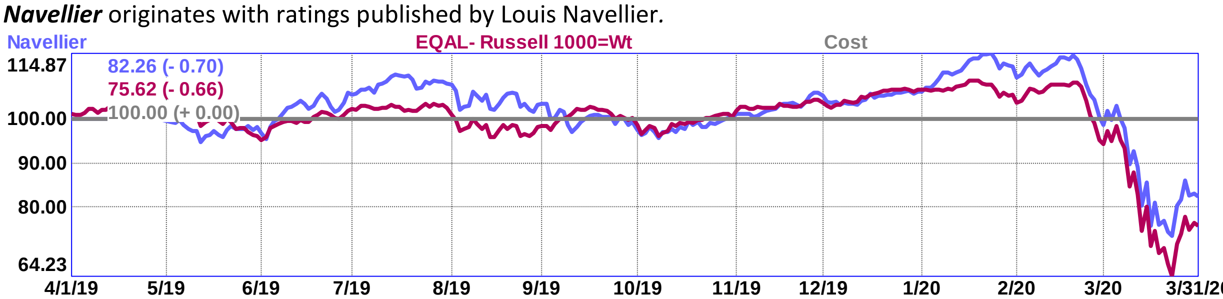
3 Month % Change	1 Year TWR	3 Year TWR
-19.0	-8.3	8.9

Nate's Notes is an aggressive newsletter focused heavily on tech stocks and biotech in particular. All but one position was sold in all accounts on March 24 for about half the market's first bounce.



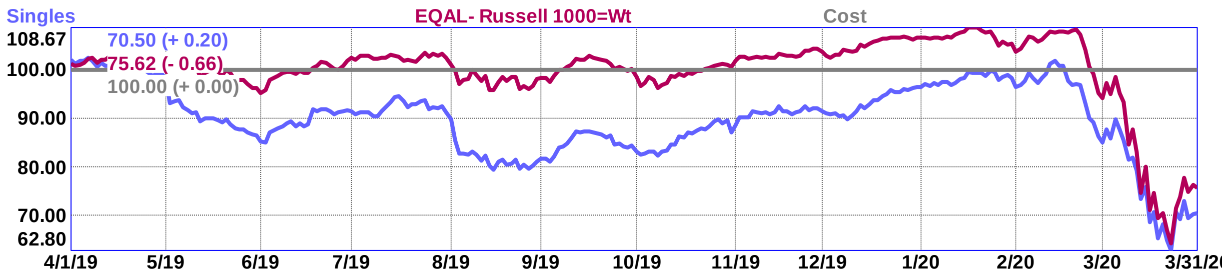
3 Month % Change	1 Year TWR	3 Year TWR
-31.4	-24.5	-6.0

Navellier originates with ratings published by Louis Navellier.



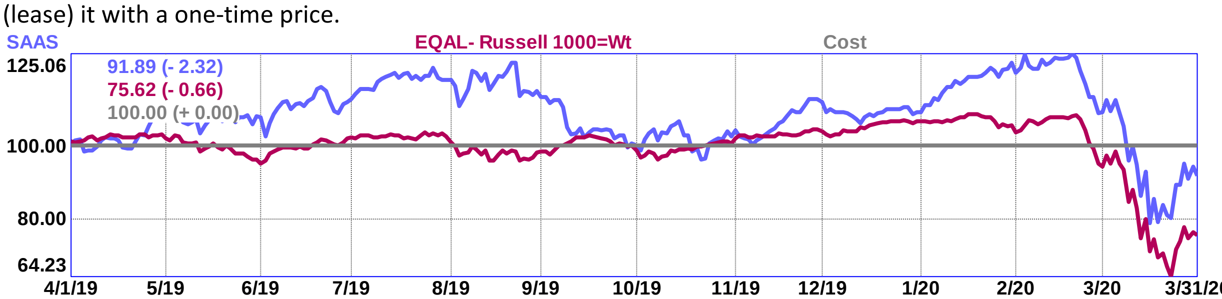
3 Month % Change
-22.4

Singles are where I select individual stocks in my personal account based on my belief in their potential gains. They tend to be more aggressive selections. I think this is the way most investors choose stocks. It doesn't work very consistently for me.



3 Month % Change	1 Year TWR	3 Year TWR	5 Year TWR	10 Year TWR	Since 1/1/2002
-26.9	-29.5	-11.2	-6.0	1.5	5.2

Software as a Service (SAAS) companies lease software to their customers with recurring fees rather than sell (lease) it with a one-time price.

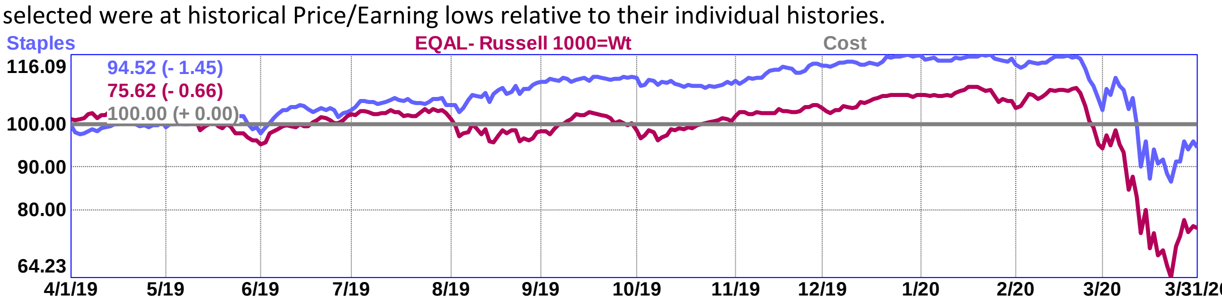


3 Month % Change	1 Year Return
-15.8	-2.1

2. Portfolios to Exceed in Down Markets

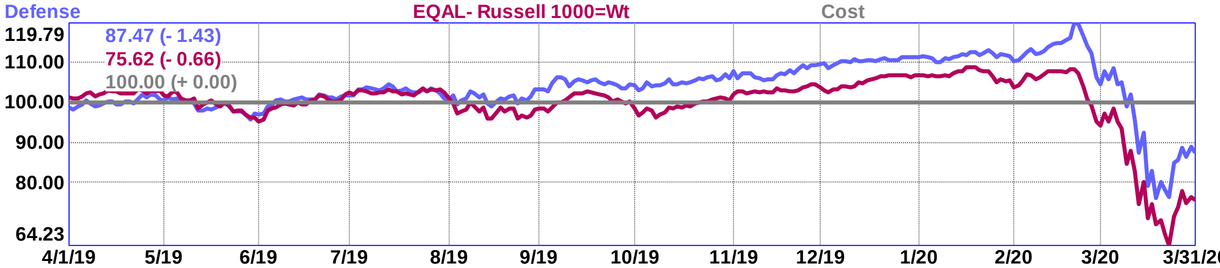
Cash is probably the best defense, but also a very poor offense since it doesn't match inflation. Usually when I'm not fully invested it is because of client allocation preferences or normal transitions from having sold positions and not yet made new purchases. Cash balances are needed for clients making regular withdrawals. Cash has been increased to 11.6% the past month.

Consumer Staples are known for being less volatile and a good investment facing down markets. The stocks selected were at historical Price/Earning lows relative to their individual histories.



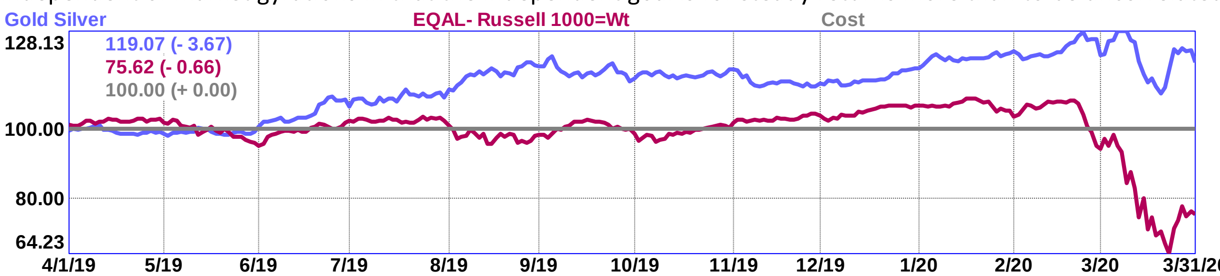
3 Month % Change	1 Year
-18.3	-5.5

A Defense portfolio was developed statistically using a data mining tool to select criteria for stocks that did well during down markets.



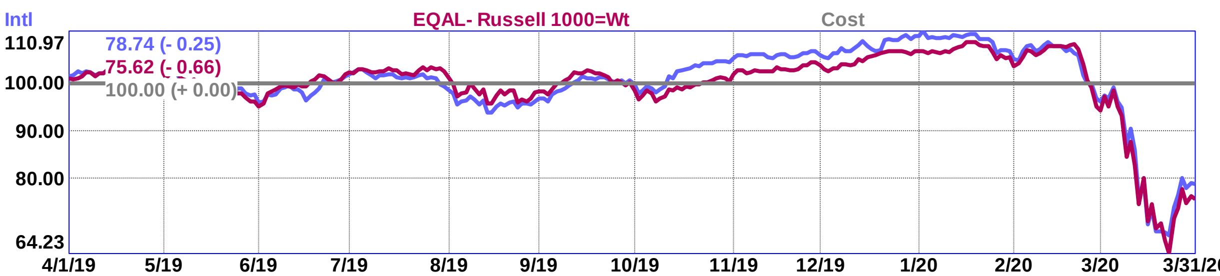
3 Month % Change	1 Year TWR	3 Year TWR
-21.3	-12.5	1.9

Gold and silver are utilized to be relatively uncorrelated to the equity market. It is a little different than to be independent of market gyrations in that the independent goal is for steady returns more than to be uncorrelated.



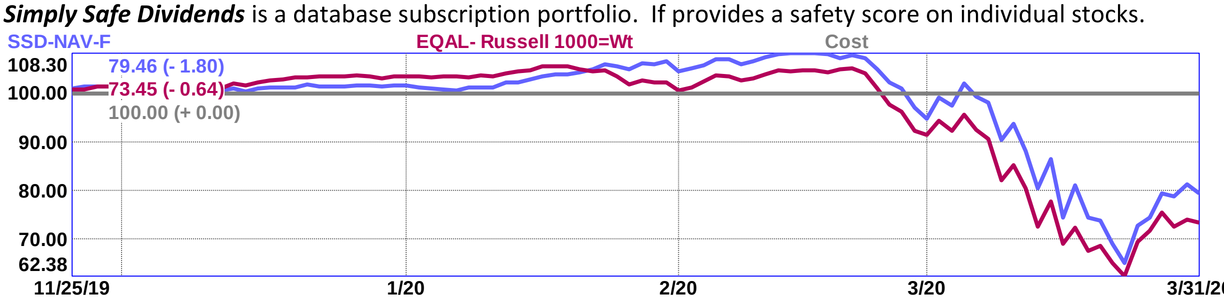
3 Month % Change	1 Year TWR	3 Year TWR	5 Year TWR
1.5	19.1	5.9	4.5

International stocks have a valuation about half that of the United States. It is value investing awaiting over time for a reversion to the mean. The whole world is caught up in the economic fallout of the virus.



3 Month % Change	1 Year
-28.3	-21.3

Simply Safe Dividends is a database subscription portfolio. If provides a safety score on individual stocks.

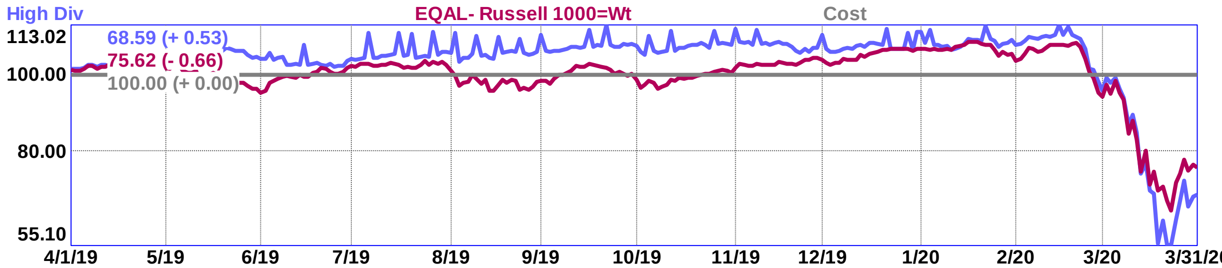


3 Month % Change
-21.9

3. Portfolios for Market Independence (Income)

Market independence is sought through high-fixed income selections. The High-Income portfolios (Preferreds, Preferred REITs, REITs, notes and other high-yielding) had shown my best returns since 1/2/2002 until the last month. These portfolios responded to the bond high-yield market more than the stock market.

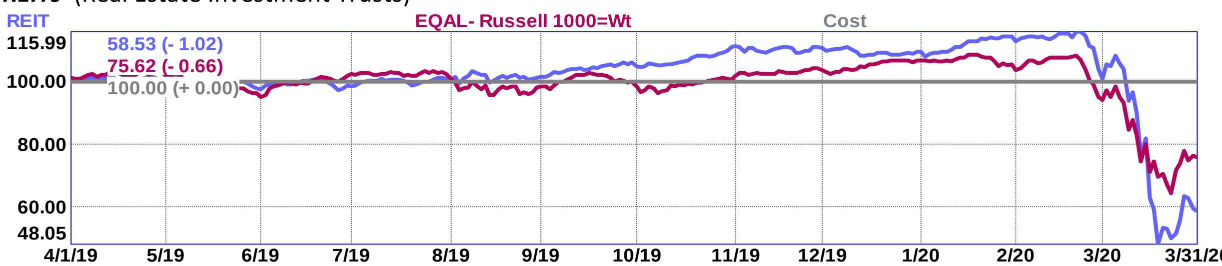
High Dividend Common Stocks



3 Month % Change	1 Year TWR	3 Year TWR	5 Year TWR
-38.2	-31.4	-7.5	-9.9

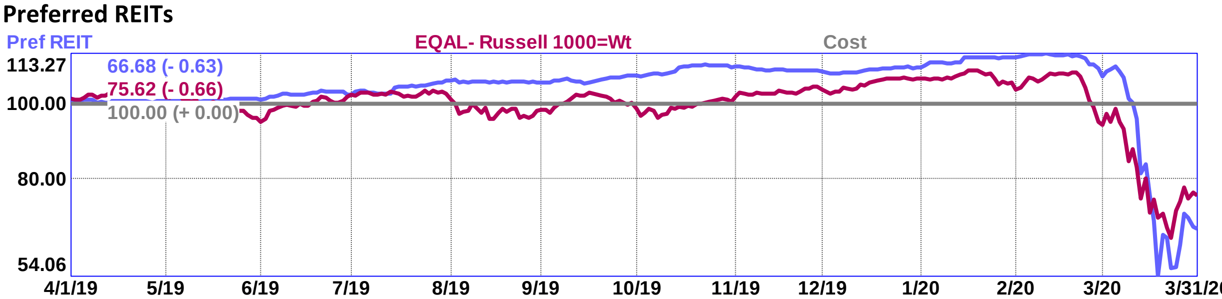
The spikes are from a couple thinly traded positions for which the pricing data are erratic.

REITs (Real Estate Investment Trusts)



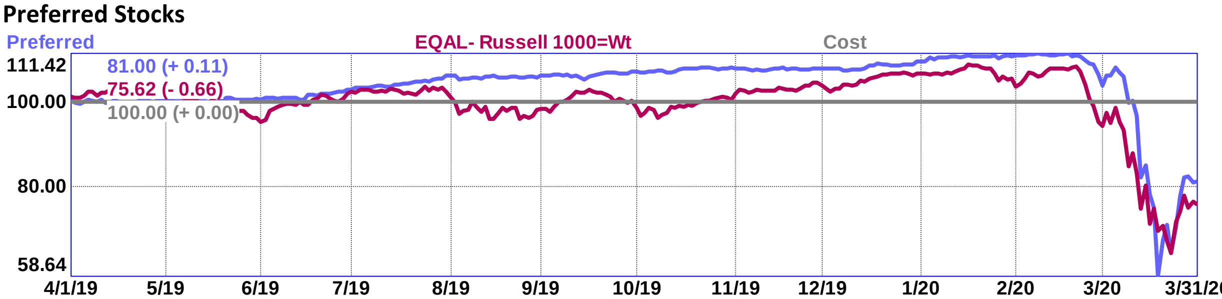
3 Month % Change	1 Year TWR	3 Year TWR	5 Year TWR
-46.6	-41.4	-10.5	-3.6

Preferred REITs



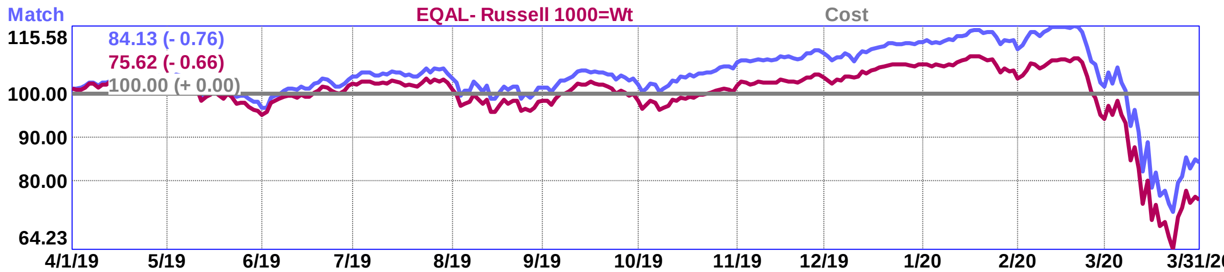
3 Month % Change	1 Year TWR	3 Year TWR	5 Year TWR
-39.1	-33.2	-8.0	1.1

Preferred Stocks



3 Month % Change	1 Year TWR	3 Year TWR	5 Year TWR
-26.0	-19.0	-2.2	-3.5

4. **Goal to Match the Market**



3 Month % Change	1 Year TWR	3 Year TWR	5 Year TWR
-24.7	-15.9	-1.6	0.9

Variation from the Russell 1000 Equal Weight derives from being overweight in international, value and small cap.

Calculating Returns

Client reports are calculated using Return on Investment (ROI) which measures how well invested money has performed. It includes the effects of all cash flows and is net or after management fees.

The method used in this report 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.

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

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. 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.

Portfolio Construction

Each household’s accounts are individually balanced using the balance between the four goals and then 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. Some readers struggle with understanding all the charts. It’s really quite simple. Lines going up are good. Lines going down are not so good.

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%
2016	9.4%	11.1%	10.8%	5.0%	5.8%	5.0%
2017	17.9%	15.0%	14.3%	7.1%	7.2%	6.4%
2018	-7.0%	-6.4%	-4.5%	5.0%	5.6%	5.0%
2019	28.3%	25.5%	21.8%	6.3%	6.6%	5.9%