

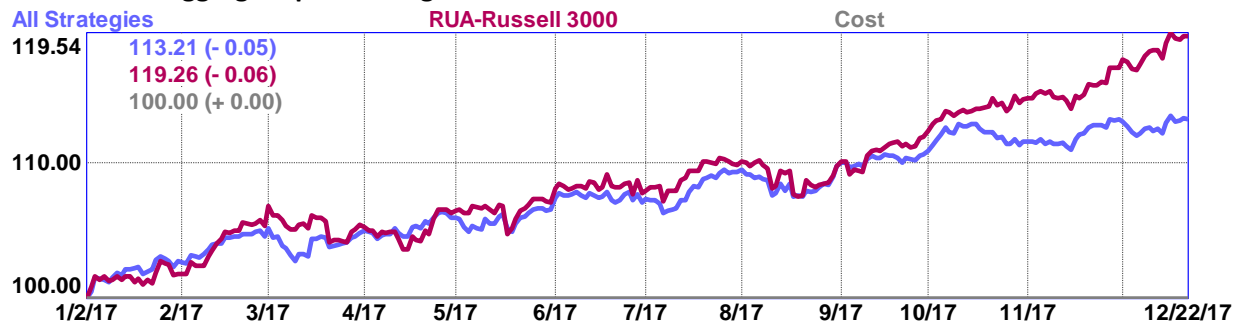
Performance Summary

December 22, 2017

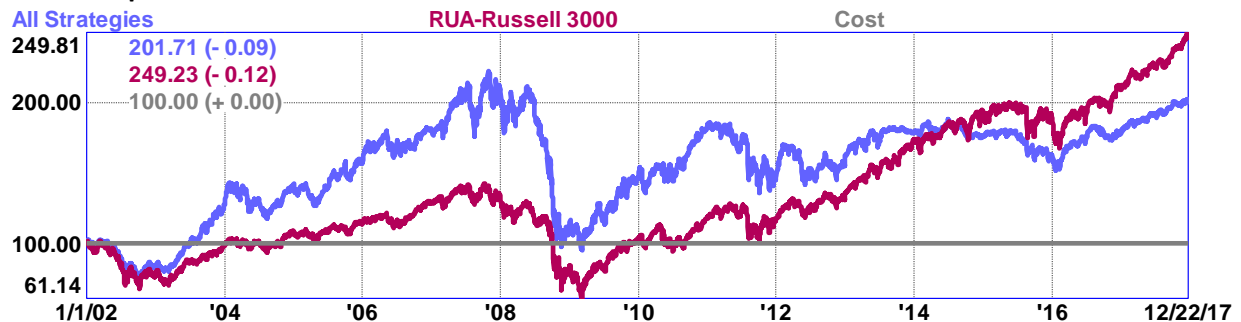
All Accounts and Strategies

Time Weighted Return (TWR) Qtr change 3.0%. 12 Months 14.3%. Rate since 2/1/2002: 6.4%.

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



Since Inception



Performance rates are based on dollars, while the above charts are based on price change by position, independent of dollars in each position. The upper-left numbers in parentheses are for percent change for the last day. Future performance is unknown. Nothing in this report of past performance should be construed as an assurance (or threat) of future results.

Summary and Perspectives

While economic data is strong, looking at a chart of price patterns, the market has broken above a linear upward trend and is moving up at a faster and unsustainable pace.

We have seen explosive returns in exploratory portfolios, such as the last two on this report. Overall, returns were constrained this quarter by the high allocation to the high income portfolio. We continue to be positioned defensively with high allocations to preferred stocks, real estate, gold/silver, and the Defensive portfolio.

Benchmark Comments and Data

I have some reservations showing a comparison to the Russell 3000, or any other stock market index, since so many clients are more concerned with non-volatile, absolute returns rather than beating a market benchmark. To accomplish this, we have about half of overall client allocation relatively unrelated to the major markets (high income preferreds and REITs at 37% and precious metals at 13%). (An additional factor this quarter is that because of the changing of custodians, I don't have access to

An alternative to mutual funds.

Lee Wenzel

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

Wenzel Analytics, Inc.

Registered Investment Advisor
8666 Westwind Circle
Eden Prairie, MN 55344

the data for all of the dividends.) Therefore the main market benchmarks are somewhat irrelevant to our endeavor to achieve these absolute and consistent returns. Also, because of license fees, an investable security has lower returns than its index. Be that as it may, I still usually show a benchmark on charts and offer a table of benchmark rates. The equal weighted index is more appropriate since I don't size positions relative to its market cap. However, I haven't found an equal-weighted index going back to 1/1/2002.

	Quarter *	12 Months	Since 1/1/2002
Wenzel Analytics (TWR)	3.0%	14.3%	6.4%
Benchmarks			
Russell 1000 Equal Weight (EQAL)	6.3%	14.1%	
Russell 3000 ETF (RUA)	7.3%	17.9%	7.1%
REITs (IGX 1280)	1.0%	3.0%	7.2%
iShares S&P US Preferred Stk Idx Fd (PFF)	0.1%	9.0%	
S&P 500 (GSPC)	7.4%	18.5%	6.7%
Russell 2000 (RUT)	7.1%	12.5%	8.1%
All World Ex-U.S. (VEU)	2.7%	23.1%	
Emerging Markets (VWO)	1.4%	28.0%	
Gold (GLD)	-1.9%	11.6%	

* Percent change rather than an annual rate

Wenzel Analytics

Wenzel Analytics now manages money for fourteen households and thirty nine accounts with many families obviously having multiple accounts, i.e. IRA, SEP, Roth, taxed, trust. We have had some attrition with the move to Motif Investing. 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

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, as are passive investments and Singles or stocks picked individually.

A second strategy is to use newsletters and other sources selected because of their tested and empirical performance history. 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 spiked by a brief period within 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 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, even if the returns from closed positions and portfolios are obviously included in reported aggregate returns.

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.

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.

Allocation and Returns by Strategy and Portfolio

Strategy	Portfolio	Allocation 12/22/2017	Time-Weighted Return		
			Quarter % Change	12 Months	Rate Since 1/1/02
Cash		1.8%			
Rationale	Gold Silver	13.1%	-2.2%	11.0%	
	Home Builders	0.6%	21.5%		
	Resource Scarcity	1.7%	0.4%	3.2%	
	Singles	3.3%	-0.1%	20.6%	14.5%
	Passive	9.6%	6.2%	17.5%	
		28.6%	2.6%	15.2%	5.7%
Statistical	Defensive	12.8%	10.1%	17.7%	
	PrSMA	0.9%	9.3%		
	Pr-SDRR-Corr	0.7%	15.0%	69.6%	
		14.6%	10.1%	16.4%	
Tested Source	Income	36.5%	1.0%	12.8%	9.6%
	Invest Adv Serv	10.1%	5.9%	28.4%	
	Nate's Notes	8.4%	1.7%	11.1%	
		55.0%	1.9%	15.4%	7.4%
Investments		98.2%	3.1%	15.0%	7.2%
Investments & Cash		100.0%	3.0%	14.3%	6.4%

* Quarterly returns are percent change rather than annual rates.

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

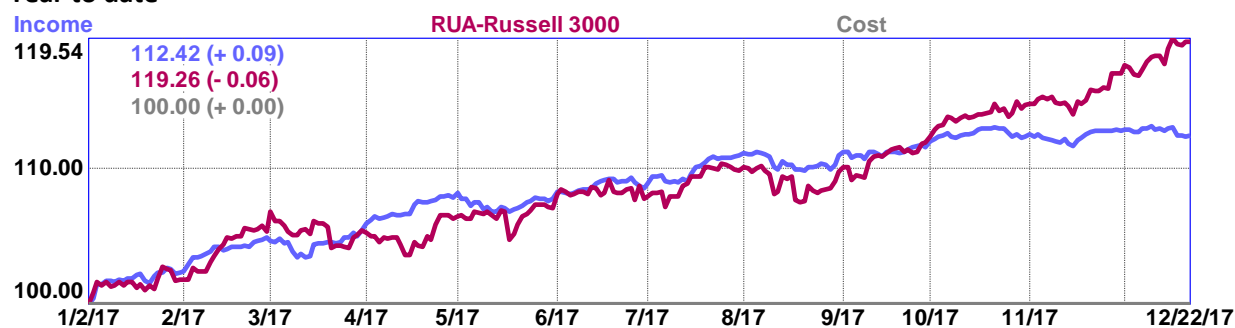
Very small or very recent portfolios do not have a separate line, but are included in strategy totals.

The table below gives returns by year.

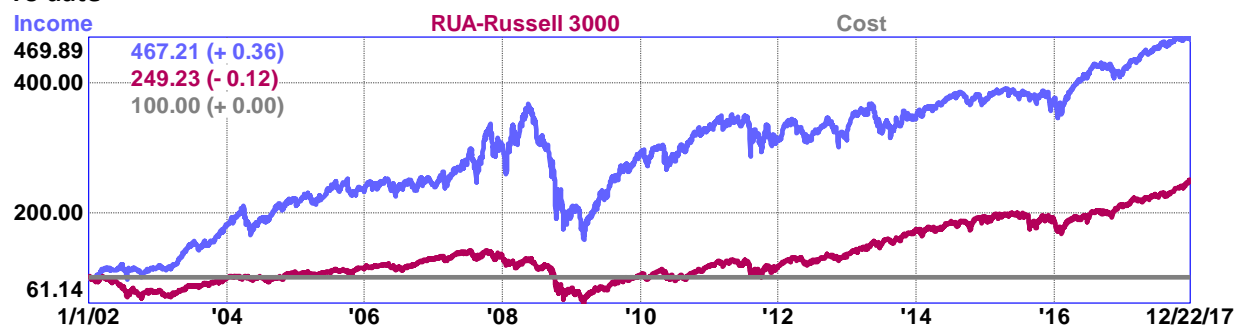
By Year	Annual Rates			Cumulative		
	Russell 3000	Investments	Cash & Investments	Russell 3000	Investments	Cash & Investments
2002	-22.8%	-18.4%	-14.8%	-22.8%	-18.4%	-14.8%
2003	28.7%	62.2%	55.7%	-0.6%	15.0%	12.8%
2004	10.1%	14.5%	12.3%	2.9%	14.9%	12.6%
2005	4.3%	11.0%	9.4%	3.2%	13.9%	11.8%
2006	13.8%	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 YTD	17.9%	15.0%	14.3%	7.1%	7.2%	6.4%

Tested Source Portfolios

1. High Income. TWR 3 Months (% Change): 3.0%. 12 Months: 12.8%. Since 1/1/2002: 9.6%
Year to date



To date



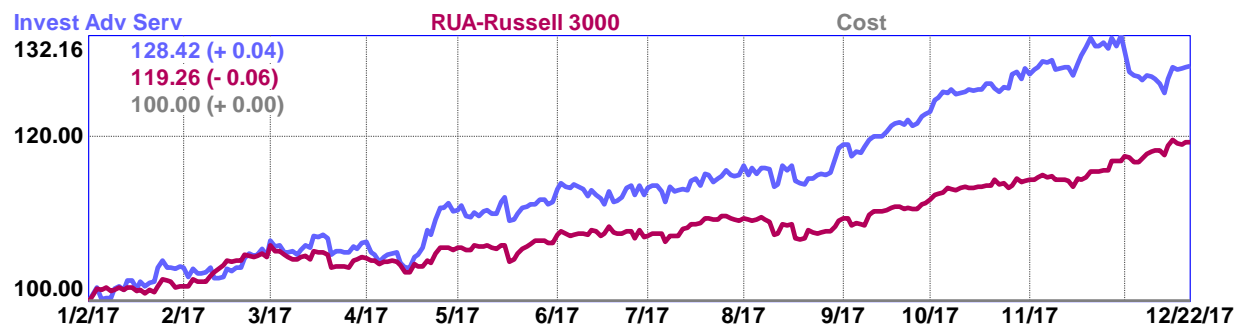
For clients for whom relatively solid and predictable returns are important independent of what the stock market is doing, we turn mostly to high dividends stocks. This portfolio now comprises 37% of combined client assets, more than double that of any other portfolio. The positions are divided between preferred stocks (8.7% of all managed assets), preferred REITs (16.9%), REITs (7.6%) and other

corporations paying very high dividends (3.3%). Volatility is less than for the market. The actual return numbers above the charts are more accurate than the charts which reflect price and not total dollars in each investment.

The quarter was characterized by money leaving the more stable income producing investments and pursuing price appreciation characterizing the market in general, and the mega-tech stocks in particular, such as we captured in the next portfolio over the past year.

2. Investment Advisory Service. TWR 3 Months (% Change): 5.9%. Twelve months: 28.4%.

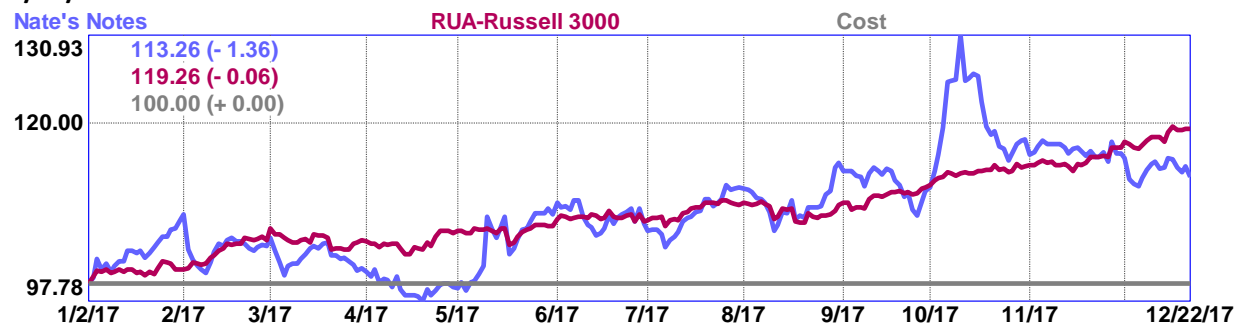
Year to Date



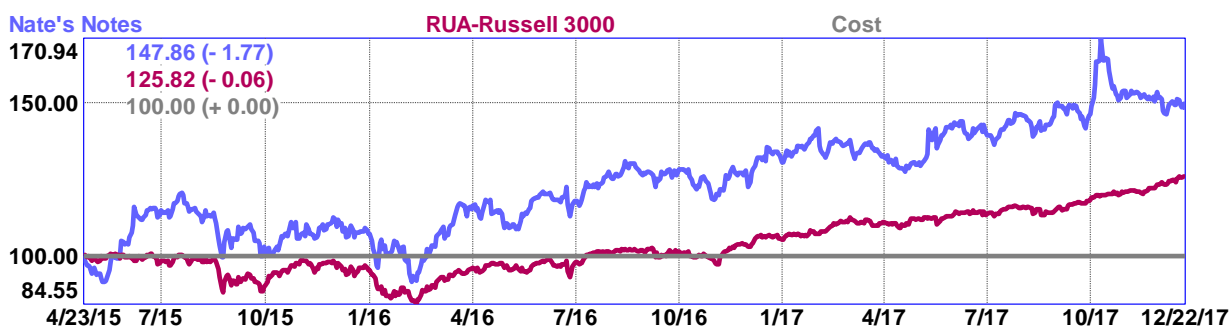
The *Investment Advisory Service* is a newsletter edited by Doug Gerlach and published by ICLUB central, best known as the sponsoring organization of investment clubs. *Hulbert Financial Digest* reports stellar returns and Doug Gerlach's presentations at the National AAI Conference and at our Twin Cities AAI chapter were 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 general decisions to move overall 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 had been very disappointing. 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. Consequent performance has been much better.

3. Nate's Notes. TWR 3 Months (Percent Change): 5.1%. Twelve Months: 14.2% Since Inception 4/23/15: 12.3%.



The chart above is year-to-date and the one below since inception with the portfolio.



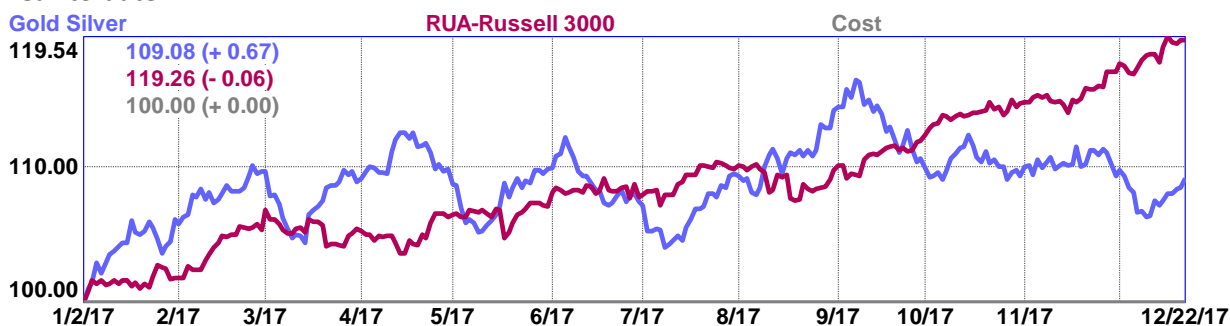
Nate's Notes is utilized because of its exceptional historical performance reported by *Hulbert's Financial Digest*. The newsletter is interesting to read and easy to follow. It has 8.4% of our allocation. This is an aggressive portfolio, often used to balance the low-volatility High Income. Nate does more selling or buying of partial positions while I tend to buy and hold what he initially recommends. The volatility was due to Mannkind (MNKD), a heavily shorted bio-tech stock, and looks more extreme than it was since the chart reflects price change rather than dollar value changes in the total portfolio.

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.

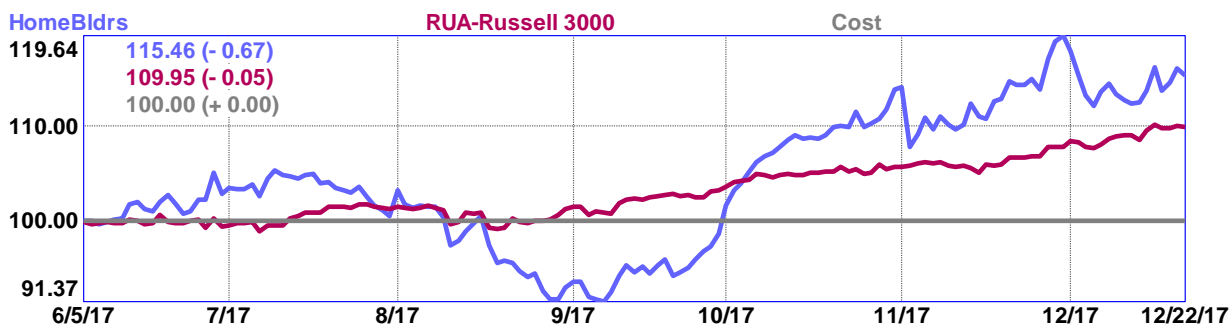
4. Gold and Silver. TWR 3 Months (% Change) -2.2%. Twelve Months: 11.0%.

Year-to-date



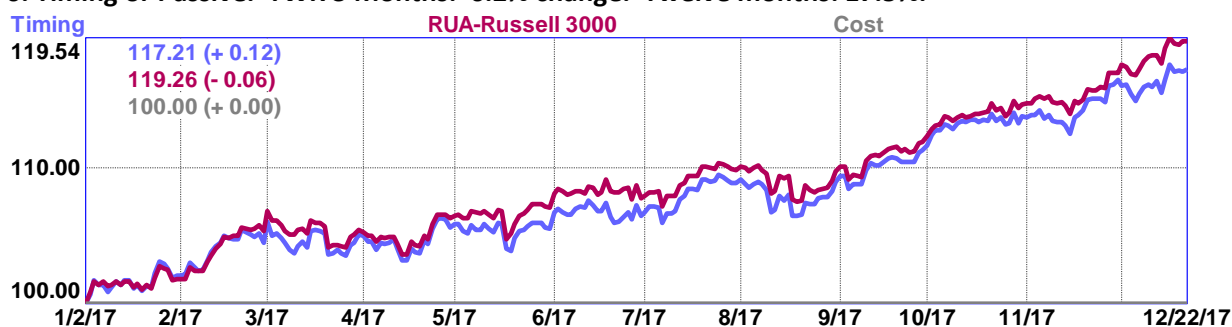
Gold and silver are more volatile than the stock market. Sometimes the returns correlate with the market. Recently they have been more often opposite the market. This quarter gold went down while the market was going up, except for the last couple weeks. It is hard to know when to exit, particularly as we know a market correction is coming but we just don't know when.

5. Homebuilders. TWR 3 Months: 21.5%.

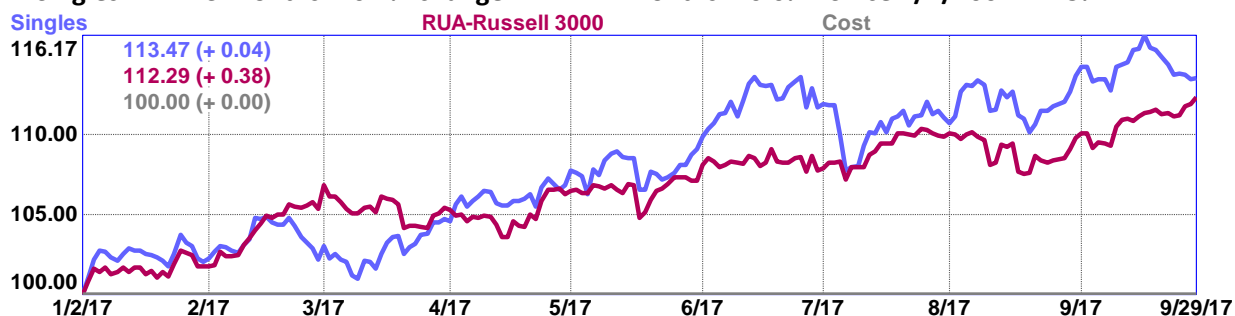


This has been a volatile but profitable portfolio in my personal account based off of high demand for modest housing construction. A move up of 21% in a single quarter is unusual.

6. Timing or Passive. TWR 3 Months: 6.2% change. Twelve months: 17.5%.



7. Singles. TWR 3 Months: -0.1% change. TWR 12 months: 20.6%. Since 1/1/2002: 14.5%

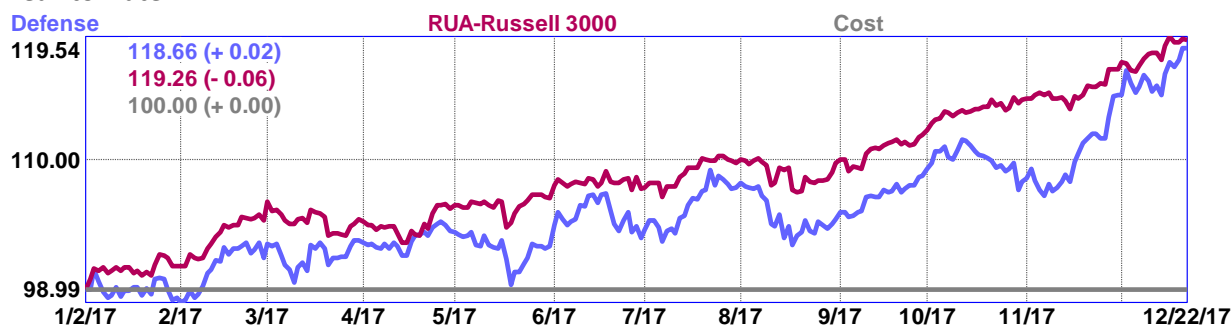


The Singles Portfolio is comprised of stocks that I pick individually based on something persuasive. Overall, my individual stock picking has been doing better in recent years than it has been overall. Because of the risk involved, all the positions in this portfolio are in our personal accounts, although I have put OPM (Other People's Money) into Singles in the past and could do so again. Returns this quarter were hurt by GE, Gilead Sciences and Tesla.

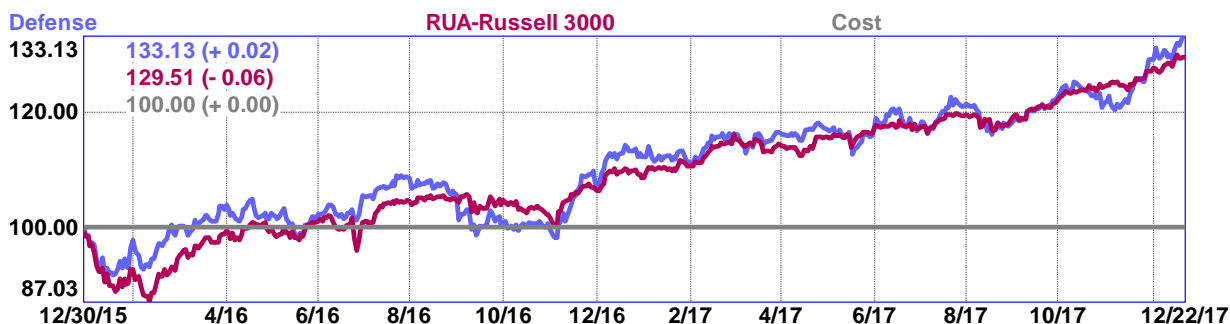
Statistical Portfolios

8. Defense. TWR 3 Months: 10.1% change. TWR 12 months: 17.7%

Year-to-Date

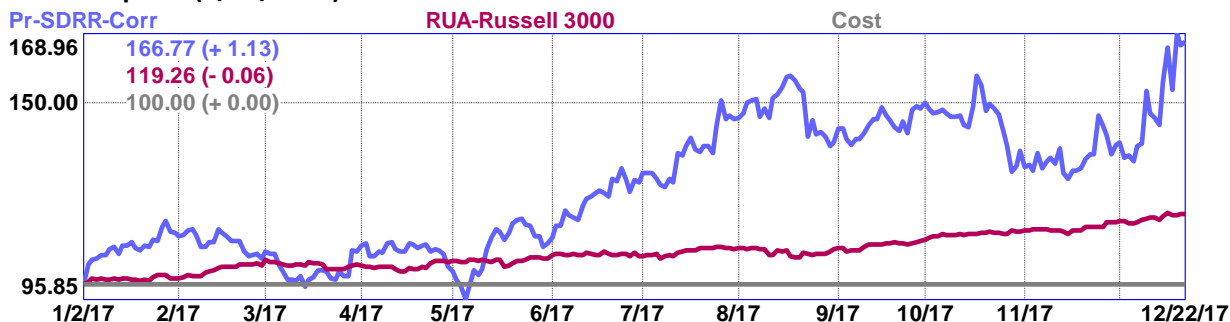


Since Portfolio Inception

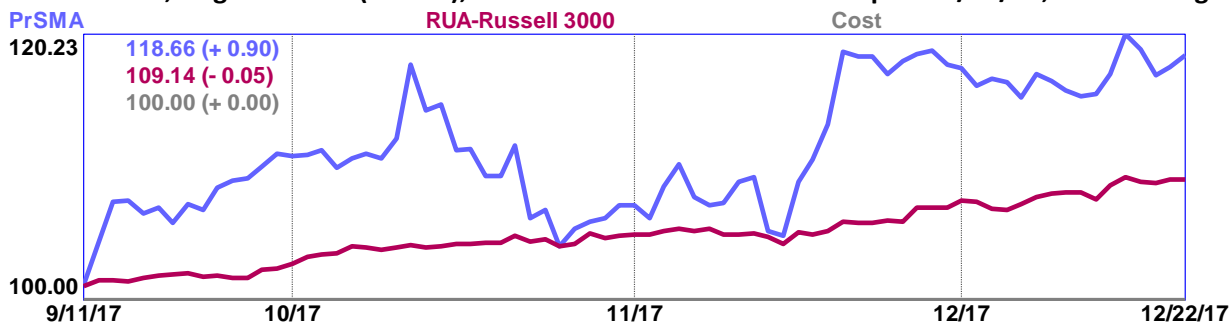


Playing Defense is described under <http://wenzelanalytics.com/Papers.htm>. The screen criteria were derived from researching down market periods, and are intended to hold up during down markets. Rolling monthly returns since 2003 have not had a negative year when buying the complete screen results with 15 or more selections. Annual returns in the researched set were 16.7% including cash when there were too few screen selections to buy, and 25% for total time invested. I hope it will hold up better than the market when the market corrects.

9. Low Price, Volatile & Correlated (Pr-SDRR-Corr) TWR 3 Months: 15.0%. 12 Months: 69.6%. TWR since inception (9/26/2016): 36.0%.



10. Low Price, Negative SMA (PrSMA), TWR 3 Months: 9.3%. Since Inception 9/11/17, 18.7% change.



Both of the two portfolios on this page endeavor to capitalize on behavioral finance and the irrationality of investors, particularly their aversion to stocks with falling prices.