

A NEWSLETTER FOR OUR CLIENTS

Overview of the Markets

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Investment Overview

Global Stock Markets

Most investors are saying goodbye and good riddance to September as domestic and international stock markets saw a big drop. But I think we will look back at September as the month that provided some long awaited buying opportunities. The old mantra “buy low sell high” requires an investor to embrace a “low” -- though few actually do this.

Nothing economically changed to cause the 10.01% market correction in the Russell 2000 from July 7th to October 1st, but panicky investors selling as a herd led to the sharp drop. The MSCI Emerging Markets index dropped 11.5% from September 8th to October 1st despite many Emerging Markets being very undervalued already. The “bad” September wiped out 2014 gains for several of our investments strategies, but we used the price drops to increase positions in the most undervalued markets & stocks.

Even though markets have been in correction mode the last 6 weeks or so, our performance record remains very strong. Our Fundamental Value, Global Stock Score and Global ETF Score strategies all beat their benchmark index since inception and these 3 investment strategies have also received national attention from recent high performance rankings on Money Manager Review. Money Manager Review tracks and ranks the performance of over 15,000 investment strategies of over 1,000 private money managers. According to this ranking, our Fundamental Value and Global ETF Score strategies were ranked #1 and #2 respectively for the 1-year performance as of June 30th, 2014 for the Global Equity Multi-Cap category, excluding firms that don’t report net-of-fee results or have audited performance records. Our Global Stock Score strategy ranked #6 for the 1-year performance as of June 30th, 2014 for the International Equity MultiCap category. We are proud to

Our Performance Record

Net of Fees

Strategy / Benchmark Indices	Year to Date*	12 Months ending 09/30/14	Annualized Since Inception*
Global Stock Score Strategy	-2.81%	-0.43%	16.70%
MSCI ACWI Index Ex-US	3.13%	7.21%	12.65%
Global ETF Score Strategy	5.80%	4.00%	12.12%
MSCI Emerging Markets Index	3.24%	4.30%	5.50%
Fundamental Value Strategy	6.60%	17.17%	23.34%
MSCI ACWI Index	5.01%	11.33%	13.50%
Value Stock Score® Strategy	-18.65%	-15.25%	11.43%
Russell 2000 Value Index**	-4.74%	4.11%	12.35%

* Monthly results are preliminary. This information is provided to existing and prospective clients to assist investors in understanding their own results. Detailed performance reports are updated on a quarterly basis and made available on our website www.ebertcapital.com. GIPS® compliant performance reports are included on the following pages.

** Please note that we have changed the benchmark index for the Value Stock Score® Strategy from the Russell 2000 Index to the Russell 2000 Value Index. This change has not yet been approved by the GIPS verification firm we engage for annual GIPS audits, but we will confirm with our auditor that this is the appropriate benchmark for the Value Stock Score® strategy.

beat out so many large, well respected investment firms but remain humble in our approach.

Despite the September correction, there are many positive signs for equity markets. The Fed is keeping short term interests rates at zero and long-term bond yields are at all-time highs - signifying by definition that bonds are very overvalued. But equity values have a direct relationship to interest rates. The low yields of bonds automatically makes equities more valuable compared to bonds. Even after the Fed raises interest rates next year, rates will still be very low. Investors will continue migrating up the risk curve to stocks until rates return to a “normal level”. Unemployment numbers, GDP growth and the Federal budget have all shown improvement as well.

Of course there will still be bumps along the way, but if we needed more proof that this most recent correction is a buying opportunity - Warren Buffett provided that. Last week Buffett announced he was a big buyer of stocks during the dip, including some big purchase on October 1st when the Dow Jones Industrial Average dropped more than 250 points. (<http://www.fool.com/investing/general/2014/10/05/warren-buffett-just-didsomething-you-should-do-to.aspx>)

Another element of confidence is that the stocks we own remain very cheap. The Value Stock Score[®] strategy, our small-cap domestic strategy which has underperformed this year - holds many very cheap stocks. The performance of this portfolio this year has simply made the stocks more attractive in our view. The weighted average price-to-book ratio of the portfolio is 0.89 and the price-to-sales ratio is just 0.28. That's a very good sign for a quantitative value strategy.

Some of the price decreases recently were of the typical herd/lemming variety. For example, Cliffs Natural Resources (ticker: CLF) dropped nearly 17% Friday October 2nd because one Wall Street analyst firm, Nomura Securities, downgraded the stock. The big drop was not due to anything changing with the company. As this Motley Fool article (<http://www.fool.com/investing/general/2014/10/03/why-cliffs-natural-resources-inc-stock-fell-off-a.aspx>) discusses, this irrational selloff was the result of Wall Street analysts quickly all agreeing with each other because the stock price had already dropped recently - lemmings running of the cliff (pun intended). CLF is held in more than one of our strategies and we see it as a great value pick at the current price.

This September, and even in the last six weeks or so, provide an example of how not to behave as investors. So many irrational investors jump in and out of the market; feeding into the negative feedback loop that patient value investors have always tried to avoid. Skittish investors have always been their own worst enemies and this pattern is unlikely to change.

Disclaimer/Disclosure

The purpose of this newsletter is to explain what is happening with our investment strategies and our current views on the markets. We do not sell our investment report and it is intended only as a communication device. The information in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance or guarantee that the securities discussed herein will remain in an account's portfolio at the time this report is received. The securities discussed do not represent

an account's entire portfolio and may only represent a small percentage of an account's portfolio. It should not be assumed that any of the securities discussed were or will prove to be profitable, or that the investment recommendations or decisions ECM makes in the future will be profitable or will equal the investment performance of the securities discussed herein.

ECM uses certain proprietary databases, formulas and devices in its investment decision process. Such devices, such as our Value Stock Score[®] program have limitations with respect to their use. The use of these devices does not change the possibility of loss inherent in all investment decisions

Contact Us

For questions regarding fees and expenses, risks, or other investment questions, please visit our website at www.ebertcapital.com or contact us directly and we will be happy to assist you.

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Ebert Capital Management Inc.
Value Stock Score® Strategy Composite

As of September 30, 2014

Strategy/Index Name	Inception Date	1 Year Annualized	3 Year Annualized	3 Year Cumulative	Annualized Since Inception	Cumulative Since Inception	Annualized Standard Deviation
Value Stock Score® Strategy	12/01/10	-15.25%	14.72%	50.97%	11.43%	50.07%	19.16%
Russell 2000 Value Index*	N/A	4.11%	20.59%	75.38%	12.35%	54.78%	16.23%

Year	Composite Net Return (%)	Benchmark Return (%)	Composite 3-Yr Std. Dev	Benchmark 3-Yr Std. Dev	Internal Dispersion	Number of Portfolios	Composite Assets (\$)	Firm Assets (\$)
2010	11.70%	8.31%	N/A	N/A	N/A	1	\$10,294	\$740,775
2011	-2.44%	-5.52%	N/A	N/A	N/A	4	\$186,748	\$3,000,000
2012	28.91%	18.05%	N/A	N/A	5.70%	40	\$1,473,088	\$5,500,000
2013	31.32%	34.50%	18.49%	16.05%	3.69%	60	\$2,370,525	\$14,025,000

A strategy that generally maintains 24 positions built and managed with our Value Stock Score® program. This strategy consists of U.S. stocks only and is benchmarked to the Russell 2000 Value Index. The strategy holds positions in what we consider to be undervalued, safe and profitable companies.

*Please note that we have changed the benchmark index for the Value Stock Score® Strategy from the Russell 2000 Index to the Russell 2000 Value Index. This change has not yet been approved by the GIPS verification firm we engage for annual GIPS audits, but we will confirm with our auditor that this is the appropriate benchmark for the Value Stock Score® strategy.

**The Value Stock Score® Strategy consists of all accounts that hold U.S. stocks of any market capitalization above \$50 million selected by using the Value Stock Score® Program. The strategy identifies undervalued companies by using ECM's Value Stock Score® Program to score different financial variables of each company. The composite returns represent the total returns as of December 1st, 2010 -- of all fully discretionary, management fee-paying and non-management fee-paying accounts including those accounts no longer with the firm.

Returns are presented net of actual management fees paid. Fees are described in the firm's *ADV Part 2*. ECM's account inclusion policy is the first full month or the end of the month in which the account is fully invested. The composite contains both taxable and nontaxable accounts. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon the beginning period market values calculated in U.S. dollars. The Benchmark for the composite is the Russell 2000 Value Index, presented in U.S. dollars.

Three-year ex post standard deviation for composite and benchmark is not present if 36 monthly returns are unavailable. A dispersion measure is not shown when there are five or fewer accounts in the composite for the entire year. The internal dispersion is calculated using the asset-weighted standard deviation of annual net returns of those portfolios that were included in the composite.

Ebert Capital Management Inc. (ECM) is an independent, fee-only registered investment adviser. We provide investment management and financial planning for individual investors, retirement plans, other financial advisers and institutions. ECM claims compliance with the Global Investment Performance Standards (GIPS®) and has been independently verified. The verification report is available upon request. Performance of the Value Stock Score® Strategy is as of December 1, 2010. To receive a complete description of the policies and procedures for this composite and a list and description of all firm composites, please contact us at (707) 407-3813 or info@ebertcapital.com.

Past performance does not guarantee future results. Performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted. Past performance of markets, strategies, composites, or any individual securities is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's portfolio. Investment in the above referenced model composite is subject to investment risks, including, without limitation: market risk, interest rate risk, management style risk, business risk, sector risk, and other risks related to equity securities. There are no assurances that a portfolio will match or outperform any particular benchmark. Historical performance results for benchmarks, such as investment indices and/or categories, generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, which would have the effect of decreasing historical performance results.

Ebert Capital Management Inc.
Global Stock Score Strategy Composite

As of September 30, 2014

Strategy/Index Name	Inception Date	1 Year Annualized	Annualized Since Inception	Cumulative Since Inception	Annualized Standard Deviation
Global Stock Score Strategy	11/1/12	-0.43%	16.70%	32.73%	17.11%
MSCI ACWI Index Ex-US	N/A	7.21%	12.65%	24.41%	10.89%

Year	Composite Net Return (%)	Benchmark Return (%)	Internal Dispersion	Number of Portfolios	Composite Assets (\$)	Firm Assets (\$)
2012	16.21%	5.45%	N/A	8	\$501,888	\$5,500,000
2013	16.68%	15.29%	4.45%	67	\$2,417,424	\$14,025,000

A strategy that generally maintains 24 positions built and managed with our Value Stock Score® program. This strategy is benchmarked to the MSCI All Country World Index Ex-U.S. and holds positions in what we consider to be undervalued, safe and profitable companies in both foreign stocks and U.S. listed companies with a majority of revenues or operations abroad.

The Global Stock Score Strategy consists of all accounts that hold international and domestic listed companies with a majority of operations and revenues coming from abroad. Stocks are selected using the Value Stock Score® Program, minimum market capitalization of \$50 million. The composite returns represent the total returns as of November 1st, 2012 of all fully discretionary, management fee-paying and non-management fee-paying accounts including those accounts no longer with the firm.

Returns are presented net of actual management fees paid, except in the case of non-fee paying accounts where model fees have been imputed. Fees are described in the firm's *ADV Part 2*. ECM's account inclusion policy is the first full month or the end of the month in which the account is fully invested. The composite contains both taxable and nontaxable accounts. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon the beginning period market values calculated in U.S. dollars. The Benchmark for the composite is the MSCI ACWI Index Ex U.S., presented in U.S. dollars.

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Ebert Capital Management Inc.
Global ETF Score Strategy Composite

As of September 30, 2014

Strategy/Index Name	Inception Date	1 Year Annualized	Annualized Since Inception	Cumulative Since Inception	Annualized Standard Deviation
Global ETF Score Strategy	6/27/12	4.00%	12.12%	28.13%	15.43%
MSCI Emerging Markets Index	N/A	4.30%	5.50%	12.29%	12.47%

Year	Composite Net Return (%)	Benchmark Return (%)	Internal Dispersion	Number of Portfolios	Composite Assets (\$)	Firm Assets (\$)
2012	18.98%	13.75%	N/A	19	\$553,361	\$5,500,000
2013	3.24%	-3.61%	5.12%	60	\$1,187,696	\$14,025,000

The strategy invests in a handful country-specific ETFs. The ETFs chosen are rebalanced periodically using our proprietary ETF scoring process. Specific economic data is used to select ETFs of the most undervalued countries for the world's 50 largest developed and emerging economies. This enables us to invest in what we determine to be the most undervalued global markets. The strategy is benchmarked to the MSCI Emerging Markets Index.

The Global ETF Score Strategy consists of all accounts that hold country specific ETF's selected by using ECM's Global ETF score strategy. This strategy identifies undervalued countries by scoring countries on different economic variables such as GDP and market capitalization; other information such as dividend yield is used in the selection process. The composite returns represent the total returns as of June 27,2012, of all fully discretionary, management fee-paying and non-management fee-paying accounts including those accounts no longer with the firm.

Returns are presented net of actual management fees paid. Fees are described in the firm's ADV Part 2. ECM's account inclusion policy is the first full month or the end of the month in which the account is fully invested. The composite contains both taxable and nontaxable accounts. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon the beginning period market values calculated in U.S. dollars. The Benchmark for the composite is the MSCI Emerging Market Index and MSCI ACWI Index, presented in U.S. dollars.

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Ebert Capital Management Inc.
Fundamental Value Strategy Composite

As of September 30, 2014

Strategy/Index Name	Inception Date	1 Year Annualized	Annualized Since Inception	Cumulative Since Inception	Annualized Standard Deviation
Fundamental Value Strategy	4/1/13	17.17%	23.34%	34.61%	12.57%
MSCI ACWI Index	N/A	11.33%	13.50%	19.64%	9.86%

Year	Composite Net Return (%)	Benchmark Return (%)	Internal Dispersion	Number of Portfolios	Composite Assets (\$)	Firm Assets (\$)
2013	28.31%	15.34%	N/A	32	\$258,223	\$14,025,000

This strategy combines the strategies of our stock scoring and ETF scoring strategies to maintain a portfolio of value-oriented stocks and ETFs. The portfolio may also use ETFs from fixed income, commodity and other sectors of the investable market. The goal of the strategy is capital appreciation and it is indexed to the MSCI All Country World Index.

The Fundamental Value Strategy consists of accounts that hold domestic stocks with market capitalizations above \$50 million and international stocks of any market capitalization above \$50 million, selected by using the Value Stock Score® Program and MSCI global ETFs, selecting using our proprietary ETF scoring method. The strategy combines the methodologies of both our stock scoring and ETF scoring strategies to maintain a portfolio of undervalued securities from multiple geographic areas. The composite returns represent the total returns as of April 1st, 2013 of all fully discretionary, management fee-paying and non-management fee-paying accounts including those accounts no longer with the firm.

Returns are presented net of actual management fees paid, except in the case of non-fee paying accounts where model fees have been imputed. Fees are described in the firm's *ADV Part 2*. ECM's account inclusion policy is the first full month or the end of the month in which the account is fully invested. The composite contains both taxable and nontaxable accounts. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon the beginning period market values calculated in U.S. dollars. The Benchmark for the composite is the MSCI ACWI Index, presented in U.S. dollars.

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