A NEWSLETTER FOR OUR CLIENTS

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Investment Overview

Markets around the world have continued to rebound strongly since the global bear market ended in late January/early February but the 2nd quarter can best be expressed with one word - Brexit. Although most major stock and bond indices were little changed during the 2nd quarter, Great Britain's vote to leave the European Union on June 23rd rocked global markets before a strong rebound the last week of the quarter.

Exactly what is "Brexit"? It means that the U.K. will formally be leaving the European Union, a 28 country union whose members remain sovereign, but share a common currency, set of laws, and trading and immigration policies. In 2013, now-resigned Prime Minister David Cameron promised a stay/go vote on whether to leave the E.U. if he were reelected. Although public sentiment had begun to lean more strongly in favor of leaving the E.U., Cameron thought a vote presented little risk. He was wrong. Experts around the world had predicted a victory for the stay campaign, a vote which would have meant keeping the status quo.

In the two market-open days after the vote to leave, the British stock market (represented by the FTSE 100 Index) dropped 15.79%, global stocks dropped 9.32% and the Dow Jones Index lost 4.83%. Despite this historic mini-crash, from June 28th through July 14th markets had rebounded strongly - the Emerging Markets gained 9.56% and international stocks overall gained 7.25%, for example.

Brexit dominated the economic news cycles, but the long-term effects to the Global and British economy remain unclear. Many fear a contagion - a theory that one country leaving the E.U. will cause others to leave, thereby weakening the nation-state alliance overall. Many experts also fear recession being caused by the political uncertainty and the policy & trade changes that will need to be made. To be clear, the most powerful economic engine in the E.U. leaving the union is damaging, but it's not devastating.

Stock Highlights

See Pages 2 and 3 for Stock Highlights on the following companies

Company	Market Cap	Portfolio	Country of Origin	Industry
Renewable Energy Inc.	$379 Million	Value Stock Score®	USA	Biodiesel Producer & Distributor
Western Digital Corp	$10.59 Billion	Dividend Value, Global Stock Score	USA	Data Storage

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. This report is for informational purposes only and should not be taken as instruction or solicitation to buy or sell any security. Investing in securities involves risks that may lead to financial losses. Past performance does not guarantee future results.

** 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.

Irrational, panicky sellers sold stocks after the Brexit news, but some investors, like us, saw bargains and took advantage by buying stocks at temporarily cheap levels. Market sell-offs are often like short clearance sales, which we like to take advantage of, but investors need not "respond" to events like this by "acting" or changing their portfolios in some way. A patient investor could be wise to pay no attention to market news. The hardest part of investing is often from "man's inability to sit still in a room", reminding me of the famous Jack Bogle quote: "Don't do something - just stand there!".

Despite U.S. stocks now sitting at all-time high levels, 33 of the world's 45 major stocks markets are down over the past year. This odd dichotomy underlines a couple views: 1. U.S. stocks are overvalued using traditional valuation metrics and 2. non-U.S. markets overall are quite undervalued and present better potential growth.

During the 2nd quarter there was plenty of good economic news to report aside from Brexit. In January, stocks worldwide were at multi-year lows and investor confidence was sapped after the global 2014-2016 bear market, the longest bear market since the Dotcom Crash that ended in 2002. Since early February this year oil prices have risen 73%, economic growth has picked up in many countries, and industrial output in the U.S. has returned to its pre-bear market levels of 2014.

We feel vindicated for being optimistic at the beginning of the year, as we wrote in January, about the potential for the markets. That was largely due to how cheap stocks were and mostly still are. But there remain a couple worries to watch for the remainder of the year. Global growth is still not at the level desired by central bankers who've kept interest rates at historic lows and global debt levels remain elevated because low interest rates have spurred unprecedented growth in sovereign and corporate debt.

In the U.S., value stocks are becoming very hard to find – our portfolios holding many of the few that remain. This may be a sign that the U.S. market is overvalued in general, but nearly all the stocks we own still sell at significant discounts to book value and fair market value.

With central banks worldwide keeping interest rates at/near/below zero for the next several years stocks should remain an attractive alternative to interest bearing investments. Savings accounts, money market funds, and fixed interest investments will probably far underperform inflation for the next few years. Bonds have weathered the zero rate storm well and although rising interest rates mean higher yields, it's likely bonds could face headwinds until interest rates get back to historical norms.

Even as growth improves outside the U.S., the debt levels now seen by some countries and many corporations will weigh on profits for years. The high debt levels also will continue to keep economies and companies highly susceptible to failure if/when commodity prices collapse or when political events become economic events. It seems a slower growing, but more fiscally sound global economy would be far more prepared to weather the various storms that hit markets.

The outlook for the rest of the year probably has little to do with the election too. Theories abound about how elections affect stock and bond markets, but the data shows that if we strip out 2008, the S&P 500 Index has averaged returns of 9.1 per year during election years since 1960. This is close the historical annualized returns of the stock market over that period. Hopefully we can continue to hold most of the stocks we own with less turnover the rest of the year, and of course collect dividends along the way.

Stock Highlights

Company: Renewable Energy Inc.	**Ticker: REGI**
Market Cap: $379 Million	**Country of Origin: USA**
Industry: Biodiesel Producer & Distributor	**Portfolio: Value Stock Score®**
Current Price: $8.67	**DCF Value: $27.14**

Company Overview

Renewable fuels are a leading source of change in the energy industry. The crash in oil prices from 2014 to January of this year has created a cyclical opportunity for renewable fuel companies to be a disruptive force. Fossil fuels and dirty energy like coal will be replaced by alternatives like solar, wind and renewable fuels. In fact, according to an International Energy Agency(IEA) article written in October 2015, “renewable energy will represent the largest single source of electricity growth over the next five years”. (Agency, 2015) Renewable Energy Group Inc. (REG) produces and distributes biodiesel in North America and produces upwards of 257 million gallons of biofuel each year. As the renewable energy industry continues to grow, so do the prospects for REG.

Financial Highlights

Insider purchases are always a good sign and REG's CEO, CFO and board members have been consistent buyers of REG shares on the open market. The original premise when the stock was purchased in 2014 was that REG was the highest scoring stock according to our Value Stock Score® program and it is still very attractive today. The shares sell at a significant discount to book value (a measure of a company's net worth) and revenues. The company has survived the cheap oil period that made renewables less attractive temporarily and sits in a strong financial position with the highest cash and revenue numbers in the company's history.

Investment Thesis

REG has been in our Value Stock Score® portfolio since the Summer of 2014, which is when the global bear market started, and the stock price has dropped since then, but we have purchased more shares as the stock has gotten cheaper. An odd side effect of low oil prices is less interest in renewables and as the oil crash has now ended and oil prices are rising, we expect the cycle to turn in REG's favor. This could lead to a significant gain from current prices, as we deem REG to be substantially undervalued.

Stock Highlights

Company: Western Digital Corp	**Ticker: WDC**
Market Cap: $10.59 Billion	**Country of Origin: USA**
Industry: Data Storage	**Portfolio: Global Stock Score, Dividend Value**
Current Price: $45.46	**DCF Value: $106.46**

Company Overview

Western Digital was founded in 1970 as a data-chip maker and today is one of the largest data storage companies in the world. WDC recently acquired SanDisk, putting the company in a dominant industry position. Western Digital has already been growing at a fast pace through organic growth and acquiring other companies for the last decade plus, so the SanDisk acquisition creates an exciting growth opportunity in a tech area with a promising future - data storage.

Financial Highlight
Western Digital completed the acquisition of SanDisk, its largest competitor in June. This truly transforms the company and the SanDisk acquisition was made at a relatively low price. SanDisk was about 1/3 the size of Western Digital and similarly profitable, with a low debt profile. Both SanDisk and WDC have significant cash balances and very low debt. Despite being a tech company in a fast-evolving industry, the financials say the stock is a traditional value stock. The new company is expected to achieve record earnings and revenues post-merger. Western Digital also pays a nice dividend, which it began in 2013. The dividend history is short, but the company has also made large increases to the dividend and that should continue given the financial strength of the transformed company.

Investment Thesis
Western Digital stock was purchased for our Global Stock Score strategy in May, following a drop from a high of $114/share in 2014 to a multi-year low of $35/share. We were able to purchase the shares at what we feel is a significant discount to fair market value. WDC currently has a Value Stock Score® of 55.17, good enough to be our 4th highest scoring stock at the moment. Hopefully we can achieve full value for the shares in the future, and until then we can again collect significant dividend income.

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 June 30, 2016

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	-4.88%	-0.38%	-1.12%	10.00%	68.89%	18.49%
Russell 2000 Value Index*	N/A	-2.59%	6.35%	20.29%	9.68%	66.20%	15.53%

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
2014	-11.32%	4.22%	17.03%	12.98%	4.82%	69	$2,269,932	$17,000,000
2015	-4.76%	-7.47%	14.69%	13.65%	9.99%	99	$2,810,852	$18,123,181

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.

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 June 30, 2016

Strategy/Index Name	Inception Date	1 Year Annualized	3 Year Annualized	3 Year Cumulative	Annualized Since Inception	Cumulative Since Inception	Annualized Standard Deviation
Global Stock Score Strategy	11/1/12	-16.23%	-2.73%	-7.97%	1.45%	5.30%	20.27%
MSCI ACWI Index Ex-US	N/A	-10.24%	1.94%	5.94%	3.13%	11.67%	12.79%

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
2014	-9.82%	-1.63%	4.37%	78	$2,507,669	$17,000,000
2015	-26.38%	-5.66%	10.55%	93	$2,090,977	$18,123,181

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. 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 June 30, 2016

Strategy/Index Name	Inception Date	1 Year Annualized	3 Year Annualized	3 Year Cumulative	Annualized Since Inception	Cumulative Since Inception	Annualized Standard Deviation
Global ETF Score Strategy	6/27/12	-6.58%	2.49%	7.66%	3.32%	13.66%	16.61%
MSCI Emerging Markets Index	N/A	-12.05%	-1.61%	-4.74%	-0.78%	-3.02%	15.32%

Year	Composite Net Return (%)	Benchmark Return (%)	Internal Dispersion	Number of Portfolios	Composite Assets ($)	Firm Assets ($)
2012	18.98%	14.05%	N/A	19	$553,361	$5,500,000
2013	3.23%	-3.71%	5.12%	60	$1,187,696	$14,025,000
2014	-5.41%	-2.19%	4.77%	80	$1,233,968	$17,000,000
2015	-15.52%	-15.01%	4.92%	80	$1,009,467	$18,123,181

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.

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Ebert Capital Management Inc.
Fundamental Value Strategy Composite
As of June 30, 2016

Strategy/Index Name	Inception Date	1 Year Annualized	3 Year Annualized	3 Year Cumulative	Annualized Since Inception	Cumulative Since Inception	Annualized Standard Deviation
Fundamental Value Strategy	4/1/13	-16.01%	1.15%	3.49%	2.73%	8.92%	19.55%
MSCI ACWI Index	N/A	-3.73%	6.04%	19.24%	5.57%	18.74%	11.59%

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
2014	-2.17%	4.15%	2.72%	43	$645,341	$17,000,000
2015	-19.57%	-2.36%	6.69%	58	$724,038	$18,123,181

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 all 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.

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