

A NEWSLETTER FOR OUR CLIENTS

Contents:

- Market & Investment Overview
- Stock Spotlight
- Required Disclosures
- GIPS® Compliant Performance Reports

Investment Overview

With this Quarterly Investment Report, we waited to complete the final draft until after the election, given the historic and important nature of this year’s presidential campaign. Regardless of anyone’s political view it’s clear that this year’s election was historic and will have effects on capital markets and the U.S. economy for a long time. I will stay away from partisan conversations in the short analysis.

The two candidates running offered two very different world views and a win for one or the other definitely means wildly different policies will be pursued. With President-elect Donald Trump we have few concrete details about his economic agenda as he has given few specifics, but we have some clues.

Tax Reductions

Trump has promised to reduce corporate tax rates and reduce taxes for individuals. His plan offers to simplify the tax brackets into three: 12%, 25%, and 33%. In principle this idea is not new, but the 12% and 33% brackets show that Trump’s plan would actually increase taxes for the wage earners at the bottom of the wage scale and drastically reduce taxes for those at the top. We’ll have to wait and see if this has the desired effect of creating economic growth and hopefully not at the cost of ballooning national debt. The idea is that the wealthy create jobs and reduced taxes will help them offer more jobs.

De-regulation

Again in this area we have precious few details about what a Trump administration would do with the regulatory matrix that spreads across so many areas, though candidate Trump has vowed to drastically reduce regulations. Since we have no idea what specific regulatory changes might occur, it’s impossible to guess what this means for the economy. From the way Mr. Trump has fanned the discussion, it does sound like he may go in a traditional Republican-hoped strategy of reducing the size and impact of government regulations.

Trade & Tariffs

On trade issues, Mr. Trump has been clearer with his intentions than other policy areas. He plans for the U.S. to withdraw from

Stock Highlights

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

Company/ Country	Market Cap	Portfolio	Country of Origin	Industry
Barclays PLC ADR	\$37.56 Billion	Global Stock Score	England	Banking
Mexico iShares ETF	\$1.01 Billion	Global ETF Score (Emerging Markets)	Mexico	Consumer, Materials, Financial Services

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.

the TPP, renegotiate or pull out of NAFTA, file trades cases against China and apply tariffs in a way that would punish companies leaving the U.S. for lower cost countries and likely increase import costs for countries bringing salable goods into the U.S. No modern president has proposed to so drastically withdraw from the global nature of modern economics in this way, so we have no precedent for how this will affect the economy. Mr. Trump believes these new rules would reduce the number of manufacturing jobs overseas and benefit the U.S. from rearranging trade deals that would benefit the U.S. more than our trading partners.

Again, only time will tell if these moves help or hurt American workers and the U.S. economy. If successful, the moves would reduce the outflow of unskilled or semi-skilled labor jobs. If unsuccessful, we could see the increased cost of imports simply being passed onto consumers of import products via increased prices.

Market Overview

The U.S. stock market has been steadily recovering from what was a down or flat period and foreign stock markets have largely had very strong performance since February. As we’ve written about, foreign stocks markets experienced a significant bear market from June of 2014 through January of 2016. During this period, foreign stock markets were down for more than 2 years straight and 2015 was a down year for U.S. stocks. During that period emerging market experienced a bear market that at its worst approached a 30% decline. The All-Country World Index excluding U.S. stock declined 27.13% from June 2014

through February 12th, 2016. These markets and U.S. stocks are in recovery in 2016 with the Russell 200 Value Index up 15.49% as of Sept 30th, while the All Country World Index is up 5.79% year-to-date. (Google Finance, 2016)

Little has changed economically between the depths of the bear market and the current bull market, other than a slight increase in oil prices and investors' more positive mood. The oil market has recovered some, but not drastically. The energy sector, including oil, renewables and other types of energy appears to still be quite undervalued.

There have also been few changes in our portfolios between the period of the global bear market and now, other than investor perceptions of the businesses we and our clients own. The energy sector is showing signs of recovery and we for the most part still own most of the beaten down stocks we purchased during the bear market.

The bond market has performed well this year, though Trump winning the election seems to be causing some dramatic short-term volatility in interest rates and with high-yield and long-term bonds. The Federal Reserve has yet to make a second rate increase this year, but hints are showing that a December raise is coming. This will likely lead to more short-term instability in the bond market, but we do feel like our bond portfolios are constructed to deal with rising interest rates well.

Stock Highlights

Company: Barclays PLC ADR	Ticker: BCS
Market Cap: \$37.56 Billion	Country of Origin: England
Industry: Banking, Mortgage Loans	Portfolio: Global Stock Score, Fundamental Value
Current Price: \$10.11	DCF Value: \$19.98

Company Overview- One of the most important financial topics of the year, the vote for the British Exit (aka Brexit) from the European Union shocked the world in June 2016 sending international markets plunging. We were able to take advantage of the short-term selloff in British bank stocks by buying shares of Barclays for our Global Stock Score and Fundamental Value portfolios. Barclays in our opinion is the healthiest and best capitalized British bank. Their deposit base is enormous and Barclays has significantly less debt than most of its European banking peers. We first purchased Barclays shares in late June, after the stock cratered, with our initial purchases around \$7 per share. The share price is now above \$10 and we calculate the stock is worth close to \$20 per share.

Financial Highlights- The stock has been punished by investors for years but the company financials are sound. Barclays' debt to equity ratio, a safety metric, has decreased dramatically over the last 5 years. Barclays management team aimed to reduce its loan portfolio risk, deleverage and remain one of the

healthiest European banks – and they've accomplished these things fairly quickly. At the moment, Barclays tangible book value is \$18.72 per share. With earnings increasing, debt decreasing and a solid 3.28% dividend yield, it seems likely we'll own Barclays shares for years to come. (Gurufocus, 2016)

Investment Thesis- At the time of purchase, Barclays was among the top scoring foreign stocks according to the Value Stock Score[®] program. That is a must for any company to be selected, but beyond that its interesting that we purchased a British bank right at the time that sector could have been considered the most hated area of global equity markets. These are the ways one finds value though – find healthy companies in the most unpopular sectors. There are often forced sellers in these environments, creating a bit of a foreclosure auction mentality that can lead to quality investments for prudent and unemotional value investors.

Stock Highlights

GES Country: Mexico	Ticker: EWW
Market Cap: \$1.01 Billion	ETF Name: iShares MSCI Mexico
Industries: Food & Beverage, Tobacco, Chemicals Etc.	Portfolio: Global ETF Score
Current Price: \$52.13	

Country Overview- Mexico has been another hot topic this year for financial professionals and political candidates, so we thought our investment in the iShares Mexico ETF for our emerging markets strategy would be interesting. Our Global ETF Score Strategy, which recently received a top performance ranking, has owned the Mexico ETF since April 2014. The Mexico ETF was chosen at that time because it was among the top scoring Countries in the world according our Global ETF Score scoring system.

Although Mexico is involved in a lot political headlines this year, our neighbor to the South sports some strong financial numbers. With an unemployment rate of 4%, less than that of the U.S, Mexico's economy has been improving since the hit it took during the financial crisis of 2008. (Worldbank, 2016) Mexico's economy is very much reliant on the services sector, whereas GDP from manufacturing and construction rank a distant 2nd and 3rd. About 63.5% of GDP comes from the services sector and industrial activity accounts for another 32.8% of the economic pie. Agriculture only counts for 3.6% of the total economic picture. (Agency C. I., 2016)

Financial Highlights- In addition to low unemployment, Mexico's national debt is relatively low with a debt/GDP ratio of about 43%. By comparison, the U.S. has a debt/GDP ratio of 104%. Although the U.S. election results have had a short-term very negative impact on the strength of the Peso, Mexico's inflation rate is an impressive 3.06%. GDP growth in Mexico

has slowed in recent years, but it remains steady at about 2% per year. Should the trade deal changes discussed by Mr. Trump not overly hurt the economy, Mexico seems to be on a continued upward trajectory. Although the Mexican economy has slowed, it is still considered an emerging market and Mexico's financial health is important and impactful for the U.S. economy (www.tradingeconomics.com, 2016)

Investment Thesis- The reason why we chose to include the Mexico ETF in our Global ETF Score is largely because their financial metrics show them to be safer than those of other countries. While Mexico has experienced its fair share of financial problems, they are no longer in the perpetual trouble they seemed to be in for much of the 1980's and 1990's, such as the Mexican Peso crisis of 1994 and the 1982 debt crisis. This relative stability Mexico has experienced over the past several decades as well as the lower debt level when compared to other countries, are a few of the reasons why we are holding the iShares MSCI Mexico ETF and likely to do so for a long time.

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.

Ebert Capital Management Inc.
530 F Street
Eureka, CA 95501
Telephone: (707) 407-3813
Toll-free Fax: (855) 407-3815
Email: info@ebertcapital.com

Ebert Capital Management Inc.
Value Stock Score® Strategy Composite

As of September 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 - Net of Fees	12/01/10	17.65%	0.75%	2.28%	10.88%	81.11%	18.29%
Value Stock Score® Strategy - Gross of Fees	12/01/10	19.13%	1.63%	4.98%	11.72%	89.14%	18.24%
Russell 2000 Value Index*	N/A	18.81%	6.77%	21.72%	10.87%	80.96%	15.32%

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

This strategy generally maintains 24 positions. This strategy consists of U.S. stocks only and the benchmark is the Russell 2000 Value Index. The strategy holds positions in what we consider to be undervalued, safe and profitable companies. The benchmark index for the Value Stock Score® Strategy from the Russell 2000 Index to the Russell 2000 Value Index.

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 and gross 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, 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 - Net of Fees	11/1/12	21.40%	-5.80%	-16.41%	2.86%	11.43%	19.75%
Global Stock Score Strategy - Gross of Fees	11/1/12	22.94%	-4.55%	-13.04%	4.27%	17.39%	19.85%
MSCI ACWI Index Ex-US	N/A	9.26%	0.95%	2.88%	4.73%	19.39%	12.59%

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 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 November 1st, 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.
Global ETF Score Strategy Composite

As of September 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 – Net of Fees	6/27/12	14.36%	-2.98%	-8.68%	2.87%	12.51%	16.07%
Global ETF Score Strategy – Gross of Fees	6/27/12	15.72%	-1.71%	-5.04%	4.20%	18.71%	16.17%
MSCI Emerging Markets Index	N/A	16.79%	-0.60%	-1.79%	1.35%	5.74%	15.10%

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 five country-specific ETFs at a time. 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 and gross 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, presented in U.S. dollars.

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Ebert Capital Management Inc.
Fundamental Value Strategy Composite

As of September 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 – Net of Fees	4/1/13	20.33%	1.79%	5.46%	5.78%	21.15%	19.24%
Fundamental Value Strategy – Gross of Fees	4/1/13	21.47%	2.88%	8.90%	6.97%	25.91%	19.33%
MSCI ACWI Index	N/A	11.11%	4.91%	15.47%	6.52%	24.09%	11.35%

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.

Returns are presented net and gross 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, presented in U.S. dollars.

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Ebert Capital Management Inc.
Conservative Income Strategy Composite

As of September 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
Conservative Income Strategy - Net	8/1/11	11.41%	4.12%	12.87%	2.53%	13.56%	5.06%
Conservative Income Strategy - Gross	8/1/11	12.70%	5.87%	18.67%	3.78%	20.74%	5.19%
BarCap US Aggregate Bond Index	N/A	5.22%	4.03%	12.59%	3.48%	19.00%	2.68%

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 (\$)
2011	1.48%	3.35%	N/A	N/A	N/A	2	\$33,485	\$740,775
2012	2.33%	4.23%	N/A	N/A	.71%	19	\$1,433,199	\$5,500,000
2013	-2.27%	-2.02%	N/A	N/A	1.64%	36	\$1,275,057	\$14,025,000
2014	5.03%	5.95%	5.05%	2.89%	1.55%	48	\$1,712,661	\$17,000,000
2015	-5.58%	0.57%	5.26%	2.73%	1.39%	77	\$2,276,207	\$18,123,181

The Conservative Income Strategy consists of all accounts that hold bond ETFs selected with the aim of providing principal protection and income using low-cost bond index ETFs of varying maturity and bond quality. The composite returns represent the total returns as of August 1, 2011 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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