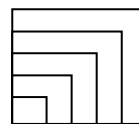


Wenzel Analytics, Inc. Brochure



Wenzel
Analytics
Inc

1. Cover Page

Lee Wenzel
8666 Westwind Circle
Eden Prairie, MN 55344
Lee@WenzelAnalytics.com; 952-944-2699

This brochure provides information about the qualifications and business practices of Wenzel Analytics, Inc. If you have any questions about the contents of this brochure, please contact us at 952-944-2699 or Lee@WenzelAnalytics.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Wenzel Analytics, Inc. is a Registered Investment Advisor with the State of Minnesota. The designation implies certain reporting requirements and financial protections in the event of errors and omissions. It does not imply a certain level of skill or training.

2. Material Changes

This brochure does not contain any material discrepancies from information posted on the Wenzel Analytics.com website or contained in our Letter of Agreement.

3. Table of Contents

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4. Advisory Business

Wenzel Analytics, Inc. is a sub-chapter S Minnesota corporation owned entirely by LeRoy (Lee) Wenzel.

The purpose of Wenzel Analytics, Inc. is to buy and sell securities in client accounts in such a manner as to over time achieve client goals more efficiently than through other avenues. For each client we determine an allocation that balances goals of doing better than the market, or to have less volatile returns.

While client fees may be withdrawn from the custodial brokerage account, Wenzel Analytics does not have custody of client funds. Strictly speaking, Wenzel Analytics is not an advisory business as positions are bought and sold without advising or informing the account owners. Wenzel Analytics makes decisions as to what to buy or sell, in conformance with general instructions you as a client have provided but does not have the ability to withdraw client funds beyond the normal fees charged.

Wenzel Analytics, Inc. has been managing other people's money (OPM) since 1/1/2002. Performance for all funds managed since that time, and more recently, is reported at www.WenzelAnalytics.com. Alternative strategies used by Wenzel Analytics, and respective portfolios, are described along with performance metrics at www.WenzelAnalytics.com.

When comparing performance to alternative money managers, such as mutual funds, it is important to compare the performance of the entire family of funds or all funds managed by the company. Typically, mutual fund companies close out poorly performing funds, transfer the assets to the more successful funds, and the track record of the poorly performing fund goes away. Similarly, when deciding between Wenzel Analytics and financial planning firms, comparisons should be made to the track record for all funds managed by each firm rather than to returns for selected individuals or types of investments.

An alternative to mutual funds.

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Lee@WenzelAnalytics.com
www.WenzelAnalytics.com

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5. Fees and Compensation

Each household is charged a fee of one hundred fifty dollars (\$150) per quarter. There is an additional \$25 fee for each brokerage account. The third component is a quarterly management fee of 0.15% (15 basis points) of the valuation at the end of the quarter. Fees are pro-rated to take account of significant additions or withdrawals during the quarter.

Clients are invoiced at the end of each quarter along with the quarterly report. Fees may be paid directly to Wenzel Analytics or clients may choose to have the fees withdrawn from their brokerage account.

No fees are paid in advance. No income is received from mutual funds or any other third party, such as commissions or for the sale of financial products.

6. No Performance-Based Fees

Wenzel Analytics has no performance-based fees. Few of our clients are accredited investors, and thus are not eligible for performance-based fees.

7. Types of Clients

All clients are individuals rather than institutional. Accounts may be traditional IRAs, Roth IRAs, taxable accounts or trusts. There are no stated minimum account sizes, although the flat fees make smaller accounts of less than \$160,000 expensive as the total fee exceeds one percent annually. Each client chooses their allocation divided between alternative goals of 1) exceeding the market, 2) exceeding a down market, 3) high income or 4) matching the market. We generally use preferred stocks in place of bonds for fixed dividends going forward of between six and ten percent annually, plus gains from buying at a discount to the \$25 par.

8. Methods of Analysis, Investment Strategies and Risk of Loss

All positions are selected by and balanced between one of three strategies or methodologies. In general, more attention is devoted to the selection criteria for each strategy and portfolios within each strategy than to selecting the individual position.

One strategy is to make selections based on a convincing logic or persuasive story about a stock or category of stocks. Examples include emerging market country funds, small-cap high dividend stocks, resource

scarcity positions and a variety individual stocks that are believed to be poised for significant gains.

A second strategy is to buy stocks recommended by financial newsletters or other sources that have externally verifiable exceptional track records of ten years or more.

A third strategy is to derive sets of screen criteria from large databases (500,000 records or more and 80 columns covering ten years or more). The selected screens must work in all market conditions and have consistent results from the majority of stocks selected within a screen rather than all the high returns being from one or two positions or time periods. Like the Tested Source strategy, this strategy is based empirically on what works. Lee has taken five graduate courses in statistics and has spent many years evolving this methodology.

Positions can go down in price, and most all positions can go down at the same time. While the term "risk" is often used to describe this possibility, risk is measured by standard deviation and thus measures increases as well as decreases. While stocks and markets sometimes trade in a random fashion and at such times can be measured by standard deviation, markets are more fractal than normally distributed. A fractal dimension indicator is used to evaluate whether a stock is trading randomly, trading in a range, moving in a trend, and whether that trend is about to end. In an up-trending market we prefer stocks that have dropped and now are resuming an accelerated up trend. In a down-trending market we prefer stocks that are maintaining an upward momentum.

We do not trade on margin or sell positions short. Margin accounts are encouraged for non-IRA accounts in that it makes it more convenient for withdrawals or very short-term negative balances when a stock's price has gone up between the time it was selected and the time it was purchased.

9. Disciplinary Information

Wenzel Analytics, Inc. has not been involved in any legal or disciplinary proceedings.

10. Other Financial Industry Activities and Affiliations

Occasionally Wenzel Analytics will assist clients or any other interested persons in using a Monte Carlo to project retirement needs and resources. This is always done at no charge and outside the scope of Wenzel Analytics services, which are limited to money management. Similarly, without charge, facilitation services are occasionally provided to families to assist in financial decisions.

The only other business relationships of Wenzel Analytics, Inc. are to purchase things such as publications, data subscriptions, office equipment, insurance and banking services.

As a volunteer, Lee hosts two monthly investment discussion groups.

11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Wenzel Analytics does not have a material interest in any securities that would influence a decision to buy or sell such securities in client accounts. Personal accounts are dealt with the same as any other accounts, except that they do not pay a management fee.

12. Brokerage Practices

Clients are required to custody any managed account with Interactive Brokers. This makes it possible to quickly and without errors sell a position that may be in twenty accounts. Similarly, once a buy list of stocks for each portfolio is developed, and the appropriate positions are selected to balance the allocations for each account, an order for a large number of positions can be uploaded and placed within a matter of a couple minutes. This also eliminates the need to allocate purchases or sold securities to specific accounts following an aggregate transaction. Most trades at Interactive Brokers have a trading commission of less than one dollar. Commissions are based on the number of shares and provide lower net costs than the alternative of no commissions but having the broker do payments for order flow. Interactive Brokers has a minimum ten dollar quarterly fee for commissions.

No research services or other "soft dollar" benefits are received from Interactive Brokers. Interactive Brokers does not refer clients to Wenzel Analytics.

Each client has a relationship with Interactive Brokers as their broker. Wenzel Analytics is not an Interactive Brokers employee or representative. Wenzel Analytics prefers to not be a communication channel between Interactive Brokers and mutual clients, although it is often convenient to be in the loop on matters such as withdrawals and Required Minimum Distributions. New accounts at Interactive Brokers are opened by Wenzel Analytics sending the client a link.

13. Review of Accounts

An extensive review of all accounts is done at the end of each quarter and mailed to all clients. Clients are encouraged to request a review at other times, either over lunch or in my office. All positions are reviewed weekly and often daily to determine if a sale is appropriate.

14. Client Referrals and Other Compensation

There is no compensation for referrals either to or from Wenzel Analytics.

15. Custody

As the custodian of all accounts, Interactive Brokers records are the official records. Any data from Wenzel Analytics is merely for purposes of interpretation and appraisal of performance but are not an official record of balances or transactions.

16. Investment Discretion

Wenzel Analytics has what is called discretionary authority to buy and sell securities without client involvement in each transaction. If clients have social criteria for positions to avoid, those preferences are taken into account when selecting positions to buy. The authority for this discretionary trading is part of the Agreement with Wenzel Analytics and part of a form signed with Interactive Brokers.

17. Voting Client Securities

Wenzel Analytics does not vote on clients' securities. Occasionally when requested by a client a perspective is given to the client on the implications of a specific proxy.

18. Financial Information

Wenzel Analytics does not charge fees in advance and does not have custody of client funds.

19. Requirements for State-Registered Advisers

Wenzel Analytics is the private money management practice of Lee Wenzel, who is the only staff person. Prior to 2002 and the beginning of this business he was a business analyst assisting large corporations in designing and evaluating data warehouse capabilities. In the 1980's he was a corporate manager for Honeywell, Inc. responsible for behavioral health policies and programs. A major thrust was to provide supplemental mental health and substance abuse programs, since they tend to not be an insurable risk. Procurement of such services is done through selected vendors in a manner similar to other training and educational services. For about ten years after leaving Honeywell Lee was a consultant to large organizations on the procurement of chronic health services. Prior to Honeywell, Lee owned and operated an employee assistance firm. He was a financial counselor at Family and Children's Services of Minneapolis (now Family Partnership) in the late 70's, and was the executive director of Council Bluffs Family Services in the early 70's.

In the 90's Lee completed the coursework and orals for a Ph.D. from the University of Minnesota. He was in the midst of the dissertation when our son Scott died, and realized that the degree had no practical or business purpose. The research methodology and statistics courses have been very valuable.