

Fund Summary

The VE Small Cap portfolio selects stocks based on the forecast returns. The selection criteria also include \$1 for minimum market price, \$50 millions for minimum market cap, \$1 billion for maximum market cap and 100 thousands for minimum average volume. The portfolio has 15 stocks and is rebalanced once a month. The dividends (but no transaction costs) were included in the performance calculations.

Positions for 2017 Issue #2

Primary

Ticker	Company Name	Entry Price	1-Y Forecast	Industry Name
AHT	ASHFORD HOSPITY	7.60	20.30%	REIT-EQTY TRUST - OTHER
ANW	AEGEAN MARINE	11.05	23.59%	TRANSPORTATION-SHIP
ATW	ATWOOD OCEANICS	12.16	23.54%	OIL & GAS-DRILLNG
DLNG	DYNAGAS LNG PTR	16.42	21.36%	TRANSPORTATION-SVCS
HOV	HOVNANIAN ENTRP	2.37	24.95%	BLDG-RESIDENT/COMMRCL
KCG	KCG HOLDINGS	13.97	15.02%	FINANCE-INVESTMENT BKRS
KNOP	KNOT OFFSHOR LP	21.80	14.12%	TRANSPORTATION-SHIP
LGIH	LGI HOMES INC	31.06	15.11%	REAL ESTATE DEVELOPMENT
OFG	OFG BANCORP	13.25	16.71%	BANKS-NORTHEAST
PFSI	PENNYMAC FIN SV	16.90	17.78%	FINANCE-MRTG & REL SVC
PNNT	PENNANTPARK INV	7.89	16.55%	FINANCE-SBIC & COMMRCL
RYI	RYERSON HOLDING	10.60	38.71%	STEEL-PRODUCERS
SXCP	SUNCOKE ENERGY	16.45	36.71%	COAL
WLH	WILLIAM LYON HM	17.65	23.74%	BLDG-RESIDENT/COMMRCL
WRLD	WORLD ACCEPTANC	49.07	31.96%	FINANCE-CONSUMER LOANS

Buy: ANW, HOV, KCG, KNOP, LGIH, PFSI, PNNT, WLH, WRLD

Hold: AHT, ATW, DLNG, OFG, RYI, SXCP

Sell: CORR, FOR, HMST, KRA, MITT, RAS, RM, UIS, WNC

Alternative

Ticker	Company Name	Entry Price	1-Y Forecast	Industry Name
ECPG	ENCORE CAP GRP	30.95	11.65%	FINANCE-CONSUMER LOANS
MHO	M/I HOMES INC	25.14	12.00%	BLDG-RESIDENT/COMMRCL
ORIG	OCEAN RIG UDW	1.41	11.86%	OIL & GAS-DRILLNG
SDLP	SEADRILL PTNRS	4.06	13.64%	OIL & GAS-DRILLNG
TOO	TEEKAY OFFSHORE	5.81	11.83%	TRANSPORTATION-SHIP

Results for 2017 Issue #1

Stock Performance

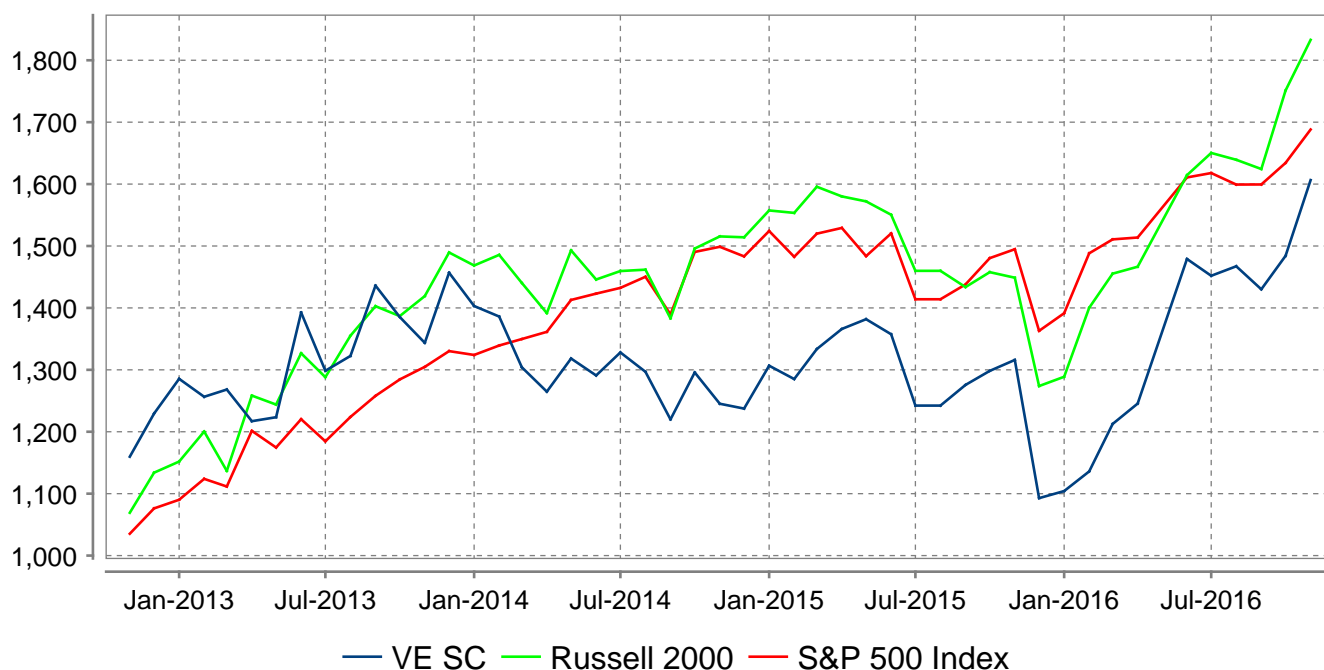
Ticker	Company Name	Entry Price	Dividend	Exit Price	1-M Return
AHT	ASHFORD HOSPITY	7.76	-	7.60	-2.06%
ATW	ATWOOD OCEANICS	13.13	-	12.16	-7.39%
CORR	COREENERGY INFRA	34.88	-	35.90	2.92%
DLNG	DYNAGAS LNG PTR	15.98	0.42	16.42	5.40%
FOR	FORESTAR GROUP	13.30	-	13.05	-1.88%
HMST	HOMESTREET INC	31.60	-	26.20	-17.09%
KRA	KRATON CORP	28.48	-	26.86	-5.69%
MITT	AG MORTGAGE INV	17.11	-	17.52	2.40%
OFG	OFG BANCORP	13.10	-	13.25	1.15%
RAS	RAIT FINL TRUST	3.36	0.09	3.46	5.65%
RM	REGIONAL MANAGE	26.28	-	25.01	-4.83%
RYI	RYERSON HOLDING	13.35	-	10.60	-20.60%
SXCP	SUNCOKE ENERGY	19.25	-	16.45	-14.55%
UIS	UNISYS	14.95	-	12.85	-14.05%
WNC	WABASH NATIONAL	15.82	0.06	17.65	11.95%

Portfolio and Benchmark Performance

Ticker	Name	Entry Level*	Exit Level	1-M Return
	VE Small Cap Strategy			-3.91%
	Russell 2000	1357.13	1361.82	0.35%
	S&P 500 Index	2238.83	2278.87	1.79%

Tracking Historical Performance

Wealth Accumulation (Starting \$1000 in November 2012)



Annual Returns

Year	VE SC	Russell 2000	S&P 500 Index
2013	18.50%	31.37%	23.60%
2014	-15.06%	1.65%	11.50%
2015	-11.69%	-15.87%	-8.11%
2016 YTD	47.01%	43.90%	23.86%

Performance Summary

	VE SC	Russell 2000	S&P 500 Index
Last 12-Month Return	23.74%	25.74%	14.03%
Last 3-Year Return	15.96%	32.17%	31.43%
Since Inception	60.65%	83.29%	68.82%
Average Monthly Return	1.18%	1.37%	1.15%
Average Annual Return	15.07%	17.73%	14.67%
Annual Volatility	21.42%	15.62%	11.09%
Maximum Drawdown	-24.99%	-20.17%	-10.87%
Sharpe Ratio	0.704	1.135	1.323
Sortino Ratio	1.196	1.799	1.612
Correlation with S&P 500	0.636	0.870	1.000

Backtesting Historical Performance

Annual Returns

Year	VE SC	Russell 2000	S&P 500 Index
2002	38.08%	-21.58%	-23.37%
2003	158.18%	45.37%	26.38%
2004	45.99%	17.00%	8.99%
2005	40.09%	3.32%	3.00%
2006	24.24%	17.00%	13.62%
2007	-7.65%	-2.75%	3.53%
2008	-37.15%	-34.80%	-38.49%
2009	5.16%	25.22%	23.45%
2010	40.24%	25.31%	12.78%
2011	-3.84%	-5.45%	-0.00%
2012	37.64%	14.63%	13.41%
2013	60.67%	37.00%	29.60%
2014	-1.73%	3.53%	11.39%
2015	8.26%	-5.71%	-0.73%
2016	24.05%	19.48%	9.54%
2017 YTD	-3.43%	0.35%	1.79%

Performance Summary

	VE SC	Russell 2000	S&P 500 Index
Last 12-Month Return	43.52%	31.53%	17.45%
Last 3-Year Return	34.51%	20.42%	27.84%
Last 5-Year Return	164.82%	71.77%	73.64%
Average Monthly Return	2.04%	0.72%	0.47%
Average Annual Return	27.48%	9.01%	5.74%
Annual Volatility	28.86%	19.08%	14.31%
Maximum Drawdown	-61.19%	-54.08%	-52.56%
Sharpe Ratio	0.952	0.472	0.401
Sortino Ratio	1.306	0.662	0.512
Correlation with S&P 500	0.712	0.891	1.000

This is a long term historical backtest of this portfolio. Returns are calculated using historical data, and include dividends but not trading costs. For recent actual traded returns starting January 2017, please visit www.ValuEngineCapital.com.

DISCLAIMER

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