

# THE LANCZ LETTER

LanczGlobal, LLC. Independent Investment Research and Analysis  
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## MYOPIC MOMENTUM

Last summer when we started to accumulate energy companies after the sector's poor performance, most analysts were significantly underweighting the sector. Consensus opinion was solely looking at the negatives, like fracking putting a cap on any significant/sustainable rise in price, a stock glut with the huge Saudi Arabia IPO upcoming, and back-to-back mild winters decreasing demand, just to name a few. **It is times like these when the consensus is so overwhelming in one direction and the valuation is so solidly out-of-favor that the best long-term opportunities arise. This occurs in reference to entire sectors as well as individual stocks.** Two special situation stocks we also featured last summer were Crocs and Twitter, both trading near new lows. Crocs was written off as a company that had its day, and its outlook was bleak on Wall Street. Twitter was also discarded as a platform losing nearly as many frustrated subscribers as they were gaining, with no succinct plan to monetize its base. Crocs stock has more than doubled in the past seven months while Twitter is gradually garnering investor interest after advancing over 25%. **Both these stocks, as well as our energy overweighting, not only dramatically outperformed a strong market, but did so with far less risk** because expectations (and subsequent valuations) were so low at the time of our recommendation. **The higher the general averages rise the greater the importance of these risk management parameters.**

The next sector we are starting to find long-term bargains that have exceptional risk-to-reward in is also written off, just like energy just a few quarters ago. In fact, most analysts do not even discuss utilities today. In the face of rising interest rates the entire sector is totally discarded (sound familiar?). When you combine this current disdain of the utility sector with a few quality companies having the dual hit of being over-sold for temporary reasons, the opportunity only intensifies. Any investor with a multiple year horizon should take advantage of weakness in both **Scana Corporation (SCG)** and **Edison International (EIX)**.

Even with its recent all stock takeover offer from Dominion, we feel Scana, in the upper thirties/low forties, has one of the best risk-to-reward metrics we have uncovered since last summer. Scana stock, already more than discounted its severe problems with its incomplete nuclear project and now, combined with its added punishment from the sell-off in the utility sector, the stock's long-term total return potential is substantial. Another opportunity that is not 50% off from its highs but still down from over \$80 to \$61 is Edison International. EIX has taken the "dual" hit of the sell-off in utilities combined with investor concerns regarding the company's liability with the recent California wildfires. **Over the past three decades, we have found that typically such temporary events present exceptional entry levels for the long-term investor.**

## STEPHANIE SAYS...

Starting my 8<sup>th</sup> year at LanczGlobal, I feel that it is a good time to reflect on the prior year. It is easy to look back at my purchases of Crocs just below \$6 a share in early May, or subsequent purchase of Twitter, when both stocks were approaching new lows. It was apparent that Twitter had merger and acquisition potential that could resurrect its depressed stock. However, it is important to remember not to buy only because of merger and acquisition or takeover speculation. I did not buy a full position of Twitter, like I did with Crocs, because of their lack of subscriber growth presumably to the group's 'fake news' phenomenon. Being part of the dynamic business world, we have always emphasized learning from our mistakes. My biggest mistake of 2017 was not shorting Snapchat. This not only would have been an extremely profitable investment, but for a "short" recommendation in a bull market SNAP processed the exact risk-to-reward profile we seek in our research.



A quick follow-up to the last Stephanie Says regarding the development of our internship program. Dave Proudfoot, Debbie Hehl, and now Miranda Hernandez have done an excellent job running the program and making it a valuable experience for the majority of candidates that are accepted. This past year, I was lucky enough to take on a larger role in the process, and I really enjoyed interacting with the interns at many different stages of the internship program including sitting in on some interviews and working on projects with them. It continues to fascinate me to see which interns progress and learn from our processes and strive to always be better and which ones do what is asked but do not really contribute, learn, and grow. The caliber of the interns selected continue to be impressive with many having advanced degrees, experiences at international banks or brokerages firms, and some already having industry certifications like CFA or CFP. Mr. Proudfoot has done an excellent job in implementing a solid and definitive process (just like LanczGlobal did decades ago in the due diligence investment research arena) to attract some of the best and most creative financial young minds on the planet.

*Stephanie Lancz, Jan. 16, 2018*

January 22, 2018

At this stage of the bull market it is important to focus on the select areas this market gives you. Despite the fact that we are approaching one of the longest periods in history without at least a 5% correction, the markets are still giving the select investor opportunities to participate on a risk adjusted basis. In other words, rather than chasing the high flyers we accumulated years ago at a fraction of current valuation, investors should prudently invest in companies that currently offer favorable risk-to-reward.

On Bloomberg last month we discussed specific examples in energy, and the importance of having the resolve to adhere to disciplined buying and valuation parameters. As an example, we highlighted [Occidental Petroleum \(OXY \\$75.55\)](#), then at new lows, below \$60, last summer in a [Barron's](#) interview, and by mid-December its stock was well over \$70 and no longer in bargain territory. So, during the aforementioned Bloomberg interview last month, rather than continuing to buy OXY, we suggested accumulating another energy opportunity that was still near new lows at just above \$62 – [Schlumberger LTD \(SLB\)](#). This morning no fewer than a half dozen brokerage firms have upgraded SLB to buy, but this was only after the stock has advanced more than 20% since mid-December. For our members/subscribers it is too late to buy, and we wonder where all these firms were a month ago when the stock was touching on new lows. It is interesting to note that since the Bloomberg interview, while SLB is up 24%, Occidental is up a little over 6%.

Just like we did with energy last summer, it is time to start accumulating another out-of-favor sector that has several industry leaders hitting new lows despite this record breaking market. It is good that we have avoided Treasuries because they have been slammed this year, but one sector punished by higher interest rates is utilities. Two in particular that have been among the worst performers currently offer exceptional long-term total return potential – [Scana Corp. \(SCG\)★★](#), which has plunged from over \$70 to new lows between \$37 and \$42 a share. This is despite the fact that Dominion Energy (D) has offered to acquire the company after the stock plunged on news of its failed nuclear project. Either way, with SCG yielding close to 6% and with the negative news much overblown at this stage, this stock should be accumulated into weakness. We also featured last week another down and out utility, but to a much lesser extent than Scana. Since early December [Edison International \(EIX\)★★★](#) stock has plunged from the \$80 level to \$61. The only other time EIX had a yield exceeding 4% was back in 2009. LanczGlobal does not believe interest rates will continue to advance at its latest pace, which has definitely spooked the income investor. Combine this with overblown concerns on the nuclear closing for Scana and the liability regarding the wildfires in

California in the case of Edison International, and their long-term potential is very favorable from current depressed valuations.

**Star Confidence Ratings:** ★ - Lower Confidence; ★★★ - Average Confidence; ★★★★★ - High Confidence

## LANCZ INTERNATIONAL PORTFOLIO

### Latest Commentary

**January 17, 2017-** We are staying fully invested despite yesterday's wild late sell-off that gave away huge gains and further record closes. Earnings should be good with guidance even better, with the euphoria from tax cuts. The fact that not only companies are falling over themselves announcing employee bonuses, but repatriation of foreign assets should be the next string of announcements now that companies have had time to analyze various scenarios. All of this bodes well for the continued upward trend as we ride the wave for now, particularly with better valuations globally. By the end of this week the S&P 500 will establish another new record - the longest period of time without at least a 5% correction.

**December 20, 2017-** While LanczGlobal is still finding bargain priced opportunities and our cash level is at its lows, it should be noted that further strength into this tax reform plan will turn us into net sellers. There are still opportunities, but at least partial profit taking is warranted as valuations continue to rise. We have just a few new recommendations with most purchases being old favorites and recent recommendations that continue to weaken. Volatility should increase markedly, with smaller caps and special situations with the new tax scenario the most vulnerable. It is also time to selectively accumulate the best losers of 2017 as they get hit with year-end tax loss selling.

### Latest Market Activity

**Buys:** 8500 XL @ \$34.19 (1/10), 2000 CHL @ \$49.42 (1/10), 4000 CTL @ \$16.70 (1/2), 6500 ENB @ \$38.94 (12/28), 3000 GSK @ \$35.34 (12/26), 300 AGN @ \$136.99 (12/22), 4000 GG @ \$12.48 (12/21), 4000 HP @ \$59.59 (12/20), 6000 HP @ \$57.99 (12/19), 4000 GG @ \$11.80 (12/12), 3000 CHL @ \$48.90 (12/8), 5000 CVA @ \$14.65 (12/7), 2000 MRK @ \$54.31 (12/6), 3000 ABX @ \$13.60 (12/6), 5000 DDAIF @ \$81.30 (12/1), 15000 NWL @ \$28.57 (11/24), 10000 PBI @ \$9.78 (11/21), 5000 ANDE @ \$29.83 (11/21), 1500 SLB @ \$61.14 (11/16), 1500 WHR @ \$158.91 (11/15), 12000 PBI @ \$9.53 (11/15), 2000 SLB @ \$61.19 (11/15), 7000 CTL @ \$14.10 (11/15), 400 AGN @ \$169.68 (11/13), 3000 ANDE @ \$29.70 (11/13), 12000 JBLU @ \$18.81 (11/8), 4000 HRL @ \$30.77 (11/6), 7000 CTL @ \$16.15 (11/6), 1000 AGN @ \$169.88 (11/1), 1000 NGG @ \$60.53 (11/1), 5500 QCOM @ \$50.13 (10/31), 10000 NOK @ \$4.83 (10/26), 6000 HRL @ \$29.81 (10/25), 3800 WHR @ \$159.85 (10/25), 5500 CHL @ \$50.11 (10/25), 3500 GG @ \$12.18 (10/25), 11000 SLB @ \$61.56 (10/20)

**Sells:** 4000 TWTR @ \$25.56 (1/12), 25000 CVA @ \$17.15 (12/26), 20000 IMAX @ \$25.00 (12/21), 18000 FIT @ \$7.13 (12/11), 4000 GRFS @ \$23.11 (11/22), 3000 VEOEY @ \$24.60 (11/15), 1500 OXY @ \$69.01 (11/7), 10000 SLB @ \$67.58 (11/7), 15000 CCC @ \$21.55 (11/6), 12000 GEK @ \$25.26 (11/6), 8000 GRFS @ \$23.67 (11/6), 3000 PHG @ 41.43 (11/6), 5000 GRFS @ \$24.03 (11/3), 5000 VOD @ \$29.39 (11/1), 10000 CCC @ \$21.85 (11/1), 9000 AB @ \$26.50 (10/30), 4000 TWTR @ \$21.50 (10/27), 25000 PDGO @ \$40.00 (10/26), 12000 ABX @ \$16.15 (10/23), 25000 HBI @ \$24.00 (10/18)

## Performance

As of 12/31/2017

Beginning Value	\$1,500,000.00
Unrealized Gain/(Loss)	\$8,093,783.58
Realized Gain/(Loss)	\$27,724,085.43
Dividend Income	\$2,511,782.67
Interest Income	\$743,540.25
Management Fees	(\$1,864,438.98)
Current Value	\$39,316,866.55
Investment Gain	\$37,816,866.55
Net Annual Return (2/28/03 - Current)	24.62%
*MSCI EAFE World Index Annual Return (2/28/03 - Current)	5.69%

\*MSCI EAFE World Index return calculated using iShares MSCI EAFE Index Fund (EFA)

The Lancz International Portfolio had a starting value of \$1,500,000 on 2/28/03 and is a tax qualified account (no applicable taxes on realized gains/losses). It consists of recommendations made in The Wall Street Transcript interview, and subsequent changes as seen in The Lancz Fax, The Lancz Letter and Member's Only. Some positions may be sold to accommodate for new recommendations, although, that does not mean that we are recommending a sell on a position removed from the portfolio unless otherwise stated. This portfolio is hypothetical and is intended to have more risk, volatility and transactions than any actual accounts and therefore will be materially different from any actual accounts. For purposes of calculating interest an annual rate of 1.00% is used, calculated by the number of days to a break point (buy or sale of an equity) or the end of the month. All interest is posted at the end of each month. All trades and prices are net of commissions. The information presented has been obtained from sources believed to be reliable, but its accuracy - and that of the opinions based thereon - is not guaranteed. Any statements nonfactual in nature constitute current opinion and are subject to change. LanczGlobal, LLC, or individuals associated with the company may have positions in securities or commodities referred to herein, and may, as principal or agent, buy or sell such securities or commodities. Neither information nor opinions shall be construed to be or constitute an offer to sell or a solicitation of an offer to buy any securities or commodities mentioned herein. Please note The Lancz International Portfolio is a hypothetical portfolio that focuses on recommendations for non-taxable (qualified) accounts and very aggressive investors only. Past performance does not guarantee future success.

SAMPLE

## Lancz International Portfolio

Latest Buy Date	Share Quantity	Security Description	Security Symbol	Unit Cost	Current Price	Current Value	Unrealized Gain	Percent Gain/Loss
12-22-2017	7700	Allergan Inc.	AGN	191.33	186.93	1,439,361.00	-33,904.00	-2.30%
02-12-2016	21000	Alliance Bernstein Holding LP	AB	17.46	27.85	584,850.00	218,120.00	59.48%
01-16-2015	400	Amazon.Com, Inc.	AMZN	288.00	1,402.05	560,820.00	445,620.00	386.82%
09-24-2013	2000	American Tower Corp.	AMT	72.49	145.13	290,260.00	145,280.00	100.21%
07-23-2013	2400	Apple Computer	AAPL	59.86	171.51	411,624.00	267,970.29	186.54%
06-27-2016	29000	Ares Capital Corp.	ARCC	13.42	16.28	472,120.00	82,920.00	21.31%
07-27-2017	19000	AstraZeneca Plc Spons ADR	AZN	29.22	36.63	695,970.00	140,710.00	25.34%
02-11-2016	7000	Bank of Nova Scotia	BNS	36.21	66.31	464,170.00	210,720.00	83.14%
12-06-2017	42000	Barrick Gold Corp.	ABX	14.06	14.75	619,500.00	29,030.00	4.92%
01-26-2017	6000	Bristol-Myers Squibb	BMJ	47.47	64.25	385,500.00	100,680.00	35.35%
03-29-2017	11000	British Petroleum	BP	33.88	43.81	481,910.00	109,230.00	29.31%
04-07-2016	15000	Canon Inc. ADR	CAJ	27.76	39.69	595,350.00	178,930.00	42.97%
01-02-2018	96000	CenturyLink, Inc.	CTL	20.27	18.22	1,749,120.00	-197,080.00	-10.13%
01-10-2018	18000	China Mobile Limited	CHL	49.91	53.00	954,000.00	55,605.00	6.19%
06-27-2016	17200	Citigroup	C	38.49	80.08	1,377,376.00	715,348.00	108.05%
08-11-2017	7000	Compass Minerals International, Inc.	CMP	64.59	74.70	522,900.00	70,780.00	15.66%
12-07-2017	40000	Covanta Holding Corp.	CVA	13.72	16.60	664,000.00	115,250.00	21.00%
04-06-2016	18000	Cypress Semiconductor Corp.	CY	7.61	17.27	310,860.00	173,880.00	126.94%
12-01-2017	5000	Daimler AG	DDAIF	81.80	93.18	465,918.00	56,918.00	13.92%
06-28-2016	7000	Delta Air Lines Inc.	DAL	33.86	55.26	386,820.00	149,800.00	63.20%
12-28-2017	6500	Enbridge Inc.	ENB	38.94	38.19	248,235.00	-4,875.00	-1.93%
11-12-2012	2300	Facebook, Inc	FB	17.62	190.00	437,000.00	396,474.00	978.32%
01-20-2016	2800	FedEx Corp.	FDX	126.25	268.85	752,780.00	399,286.00	112.95%
08-02-2017	80000	Fitbit Inc.	FIT	5.01	5.28	422,400.00	21,600.00	5.39%
12-26-2017	16000	GlaxoSmithKline PLC	GSK	27.74	39.04	624,640.00	180,843.29	40.75%
12-21-2017	55000	Goldcorp Inc	GG	12.89	14.74	810,700.00	101,810.00	14.36%
06-28-2016	1600	Goldman Sachs Group	GS	140.06	268.14	429,024.00	204,926.00	91.44%
12-07-2016	15000	Grifols, S.A.	GRFS	14.85	24.95	374,250.00	151,470.00	67.99%
02-07-2017	25000	Hanesbrands Inc.	HBI	18.98	22.67	566,750.00	92,250.00	19.44%
12-20-2017	10000	Helmerich & Payne	HP	58.61	74.09	740,900.00	154,800.00	26.41%
11-06-2017	34000	Hormel Foods Corp.	HRL	32.16	34.66	1,178,440.00	85,010.00	7.77%
02-25-2016	75000	ICICI Bank Ltd.	IBN	6.07	11.22	841,500.00	386,200.00	84.82%
02-12-2016	9000	International Paper	IP	32.91	64.75	582,750.00	286,580.00	96.76%
11-08-2017	12000	JetBlue Airways Corp.	JBLU	18.81	20.50	246,000.00	20,280.00	8.98%
07-13-2016	16000	Koninklijke Philips N.V.	PHG	23.92	41.92	670,720.00	288,005.00	75.25%
01-30-2017	10000	Legg Mason Inc.	LM	31.37	45.75	457,500.00	143,800.00	45.84%
01-25-2017	3700	Lockheed Martin	LMT	249.62	344.90	1,276,130.00	352,524.00	38.17%
04-11-2016	36000	Manchester United plc	MANU	13.41	20.55	739,800.00	256,980.00	53.22%
12-06-2017	9000	Merck & Co., Inc.	MRK	50.22	62.04	558,360.00	106,360.00	23.53%
11-01-2017	5000	National Grid plc.	NGG	61.55	57.59	287,950.00	-19,820.00	-6.44%
04-27-2009	4700	Nestle S A ADR	NSRGY	31.96	86.76	407,772.00	257,541.00	171.43%
11-24-2017	15000	Newell Brands Inc.	NWL	28.57	25.33	379,950.00	-48,600.00	-11.34%
11-23-2016	10000	Newmont Mining Corp.	NEM	30.99	41.05	410,500.00	100,600.00	32.46%
10-26-2017	85000	Nokia	NOK	4.49	4.81	408,850.00	27,300.00	7.16%
07-13-2009	2800	Novartis A G Spons ADR	NVS	43.46	93.91	262,948.00	141,264.00	116.09%
07-07-2017	8500	Occidental Petroleum	OXY	58.70	77.18	656,030.00	157,055.00	31.48%
11-21-2017	70000	Pitney Bowes, Inc.	PBI	11.82	12.85	899,500.00	71,940.00	8.69%
10-31-2017	20000	QUALCOMM, Inc.	QCOM	34.85	68.53	1,370,600.00	673,620.00	96.65%
02-08-2017	22000	Roche Hldg Ltd Spons	RHHBY	24.11	30.89	679,580.00	149,230.00	28.14%
05-01-2017	7000	Royal Dutch Shell Class B	RDSB	53.76	73.31	513,170.00	136,840.00	36.36%
09-26-2016	8000	Sanofi ADR	SNY	29.31	45.76	366,080.00	131,620.00	56.14%
11-16-2017	13500	Schlumberger LTD	SLB	61.46	77.61	1,047,735.00	218,045.00	26.28%
07-19-2016	4000	Siemens AG ADS	SIEGY	44.07	75.61	302,440.00	126,180.00	71.59%
04-03-2017	8000	T. Rowe Price Group, Inc.	TROW	66.87	119.99	959,920.00	424,998.00	79.45%
11-21-2017	26000	The Andersons Inc.	ANDE	31.37	34.65	900,900.00	85,300.00	10.46%
07-06-2016	14000	The Blackstone Group	BX	22.97	36.78	514,920.00	193,340.00	60.12%
01-11-2016	7000	Total S A Spons ADR	TOT	40.58	59.05	413,350.00	129,320.00	45.53%
08-11-2017	13000	Twitter Inc.	TWTR	15.79	24.27	315,510.00	110,240.00	53.70%
11-02-2016	2000	United Healthcare Corp.	UNH	138.98	248.47	496,940.00	218,980.00	78.78%
03-08-2017	22000	Veolia Environnement S.A.	VEOEY	16.01	25.41	559,020.00	206,750.00	58.69%
03-07-2017	20000	Vodafone Group PLC	VOD	24.35	32.40	648,000.00	161,050.00	33.07%
11-15-2017	7500	Whirlpool	WHR	161.35	185.97	1,394,775.00	184,660.00	15.26%
01-10-2018	8500	XL Group LTD	XL	34.19	36.67	311,695.00	21,080.00	7.25%
		Money Market/Cash				2,114,583.55		
		Portfolio Total				42,013,026.55	10,518,663.58	

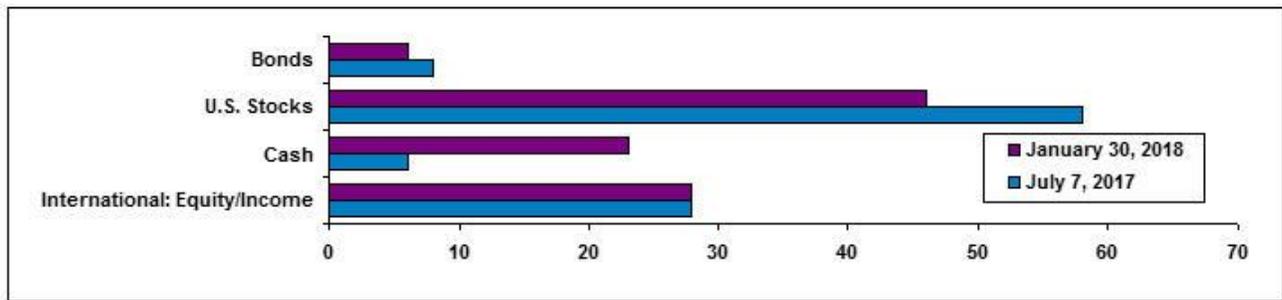
## Market Notes

**Tuesday, January 9, 2018, 4:20 pm EST** - The window to buy our favorites for 2018 is closing fast, with this best start to the new year for stocks since 1987. Chipotle (CMG) has advanced over 30 points from its depressed \$289.03 level. Our even more speculative recommendation, FTD Companies, has advanced 8.3% YTD. Fortunately, our other recommendations are all still within our buying range with the exception of Daimler AG, which has moved from our mid-eighties buy limit to over \$88 a share. Even more impressive has been our recommendations in both the energy and retail sectors from last summer's depressed levels, and some of our speculative plays from back then, like Crocs Inc. Croc's stock is up 6.8% YTD with management adjusting expectations on the upside. There will be a time that this wave will falter and taking partial profits into further strength in some of the outperforming areas will be prudent.

**Tuesday, December 26, 2017, 11:55 am EST** - Despite news that Apple has materially lowered its forecast of iPhone X sales, the general markets have held up well. Investors are reluctant to lock-in gains unless there is something company specific that pushes them. The overall riding theme is that investors are determined to wait 3-4 days to realize gains into the new tax year. After all, it has paid off this quarter to "ride the wave" and wait, so what's a few more days. LanczGlobal is still finding global bargains despite continued new highs in most parts of the world. Investors should remain disciplined and reduce positions in high flyers as valuations rise to redeploy partial profits in lower risk (low expectation) quality alternatives.

**Tuesday, December 19, 2017, 10:40 am EST** - Something happened shortly after the opening when investors seemed destined for 71st record of the year, sellers actually came in and turned the market into the red. Investors have been waiting for the new calendar year before selling, but the surge of late in valuations was just too tempting to pass up. Nobody knows if the selling will be sustainable with this becoming a "buy on the rumor and sell on the news" situation in regards to tax reform. We started a bit of partial profit taking into yesterday's strength with companies like Spirit Air (SAVE) reaching our target price much earlier than anticipated, to longer term favorites like Old Republic (ORI) and Cree Inc. (CREE) hitting new highs worthy of lightening up. It does not hurt that our speculative recommendation of Twitter (TWTR) from this summer's lows was just upgraded to overweight at J.P Morgan and initiated with a buy rating at another firm at well over 50% higher levels than our recommendation. Fortunately, there are still bargain opportunities available, it is important to remember to take a pause to reduce risk and execute some strategic profit taking along the way.

**Tuesday, December 12, 2017, 4:05 am EST** - The absence of sellers has been a critical aspect of continued new highs in all major U.S. indices. As opposed to ten years ago when it was difficult to find bargains, even within our global universe. Today LanczGlobal is still finding plenty of solid long-term opportunities. Last month we mentioned some of the battered telecom, select energy, and even retail presented the low expectations and strong risk-to-reward that we seek for the long term. Retail has bounced the most since then, to a point where profit taking is warranted. All of our energy recommendations are now above our buy limits and should only be purchased into weakness. Finally, telecom is advancing of late and today some moved beyond our buy limits. Beyond telecom, LanczGlobal is still finding select opportunities of high quality industry leaders trading near new lows such as Merck & Co. (MRK), China Mobile (CHL), and Pitney Bowes (PBI). We also have been accumulating both Allergan (AGN) and Sabre Corp. (SABR) into recent weakness. Investors should not forget to lock-in partial gains in those outperforming areas like we did in taking technology back to an equal weighting from an overweighted position.



January 30, 2018		July 7, 2017	
6% Bonds ▼	LanczGlobal sees no reason to own U.S. Treasuries or long-term bonds with their low total return potential and high risk in our current rising interest rate environment. A few high yield special situations and Treasury Inflation Protected securities into weakness will be our only exposure as we have locked in gains in most of our munis.	7% Bonds ▼	LanczGlobal has locked in further profits in the fixed income arena with the most recent and unexpected plunge in interest rates last quarter. This marks our lowest recommended bond exposure in our history as the risk-to-reward is skewed against investors. Select high income and munis are the only place to be and even there, we would not go out too long. We have cut our bond exposure nearly in half over the past year.
46% U.S. Stocks ▼	The best January since 1987 is bringing some long forgotten volatility, which is much needed as star sectors were getting overvalued. LanczGlobal already went from overweight in tech to market weighting, and significant overweighting in healthcare to overweighting. The past few days have been emphasizing the discarded utility sector for a place for new monies until valuations get lower elsewhere.	51% U.S. Stocks ▼	We continued to build cash into the end of the first half's strength, especially in some of the iconic stocks that have moved up more than even we expected. While we are still finding select bargains, the cash has increased the higher valuations rise.
23% Cash ▲	Last summer we utilized our cash to buy energy into new lows, as well as a few telecoms into their significant weakness. This prevented us from raising cash earlier, however, energy is now fully valued and we would be more sellers than buyers from current levels. Only buying selective special situations, like Newell Brands, and more defensive issues that have been oversold, like select utilities, prevents us from having a more sizable cash position.	13% Cash ▲	LanczGlobal slightly added international, which did not make up for profit taking in bonds or U.S. stock and therefore our cash position has doubled into record highs for stock valuations the past month. Should stocks continue to rise, our cash levels will follow suit as part of our risk management strategies.
25% International ▼	Too many institutions and advisors are now pushing international versus the U.S., and LanczGlobal has utilized this to start taking some profits. It is not only international tech that has dramatically outperformed, but even some old favorites in water and industrial warrant some partial profit taking.	29% International ▲	While Vodafone has done well in the face of a difficult telecom sector, LanczGlobal was still able to accumulate select foreign based pharma like GlaxoSmithKline and Allergan. This has balanced off some partial profit taking in our longer term favorites from last year equating to slightly increased international exposure. LanczGlobal expects the international arena to continue to outperform, albeit to a lesser extent of what investors have experienced as of late.

## LanczGlobal Member's Only

LanczGlobal.com is a proprietary website, available exclusively to members. But it is far more than just a Web site. It is a whole world of investment analysis and investment strategy at the touch of a fingertip. In these volatile markets there is no better way to stay informed and take advantage of the emotional swings in both directions.

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