THE LANCZ LETTER

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Volume 28, No. 1 **January 23, 2008**

AVOIDING MORE BUBBLE TROUBLE

During times like these there always seems to be fallacies or misinformation acting as catalysts to market extremes and volatility. What investors experienced over the past six months, particularly in the United States, was no exception. It started this summer when subprime first appeared as a potential problem. Most experts ignored or severely discounted subprime by stating how small subprime loans were when compared to the entire U.S. economy. What these experts failed to understand, and what we warned about throughout the summer months, were the ripple effects that subprime will have on the consumer for one as well as other sectors beyond real estate and financials. This misinformation from the experts gave investors the opportunity to take profits not only during our Strategic Profit Taking call late last May, but also in July and October when the averages hit new highs despite our growing list of concerns. The other trend into the 4th quarter of 2007 that made no sense to us was the rush to technology as the credit crisis worsened and recession worries first hit the radar screen. This flight to quality included technology because investors erroneously figured that tech was a safe place due to its lack of a subprime connection and for whatever other reasons they recession-proof labeled the sector. This was truly absurd because not only will tech always be economically sensitive and cyclical, but the hottest part of tech was consumer driven (Apple, Research In Motion, etc.) and we felt that the ripple effects of subprime would eventually hit the consumer - which we have already started to see with the retailers, and today with Apple, in 2008.

We experienced similar misinformation in 1999-2000 when the tech/telecom craze was at its heights. An investment strategist did a feature on how the dotcoms would not only make brick and mortar retailers obsolete, but he also recommended avoiding energy companies because people would drive less due to the internet. At the time, we were recommending the exact opposite by taking profits in those high flying tech stocks and actually taking advantage of quality energy companies at historic low valuations with oil flirting in the $10-12 a barrel area. Heading into 2008, we not only reduced our exposure overseas, particularly in emerging markets, but also sold a portion of those energy stocks that we accumulated at the start of this decade.

Another misconception was that the high end retailers would be unaffected by this downturn. Back in October luxury retailer Tiffany & Company hit an all time high over $57 a share due to this misperception. At those lofty valuations with a definitive slowdown being ignored, Tiffany became a recommended "short" position for our Lancz Long/Short Portfolio. We have since covered our position after the company announced disappointing earnings last week – pushing its stock down to the low thirties. The final and biggest misconception which may have come to light was this weeks sell-off initiated overseas when the U.S. markets were closed for Martin Luther King Day. The trend to invest overseas was brought on by the misperception that the global markets are no longer linked with the U.S., so by investing globally you lessen risk. We had been overweight internationally before this trend became popular and the more these global markets outperformed the U.S., the more concerned we became. In fact, that is another bubble that may have to be relieved in 2008 – there are just too many investors taking more risk than they think because of this misperception. Similar to the tech craze in the late 1990's, investors are beginning to wake up to that risk and those that don't will be disappointed. The facts are the global markets are still highly influenced by the U.S. economy and seeing emerging markets as a safe haven is similar to those investors that pushed technology and luxury retailers to new highs back in October by buying when they should actually have been taking profits.

PORTFOLIO SUMMARIES

We would still stress reducing risk in portfolios as many investors are taking unnecessary and excessive risk similar to what we saw with technology in the late 1990's. Last week, we obtained a new account from New York and immediately sold many of their mutual fund positions to raise cash and lessen exposure in the emerging markets and other higher risk, overvalued areas. Their emerging market funds were up 40% or more in 2007 and it seemed like an opportune time to lock-in gains. Had we not locked-in profits, half of their 2007 gains would have evaporated over the past five days. It is obviously easier to sell before prices start to go down and that is why we recommended taking profits this summer when nearly all global markets were hitting daily new highs. But a 75 basis point rate cut will not suddenly cure all of our ills and if your portfolio is too risky, adjustments should be made. We still feel the excesses from the real estate and housing markets will take time to straighten out. This may be similar to the tech bubble that took many quarters before investors could once again see favorable risk-to-reward ratios. As we have been saying for the past six months, it will be difficult and very unlikely for the markets to surge to significant new highs with so much uncertainty out there, and therefore, we would be cautious and let prices come down to your parameters when buying. As prices go down we will get more positive, as there always will be select opportunities, particularly on weakness. The fact of the matter is that while the global markets sold off over the past two days, many of the commodity markets - energy and food in particular have declined. This is a good sign for the long term health of this market. It not only alleviates some of the inflation worries and eventually helps the consumer, but lower commodity prices also give the Fed more flexibility should further rate cuts be deemed necessary. The U.S. Dollar is holding its value relatively well into these declining interest rates is also a big plus. Another positive is that the cash we recommended raising as recently as in October was yielding a competitive 5% at the time – with the Fed's move these rates will continue to decline over the next few months, and this will eventually make high yielding stocks more competitive compared to fixed income and money market alternatives. The long term investor may want to start buying these high yielding companies with the thought that a full size position can be bought into potential future weakness. See the bottom of page 5 for our current favorites.

We expect the volatility and emphasis on risk to continue to build in this push/pull type market. Some of the positives we just outlined will be offset by not only all the uncertainties in the U.S., but the growing list of related problems overseas. Keep your eye out for commodity prices because several major global economies are seeing signs of inflation to a much greater extent than the U.S.

How global markets have faired

Selling this month has cut deeply into the gains of the past two years in many markets for those that did not take profits.

Index	2008	2007	2006
Hong Kong	**-21.8%**	39.3%	34.2%
Japan	**-17.9%**	-11.1%	6.9%
Mumbai	**-17.5%**	47.2%	46.7%
Frankfurt	**-16.1%**	22.3%	22.0%
Shanghai B	**-16.0%**	181.3%	109.8%
Seoul	**-15.2%**	32.3%	4.0%
Paris	**-13.7%**	1.3%	17.5%
London	**-11.1%**	3.8%	10.7%
S&P 500	**-10.8%**	3.5%	13.6%

Source: USA Today research (1/22/08)

Contrary to Public Opinion the Global Markets are Linked

Nearly $7 Trillion of global stock market value has evaporated to start 2008

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Bull & Bear's Digest of Investment Newsletters

Passive Investing No Panacea

There are many keys to long term investment success, but none of them are void of hard work and a strong batch of discipline. For over a hundred years, investors have sought ways to cut corners and find the foolproof method of investing. Many of the academic black box computer strategies that utilize historic quantitative analysis have become some of the biggest disasters when unexpected and unprecedented events occur. This was part of the cause of the dramatic sell-off this summer, as well as exactly what happened with Long Term Capital Management back in 1998. The fact is we feel the average investor becomes complacent if they believe an approach is foolproof or virtually guaranteed to outperform, but the truth of the matter is there is no such panacea. It is not as ideal to rely on a disciplined, intensive effort approach in a world where there are mistakes being made and no magic bullet. Some of the keys to what we have learned over the past quarter century can be broken down as follows:

1) **Strategically being in the right areas or sectors of the market.** It is not simply a matter of spreading assets into every asset classification and every segment of the market. A strategic approach that focuses on the areas with the best risk-to-reward can pay huge dividends over the long term. This is particularly the case when the markets go to extremes like in the latter part of last decade, when we become concerned about many outrageously priced technology stocks. Back then, technology surged to over 20% of the S&P 500, comprising a similar percentage to what the financial sector obtained this summer.

2) **Being proactive instead of the typical reactive.** The best current example of this comes from the technology sector which once again is becoming a favorite area - this time because of a flight to quality due to their lack of subprime problems. Our overweight position in technology mainly from holdings we purchased the past 1-2 years (when the sector was out of favor) will probably become an equal weighting by year end if the trend toward tech continues. In other words, we will lock-in gains as investors erroneously flock to tech as a safe haven because the sector will be seriously affected by an economic slowdown. Two weeks ago, Yahoo was the only tech opportunity still trading at an attractive risk-to-reward ratio, but now that the stock has appreciated of late, no technology company can be considered in buying range.

3) Be **disciplined about taking profits and redeploy proceeds into lesser risk (low expectation) areas.** This will not only prevent your portfolio from becoming a quasi-index fund, but more importantly reduces the portfolios risk, improving risk adjusted and, many times, overall performance. After all, a buy/hold strategy and other passive types of investing will go up and down with the general markets or indices minus expenses. We can give numerous examples of this from our strategic profit taking moves in the REITs, financials and utilities last May, to a more intricate current strategy of taking profits in the high flying oil area to redeploy profits into the depressed natural gas segment.

4) **International opportunities** - an area we have been emphasizing for years is now getting commonplace to a point where investors should tread carefully with any new purchases from current valuations. Four years ago we liked the infrastructure/commodity type plays like Cemex, Lafarge and Suez with select utilities, but have take profits in some of these areas to once again reduce risk and get more defensive with select out-of-favor healthcare recommendations like GlaxoSmithKline, Novartis and Sanofi Aventis.

5) **Fixed Income - many investors make the mistake of figuring that a significant percentage of their assets should be in bonds**, especially as they approach retirement. Just as with any investment, you have to get in at the right time rather than buy for the sake of owning into a category or classification. Now is not a good time to buy into fixed income because of uncertain credit concerns combined with historically low interest rates. Just like tech in 1999, investors in fixed income will be handicapped with low potential return and above average risk, just the opposite of what investors should seek. Safe monies should be placed in CDs of no longer than an 18 month maturity so that credit concerns are eliminated and interest rate risks are minimized.

Source: The Lancz Letter (10/4/07)

Market Notes

UPDATE: Tuesday, 9:55AM, January 22, 2008 - The over 400 point D.J.I.A. and 100 point Nasdaq Composite freefall this morning is the type of long term opportunity we referred to last Thursday. This does not mean we are out of the woods, but the positive we see with Bernanke's 75 basis point Fed cut is that the commodity markets have also been suddenly declining in price. This will give the Fed more flexibility down the road should further stimulus be needed. When you combine this with the significant decline in valuations among high quality industry leaders, it is much easier to use these panics to selectively buy rather than follow the herd. This morning we have added **Target (TGT)** to our buy list as the stock hits new lows toward $47 a share. This is an easy move for us considering it was part of our *Strategic Profit Taking* sell recommendations this summer near $70 a share. Tomorrow's issue of **The Lancz Letter** will detail why we are not out of the woods yet, why we took profits in emerging markets going into 2008, and why we definitely would not get aggressive here.

Thursday, 3:10PM, January 17, 2008 - We went into 2008 with a cautious approach, having raised even more cash with profit taking into those pockets of strength into the 4th quarter. Including our strategic profit taking from late May/early June of last year, our recommended cash position started the year at 24%. Just as importantly, we tried to reduce both the volatility and risk in our portfolios by trimming higher beta, more speculative stocks and focusing on more defensive plays that were still valued at or near historic lows. The more the stock market declines here, the less negative we will become - because this correcting of the excesses of the past in housing, real estate and now the "ripple effects" that we warned about into other areas, is much needed for the long term health of all global markets. We said we would be buyers into 2008 – and it will be more a matter of gradually accumulating quality and being patient in taking advantage of upcoming weakness.

Stocks to Accumulate for Income & Growth (1/23/08)

Description	Symbol	Yesterday's Low	Percentage Yield	Aggressive Buying Range
United Parcel Service	UPS	$64.01	2.62%	$54-60
NiSource Inc.	NI	$16.78	5.48%	$13-16
CH Energy	CHG	$35.51	6.08%	$30-35
Nicor Inc.	GAS	$37.40	4.97%	$33-37
Pfizer Inc.	PFE	$21.56	5.94%	$18-21
CIT Financial	CIT	$19.05	5.25%	$16-19
Merrill Lynch	MER	$49.23	2.84%	$39-45
Wachovia Corp.	WB	$28.41	9.01%	$24-29
JP Morgan	JPM	$37.66	4.04%	$30-35
		Average Yield:	**5.14%**	

LANCZ LONG/SHORT PORTFOLIO

Latest Market Activity

Buys: 1000 TDK @ $61.33 (1/17), 7500 EMC @ $15.95 (1/11), 500 UPS @ $65.76 (1/9), 1000 CHG @ $42.09 (1/7), 4000 WMI @ $31.29 (1/7), 5000 SWWC @ $11.55 (1/4), 3000 SXI @ $16.89 (1/4), 1000 GSK @ $49.89 (1/2), 10000 PALM @ $5.33 (12/19), 4000 CMCSK @ $17.33 (12/12), 1000 YHOO @ $24.13 (12/12), 10000 CEM @ $7.49 (12/11), 25000 PALM @ $5.42 (12/7), 5000 SXI @ $18.11 (12/5), 3000 SWWC @ $11.57 (12/4)
Covers: 500 PETM @ $20.83 (1/18), 2500 CC @ $3.67 (1/18), 4000 TIF @ $33.15 (1/15), 700 ODP @ $12.20 (1/7)
Sells: 8000 HGSI @ $11.85 (1/11), 2500 NVS @ $59 (1/10), 1000 SNY @ $48.69 (1/9), 1000 DEO @ $85.77 (1/8), 300 COP @ $84.73 (1/7), 9000 VSH @ $11.75 (12/24), 8000 MRH @ $17.41 (12/24), 7500 AVID @ $29 (12/24), 2500 BBY @ $53 (12/24), 2000 VMC @ $84 (12/13), 5000 IACI @ $27.95 (12/13), 4000 BAC @ $46.97 (12/11), 3000 CFR @ $53.93 (12/10), 4000 MRH @ $17.40 (12/8), 500 FMS @ $57 (12/4), 6000 VSH @ $12.75 (11/30), 500 DEO @ $92 (11/28)
Shorts: 600 FLSR @ $252 (1/8), 4000 XRAY @ $44 (11/9), 5000 RSH @ $22.25 (10/29), 5000 TIF @ $54.25 (10/29), 5000 ODP @ $22.50 (10/12), 5000 PETM @ 32.80 (10/3)

Latest Commentary

January 21, 2008 - We went into 2008 with the same cautious and defensive approach that we have been stressing since late May 2007. We have to admit that as more and more investors jump on this cautious bandwagon and sell stocks, the more attracted we are to utilizing our cash position into select equities. There is no hurry in doing such and we would wait for prices to come down to our levels. For the past seven months, we have been stating that significant new highs for U.S. stocks would not be seen due to both valuations and uncertainty, particularly with the ripple effects of the subprime mess. These ripple effects are now being seen in retail and consumer discretionary areas, and that is why the global markets are beginning to struggle. We lightened our exposure into the new year in emerging markets and still feel there is more risk than reward in may areas of the market.

Performance

As of 1/22/2008

Beginning Value	$1,500,000.00
Unrealized Gain/(Loss)	$1,105,361.19
Realized Gain/(Loss)	$7,321,773.83
Dividend Income	$476,559.52
Interest Income	$226,862.36
Management Fees	($331,551.31)
Current Value	$11,319,733.92
Investment Gain	$8,799,305.59
Net Annual Return (8/31/98 - Current)	20.27%
D.J.I.A. Annual Return (8/31/98 - Current)	5.05%
S&P 500 Annual Return (8/31/98 - Current)	3.40%

Please note The Lancz Long/Short Portfolio focuses on recommendations for non-taxable (qualified) accounts and very aggressive investors only.

The Lancz Long/Short Portfolio has a starting value of $1,500,000 on 8/31/98 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 managed accounts and therefore will be materially diffferent from and not match managed accounts. For purposes of calculating interest an annual rate of 3.50% 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 consitute current opinion and are subject to change. Alan B. Lancz & Associates, Inc., 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 commodoties. Neither information nor opinions shall be constued to be or constitute an offer to sell or a solicitation of an offer to buy any securities or commodities mentioned herein. Past performance does not guarantee future success.

Lancz Long/Short Portfolio

Original Trade Date	Share Quantity	Security Description	Security Symbol	Unit Cost	Current Price	Current Value	Unrealized Gain	Percent Gain/Loss
08-31-1998	1400	3M Company	MMM	32.82	75.16	105,224.00	59,283.00	129.04%
09-06-2000	2000	American States Water	AWR	17.42	34.25	68,500.00	33,660.00	96.61%
06-14-2002	2500	Amgen, Inc.	AMGN	36.82	45.45	113,625.00	21,575.00	23.44%
07-17-2003	2000	Anadarko Petroleum	APC	21.38	55.81	111,620.00	68,870.00	161.10%
08-10-2006	4000	Avon Products, Inc.	AVP	27.52	36.57	146,280.00	36,200.00	32.89%
04-04-2005	2000	Bank of America	BAC	43.71	37.39	74,780.00	-12,640.00	-14.46%
07-17-2003	3000	Bemis Co., Inc.	BMS	21.49	24.55	73,650.00	9,180.00	14.24%
06-12-2007	6000	CH Energy Group, Inc.	CHG	42.40	35.81	214,860.00	-39,530.00	-15.54%
12-11-2007	10000	Chemtura Corp. Com	CEM	7.49	6.48	64,800.00	-10,100.00	-13.48%
09-19-2007	-10000	Circuit City Strs	CC	-9.60	4.55	-45,500.00	50,500.00	52.60%
10-08-1998	3199	Citigroup	C	25.37	24.40	78,055.92	-3,116.95	-3.84%
05-18-2006	8500	CMS Energy Corp.	CMS	12.39	15.32	130,220.00	24,865.00	23.60%
06-24-2005	10000	Comcast Corp SPL CL A	CMCSK	18.84	16.61	166,100.00	-22,270.00	-11.82%
10-04-2006	700	ConocoPhillips	COP	54.93	71.18	49,826.00	11,375.00	29.58%
11-14-2002	7000	Corning	GLW	2.94	21.74	152,180.00	131,600.00	639.46%
02-10-2003	2000	Costco Wholesale Corp.	COST	28.79	66.06	132,120.00	74,540.00	129.45%
08-20-2007	1500	Diageo Plc C Spons ADR New	DEO	78.94	76.73	115,095.00	-3,315.00	-2.80%
07-18-2002	2000	E I Du Pont De Nemours	DD	36.30	42.54	85,080.00	12,480.00	17.19%
02-15-2001	12500	E M C Corporation Mass	EMC	16.57	16.30	203,750.00	-3,375.00	-1.63%
03-07-2000	8000	Eli Lilly & Co.	LLY	51.84	52.17	417,360.00	2,679.00	0.65%
10-12-2006	15000	Emmis Communications Corp	EMMS	7.55	2.62	39,300.00	-74,010.00	-65.32%
02-27-2006	1800	Encana Corp.	ECA	46.05	60.97	109,746.00	26,856.00	32.40%
12-23-2005	2000	Enterprise Prods Partners L.P.	EPD	24.13	30.17	60,340.00	12,080.00	25.03%
02-10-2006	30000	etrials Worldwide	ETWC	3.85	2.28	68,400.00	-47,010.00	-40.73%
02-16-2007	2000	Fastenal Co.	FAST	37.79	37.86	75,720.00	140.00	0.19%
07-17-2007	-600	First Solar Inc.	FSLR	-252.00	182.79	-109,674.00	41,526.00	27.46%
03-14-2007	2000	France Telecom (ADR)	FTE	24.88	35.01	70,020.00	20,260.00	40.72%
06-10-2005	2500	Fresenius Med Ads	FMS	26.38	52.00	130,000.00	64,050.00	97.12%
03-19-2001	2000	Genentech Inc.	DNA	21.75	68.35	136,700.00	93,200.00	214.25%
03-02-2006	4000	General Electric	GE	32.35	34.05	136,200.00	6,800.00	5.26%
10-05-1999	1000	Genzyme Corp. - General Division	GENZ	16.47	76.49	76,490.00	60,021.25	364.46%
11-09-2006	6000	GlaxoSmithkline PLC	GSK	50.49	48.84	293,040.00	-9,875.00	-3.26%
12-27-2005	17000	Human Genome Sciences, Inc.	HGSI	9.70	10.02	170,340.00	5,410.00	3.28%
10-27-2006	4000	IAC Interactive Corp.	IACI	29.89	23.88	95,520.00	-24,040.00	-20.11%
03-07-2000	2600	Johnson and Johnson	JNJ	38.95	65.27	169,702.00	68,440.00	67.59%
09-23-2005	3000	Lafarge Coppees A Spons ADR	LFRGY	21.85	41.59	124,779.00	59,229.00	90.36%
03-07-2006	2000	Liberty Global Inc.	LBTYA	18.79	37.56	75,120.00	37,540.00	99.89%
07-24-2002	4000	Medtronic, Inc.	MDT	42.73	46.42	185,680.00	14,780.00	8.65%
12-12-2003	5000	Newell Rubbermaid	NWL	22.70	23.50	117,500.00	4,010.00	3.53%
08-16-2007	7000	Nicor Inc.	GAS	39.57	38.81	271,670.00	-5,300.00	-1.91%
06-25-2007	8500	Nighthawk Radiology Holdings	NHWK	17.67	18.85	160,225.00	10,010.00	6.66%
10-30-2007	8000	Nippon Telephone ADR	NTT	21.97	23.56	188,480.00	12,750.00	7.26%
10-22-2007	13000	Nisource Inc.	NI	18.36	17.51	227,630.00	-11,050.00	-4.63%
08-10-2006	2000	Norfolk Southern Corp	NSC	41.06	45.07	90,140.00	8,015.00	9.76%
02-07-2006	3000	Northeast Utilities	NU	22.15	28.26	84,780.00	18,330.00	27.58%
07-27-2007	3000	Novartis A G Spons ADR	NVS	52.95	51.78	155,340.00	-3,510.00	-2.21%
10-12-2007	-1800	Office Depot Inc.	ODP	-22.50	12.32	-22,176.00	18,324.00	45.24%
11-09-2006	16000	P.H. Glatfelter Company	GLT	13.43	13.58	217,280.00	2,330.00	1.08%
12-07-2007	35000	Palm Inc.	PALM	5.39	4.94	172,900.00	-15,900.00	-8.42%
12-27-2005	9000	Patterson Dental	PDCO	29.88	32.72	294,480.00	25,560.00	9.50%
08-31-1998	2100	Pepsico Inc.	PEP	27.88	69.44	145,824.00	87,276.00	149.07%
09-23-2005	-3500	PetSmart Inc	PETM	-32.80	23.05	-80,675.00	34,125.00	29.73%
07-19-2006	6500	Pfizer Inc.	PFE	23.14	22.23	144,501.50	-5,933.50	-3.94%
09-18-1998	600	Procter & Gamble Co.	PG	33.88	65.13	39,078.00	18,753.00	92.27%
05-09-2001	1800	Questar	STR	15.74	47.81	86,058.00	57,726.00	203.75%
10-29-2007	-5000	Radioshack Corp	RSH	-22.25	15.84	-79,200.00	32,050.00	28.81%
07-27-2007	4000	Sanofi Aventis Spons ADR	SNY	40.23	42.59	170,360.00	9,430.00	5.86%
06-03-2005	4500	Schulman (A.)	SHLM	19.89	19.03	85,635.00	-3,870.00	-4.32%
08-06-2007	4000	SJW Corp.	SJW	27.75	29.96	119,840.00	8,840.00	7.96%
08-06-2007	18000	Southwest Water Co	SWWC	12.09	11.04	198,720.00	-18,910.00	-8.69%
12-05-2007	8000	Standex Intl Corp.	SXI	17.65	16.84	134,720.00	-6,500.00	-4.60%
10-15-2007	15000	Staples Inc	SPLS	20.53	22.18	332,700.00	24,720.00	8.03%
11-26-2007	4000	TDK Corp.	TDK	66.15	59.95	239,800.00	-24,810.00	-9.38%
11-05-2004	6198	Teva Pharmaceutical Industries	TEVA	26.69	45.88	284,364.24	118,960.05	71.92%
10-29-2007	-1000	Tiffany & Company	TIF	-54.25	37.94	-37,940.00	16,310.00	30.06%
08-25-2005	25000	United Amer Healthcare	UAHC	3.80	2.25	56,250.00	-38,750.00	-40.79%
07-07-2005	4000	United Parcel Service	UPS	67.23	67.54	270,160.00	1,250.00	0.46%
05-16-2001	7000	Vodafone Group PLC	VOD	28.36	34.02	238,140.00	39,628.57	19.96%
06-28-2005	7500	Wal-Mart Stores Inc.	WMT	44.41	49.20	369,031.50	35,976.50	10.80%
08-14-2002	3000	Walt Disney Company	DIS	16.70	28.12	84,360.00	34,259.19	68.38%
01-07-2008	4000	Waste Management. Inc.	WMI	31.29	29.15	116,600.00	-8,560.00	-6.84%
04-05-2000	8000	Yahoo, Inc.	YHOO	25.72	19.92	159,360.00	-46,405.00	-22.55%
		Money Market/Cash				1,918,748.76		
		Portfolio Total				11,319,733.92	1,226,992.11	

ABL's Privacy Pledge

As an investor rights advocate for more than two decades it comes as no surprise that your privacy at Alan B. Lancz & Associates, Inc., is one of our leading priorities. We collect personal information to open your account(s), to process your transactions and to help us provide a better level of service. We do not sell your personal information to anyone. We protect the security and confidentiality of the personal information we collect. Our relationship with you is our most important asset. We understand that you have entrusted us with your private financial information, and we do everything we can to maintain that trust.

The Alan B. Lancz & Associates, Inc. ("ABL, Inc.") privacy policy applies to clients who are current or former ABL managed accounts and subscribers to our Member's Only website or The Lancz Letter publication. Throughout the policy, we refer to information that personally identifies you or your accounts as "personal information."

We do not sell your personal or account information to anyone; such information can be separated into the following categories:

- **Personal Information** - This information may include, among other things, your name, address, phone number, social security number, marital status, spousal information if married, your occupation and employer, your tax bracket, name, address, and social security number of your beneficiaries, personal financial information that you provide to us on new account applications or other forms, or any additional information that you wish to share with your Financial Advisor.
- **Information Regarding Your Account History** - As part of establishing a business relationship with you, we collect and maintain information regarding your investment transactions and other activities that occur here at ABL, Inc.. This includes items such as your account balance, payments, withdrawals, account activity, and correspondence with you.
- **Credit and Securities Industry Background Information** - We may obtain a consumer or securities industry report about you upon the opening of your account from a reputable consumer reporting agency. These reports are used to verify your information, for general risk management decisions, or for any other legitimate business purpose.
- **Trust and Estate Information** - If you make use of our trust or estate planning services, personal and financial documents such as trust agreements, wills, and tax records may be collected.

We do not disclose personal information to third parties for marketing purposes and would disclose such only via the following limited exceptions:

- We disclose personal information to companies that facilitate our business relationship with you (i.e. brokerage firms that we implement trades with on your behalf) or as requested by you (i.e. your CPA or tax attorney).
- We may disclose or report personal information in limited circumstances where we believe in good faith the disclosure is required or permitted under law, for example, to cooperate with regulators or law enforcement authorities, resolve consumer disputes, perform credit/authentication checks, or for institutional risk control.

How Does ABL, Inc. Protect the Confidentiality of Your Personal Information?

The sharing of information with these entities is essential for us to fully service our clients and to satisfy our legal and regulatory obligations. All of these entities have legal or other obligations with respect to the use and disclosure of your information. In addition, some of these entities may have and provide to you their own privacy policies. If our policy on disclosing information ever changes, we will promptly notify you in writing.

We restrict access to nonpublic personal information about you to those employees at ABL, Inc. on a need to know basis for that information. Our employees are bound by a code of ethics requiring confidential treatment of customer information and are subject to disciplinary action if they fail to follow this code. We also maintain physical, electronic, and procedural safeguards that comply with federal and industry standards to guard your nonpublic personal information. For example, we limit computer and file access to select associates of the firm and deny access to unauthorized personnel. We continue to evaluate our efforts to protect personal information and make every effort to keep your personal information accurate and up to date.

If you identify any inaccuracy in your personal information, or you need to make a change to that information, please contact us so that we may promptly update our records. We will provide notice of changes in our information-sharing practices. If, at any time in the future, it is necessary to disclose any of your personal information in a way that is inconsistent with this policy, we will give you advance notice of the proposed change so that you will have the opportunity to opt-out of such disclosure.

If you have any questions or concerns, please contact us by e-mail at privacy@ablonline.com or call us at (419) 536-5200.