

# THE LANCZ LETTER

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## THREE CRITICAL COMPONENTS INVESTORS IGNORE

By the look of new clients coming in with their portfolios, we are still seeing too much risk being taken. It is not a matter that each client was looking to take so much risk, because in many of the cases they were not even aware of how much risk they were even taking. For example, many seemed to be just chasing returns and thus were overexposed in emerging markets, others were simply guilty of having over zealous advisors who did not understand and/or convey to their clients their specific risk levels. This, along with the uncertainty that has concerned us since most global markets hit new highs this summer, leads us to believe that **investors will still feel more pain in 2008**. Don't get us wrong, valuations are becoming more appealing as prices plunge, but to us it's reminiscent of 2002 when we started to build partial positions in some bargain areas only to see prices continue to edge lower. Two days ago we did a brief CNBC segment with two other experts and for the first time since 2002 we were overshadowed by experts more negative than us. What a difference from only nine months ago when during a "bull versus bear" segment, the other advisor said something about us being lucky to have suggested taking profits in June and that the market was down because, with all due respect, even a broken clock is right once in a while. Then this bullish expert went on pontificating on how the U.S. market was heading much higher due to multiple expansion, and the credit crisis being overblown, etc.

So what should investors do? After suggested profit taking this summer, we followed that up in October by warning of a potential recession (see Yahoo! Finance article dated 11/7/07). We recommended looking at Certificates of Deposit, then paying over 5%, or other totally guaranteed vehicles like longer term Treasuries. We received quite a few comments about locking in 5% yields, but compared to where rates are now while preserving money in a market

downturn, this accomplished both of our objectives. And that leads to our final way to outperform (or should we say survive) a declining and volatile market and that is to take advantage of the extremes and selectively buy into weakness. Many academics state that stock selection is the least important factor in overall portfolio performance, but we have listed both our Aggressive Favorites for 2008 as well as our Income/Growth Selections from last issue along with their performance in the tables at the bottom of page two. You be the judge on what has been or will be the most critical to performance in these volatile markets:

- 1) The **tactical move to take profits** like we recommended in late May 2007 in certain sectors that were **at all time highs** and looking overly exposed.
- 2) The **asset allocation strategy to build a greater than average cash position, while locking-in higher guaranteed yields before recession talk** beginning in the fourth quarter of 2007 started forcing interest rates down.
- 3) The **selective companies we recommend now into this weakness** as we are starting to see much stronger risk-to-reward ratios that we have seen in quite some time.

What follows is a sampling of the daily research insights as part of LanczGlobal.com. Yesterday's feature was a prelude to our lead article and we thought it might lend some valuable points.

### **LanczGlobal.com Sector Spotlight Time To Start Buying Select Utilities (2/28/08)**

Last June, we recommended investors significantly underweight utility stocks as valuations were pushed to extreme levels. At the time, the performance of the utility sector was on pace with the fast-growing Shanghai Composite after three incredible years of outperformance. This was all part of our "Strategic

Profit Taking" issue of May 30, 2007 in which we warned about several overpriced areas including the REITs. Early last summer, we were coming off of two mild winters, interest rates were over 5% and rising along with energy and food prices, and yet, equity valuations were stretched and hitting new highs nearly every day. In July, we discussed the massive amount of debt and poor loan covenants as being added concerns that not only will hurt the much loved financials (which comprised a whopping 24% of the S&P 500 Index) but also we felt would create ripple effects into other sectors and into the U.S. economy. At the time we didn't know how widespread these "package" financial products were, nor did we know their extent not only in the U.S. but abroad.

When it comes to times like these, the investor that is proactive and takes profits when everyone else is looking at the glass half full (and ignoring all of the aforementioned concerns) is the one that builds value over the long term. Yesterday, we did a brief segment on CNBC stating that we are finding select utilities that are starting to look appealing to us for their combination of income and long term appreciation potential. The example we gave was **CH Energy (CHG \$35.75)**, which was yielding 4.3% at over \$50 a share back in June of last year and now in the mid-thirties has a annual dividend yield over 6%. Later that day we heard a financial expert discussing the risk in utilities and recommended investors avoid them. Now that is what makes a market, and **over the past 25-30 years we have had a tendency to be early with many of our strategies - but over the next three years investors will be much better off to have sold last summer at all time highs and gradually buy now while values are declining every day.** If anything, this type of profit taking reduces risk as we can diversify our profit taking proceeds from this summer into several

**Top Income/Growth Selections to Accumulate in a Declining Market - The Lancz Letter 1-23-08**

Description	1/23 Price	2/27 Price	% Change
United Parcel Service (UPS)	\$64.01	\$72.31	+12.96%
NiSource Inc. (NI)	\$16.78	\$18.01	+7.33%
CH Energy (CHG)	\$35.51	\$35.76	+0.70%
Nicor Inc. (GAS)	\$37.40	\$36.22	-3.15%
Pfizer Inc. (PFE)	\$21.56	\$22.75	+5.52%
CIT Financial (CIT)	\$19.05	\$25.41	+33.38%
Merrill Lynch (MER)	\$49.23	\$54.21	+10.12%
Wachovia Corp. (WB)	\$28.41	\$34.10	+20.03%
JP Morgan (JPM)	\$37.66	\$44.41	+17.92%
<b>Average Gain:</b>			<b>+11.65%</b>

bargain utilities - particularly now at a much better values (up to a 30% lower price).

But let's also look at the long term fundamentals since our sell recommendation. First, interest rates were over 5% and looking to go up last June. Today, short term rates have been cut in half with yields in the 2-3% range. This should help utility stocks in two ways (over the long term) by making their debt obligations easier to manage while providing a much higher return than money market funds and other investment alternatives for investors. Secondly, the credit crisis has put a halt to much of the merger/acquisition (M/A) activity, but over the next 2-3 years we expect more consolidation in the utility sector as values become too compelling and the credit crisis effects run their course. We had three utility favorites taken over at healthy premiums before the credit crisis and valuations are starting to get attractive enough to force deals like we experienced after Yahoo's stock declined. In addition, after two consecutive mild winters, this winter has been much colder and the utilities might just have Mother Nature back on their side. We recommend that investors start to build up their utility exposure into this weakness, particularly in select small, niche players with solid dividends. Our intent is to get back to an equal weighting from our significant underweight position from early last summer. In other words, we are probably early so buy a partial position currently and plan to add to the position into subsequent weakness. It should be noted that we did the same thing regarding the financials last month - starting to selectively buy. Another area in which we are finding select bargains are Japanese companies. Many are valued at levels not seen in decades. Next issue we will detail the most attractive companies and the best way to participate in Japan.

**Favorite Aggressive Stocks for 2008  
The Lancz Letter 12-20-07**

Description	12/19 Price	2/27 Price	% Change
Palm, Inc. (PALM)	\$5.34	\$6.89	+29.03%
EMC Corp (EMC)	\$17.89	\$16.06	-10.23%
Waste Management (WMI)	\$32.89	\$34.07	+3.59%
Chemtura Corp. (CEM)	\$7.12	\$8.43	+18.40%
Comcast Corp. (CMCSK)	\$17.93	\$20.00	+11.54%
Standex International (SXI)	\$17.68	\$20.64	+16.74%
Southwest Water Co. (SWWC)	\$11.70	\$11.23	+4.02%
<b>Average Gain:</b>			<b>+10.44%</b>

Figures are appreciation only and do not include any dividends paid

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INVESTMENT STRATEGY FOR A CHANGING WORLD

**Latest Company Updates**

**Covanta Holding Corp. (CVA)** - This Company's energy division converts everyday household solid waste into energy (electricity) for communities primarily in the Northeastern part of the U.S. The company is an industry leader in a geographic region with limited landfill capacity and growing interest in "green" solutions. This bodes well for continued strong cash flow generation and long term stock appreciation. We strongly recommend purchase for aggressive investors with a 3 or more year time horizon. (2/26/08)

Aggressive Buy Range	Current Price	Safety Factor (1=low to 5=high)	Buy Limit	Target Range
\$17-21	\$26.40	3.7	\$28	\$33-39

**CapitalSource, Inc. (CSE)** - This hybrid specialty lender REIT has plummeted in value due to Wall Street's concerns regarding the credit crisis. Its valuation has been cut in half since last summer, thus making its 7 1/2-8% dividend stream based on earnings also rise to the mid-teens level. The key is whether the company can maintain its operating earnings, and we feel that Wall Street has over-reacted when one looks at the quality of their loans. We placed CapitalSource on our buy list a few weeks ago and feel that it is an attractive long term total return candidate for investors willing to take above average risk due to the uncertainty of the current credit environment. (2/14/08)

Aggressive Buy Range	Current Price	Safety Factor (1=low to 5=high)	Buy Limit	Target Range
\$10-14	\$15.35	3.3	\$17	\$20-26

**Palm, Inc. (PALM)** - In December we selected Palm as our top aggressive company for 2008. At the time the entire company had a market cap of \$550m, an attractive value when considering Jon Rubenstein is now spearheading their new product line. This former leader seems destined to capture some of its past glory with Mr. Rubenstein's track record in helping bring Apple's iPod and iMac to market. Yesterday the company announced that sales of their new Centro Smartphone are exceeding expectations. We would still be buyers of the stock, particularly on weakness, even with its market cap now approaching \$700m. We were fortunate to have purchased more of Palm into the January tech sell-off that pushed the company's market cap down to only \$450m. (2/15/08)

Aggressive Buy Range	Current Price	Safety Factor (1=low to 5=high)	Buy Limit	Target Range
\$3-5	\$6.49	2.7	\$7	\$10-15

# Lancz International Portfolio (as of 2/28/08)

## Latest Market Activity

**Buys:** 20000 MTU @ \$8.59 (2/22), 2000 NTT @ \$21.69 (2/22), 2000 LYG @ \$31.13 (2/15), 3000 SCJ @ \$45.03 (2/13), 4500 SNY @ \$37.19 (2/11), 3000 GSK @ \$40.99 (2/8), 3500 NVS @ \$48.50 (2/5), 4000 SCJ @ \$46.65 (1/30), 4000 NCX @ \$26.13 (1/28), 3000 SRT @ \$8.11 (1/23), 3000 NTT @ \$22.50 (1/22), 5000 TDK @ \$58.15 (1/22), 2000 HBC @ \$70.97 (1/22), 5000 CX @ \$20.96 (1/22), 1500 DEO @ \$74.19 (1/22)

**Sells:** 800 TM @ \$110 (2/4), 3000 CX @ \$28 (2/4), 1000 PBR @ \$115 (2/4), 1000 SNE @ \$48.35 (1/30), 10000 MRH @ \$17.50 (1/23), 800 FMS @ \$57 (1/9), 5000 GSK @ \$54 (1/8), 4800 SNY @ \$48.03 (1/8), 3500 NVS @ \$57.10 (1/8), 1500 VOD @ \$38 (1/8), 12500 TMS @ \$14.05 (12/31), 4000 TDK @ \$74 (12/31), 1000 DEO @ \$86 (12/31), 4000 LYG @ \$38 (12/27), 900 SU @ \$105 (11/14), 5000 MRH @ \$18 (11/14), 300 SU @ \$115 (11/7), 1000 ECA @ \$75 (11/6), 1000 HBC @ \$99 (10/31), 1000 CX @ \$32.75 (10/17), 800 TM @ \$118.50 (10/2)

## Latest Commentary

**February 25, 2008** - We utilized more of our cash position over the past 2-3 weeks by adding to select positions in Japan as well as depressed European pharmaceuticals. While there are no new sales, it should be noted that partial profit taking in energy in particular is warranted into further strength. We have significantly lowered our risk levels within this portfolio over the past 6 months and continue our strategy to selectively buy into 2008.

## Lancz International Portfolio

Latest Trade Date	Share Quantity	Security Description	Security Symbol	Unit Cost	Current Price	Current Value	Unrealized Gain	Percent Gain/Loss
02-04-2008	12000	Cemex	CX	24.54	28.85	346,200.00	51,780.00	17.59%
12-31-2007	3000	Diageo Plc C Spons ADR New	DEO	76.54	84.62	253,860.00	24,240.00	10.56%
09-14-2006	4000	E ON AG Spons ADR	EONGY	35.83	63.12	252,460.00	109,140.00	76.15%
11-06-2007	2000	Encana Corp.	ECA	44.15	78.12	156,240.00	67,940.00	76.94%
11-30-2007	2000	Enel Societa Per Azioni ADR	ENSTY	39.74	55.06	110,120.00	30,640.00	38.55%
07-12-2007	5000	France Telecom (ADR)	FTE	24.40	34.27	171,350.00	49,340.00	40.44%
01-09-2008	3700	Fresenius Med Ads	FMS	26.73	52.87	195,619.00	96,718.00	97.79%
02-08-2008	6000	GlaxoSmithkline PLC	GSK	46.44	45.05	270,300.00	-8,335.00	-2.99%
01-22-2008	2000	HSBC Holdings	HBC	70.97	77.44	154,880.00	12,940.00	9.12%
02-13-2008	7000	Ishares Japan Small Cap Index	SCJ	45.96	47.27	330,890.00	9,200.00	2.86%
07-12-2007	5000	Lafarge Coppees A Spons ADR	LFRGY	20.39	43.64	218,190.00	116,240.00	114.02%
02-15-2008	9000	Lloyds Tsb Group Plc	LYG	36.67	37.13	334,170.00	4,160.00	1.26%
02-22-2008	20000	Mitsubishi UFT Grp In Spon ADR	MTU	8.59	9.19	183,800.00	12,000.00	6.98%
09-10-2007	7500	News Corp Ltd. Pref.	NWSA	14.83	19.20	144,000.00	32,775.00	29.47%
02-22-2008	15000	Nippon Telephone ADR	NTT	22.11	21.47	322,050.00	-9,590.00	-2.89%
01-28-2008	4000	Nova Chemical	NCX	26.13	31.85	127,400.00	22,880.00	21.89%
02-05-2008	7500	Novartis A G Spons ADR	NVS	50.98	50.61	379,575.00	-2,760.00	-0.72%
02-04-2008	1000	Petroleo Brasileiro ADR	PBR	89.87	124.86	124,860.00	34,990.00	38.93%
02-11-2008	6500	Sanofi Aventis Spons ADR	SNY	38.75	38.35	249,275.00	-2,580.00	-1.02%
01-30-2008	1000	Sony Corp.	SNE	37.82	48.84	48,840.00	11,020.00	29.14%
01-23-2008	16000	Startek, Inc.	SRT	8.64	8.68	138,880.00	580.00	0.42%
05-02-2007	2500	Suez Sponsored ADR	SZEZY	28.47	63.73	159,335.00	88,160.00	123.86%
12-31-2007	5000	TDK Corp.	TDK	58.15	74.06	370,300.00	79,550.00	27.36%
07-06-2007	3000	Telefonos De Mex L	TMX	17.80	34.96	104,880.00	51,495.00	96.46%
08-10-2007	7500	Teva Pharmaceutical Industries	TEVA	26.40	49.40	370,500.00	172,525.00	87.14%
05-31-2007	5000	Transcanada Corp.	TRP	19.55	41.36	206,800.00	109,050.00	111.56%
01-08-2008	5000	Vodafone Group PLC	VOD	22.12	32.17	160,850.00	50,250.00	45.43%
		Money Market/Cash				391,742.40		
		Portfolio Total				6,277,366.40	1,090,770.00	



# Lancz Fax Portfolio (as of 2/28/08)

## Latest Market Activity

**Buys:** 2500 LLY @ \$49.53 (2/20), 2000 BBY @ \$43.46 (2/19), 2000 SWWC @ \$10.96 (2/15), 2500 SCJ @ \$45.39 (2/11), 2500 GSK @ \$40.98 (2/8), 1500 SNY @ \$37.46 (2/8), 4000 CMCSK @ \$16.79 (2/8), 2000 EMC @ \$14.99 (2/7), 1500 NVS @ \$48.49 (2/5), 5000 YHOO @ \$18.87 (1/31), 2000 SXI @ \$17.29 (1/31), 3000 GSK @ \$46.71 (1/30), 3000 SNY @ \$39.79 (1/30), 2000 YHOO @ \$18.61 (1/30), 5000 SCJ @ \$46.65 (1/30), 7500 POR @ \$23.89 (1/30), 3000 NVS @ \$49.89 (1/28), 5000 CHG @ \$35.39 (1/23), 10000 CEM @ \$5.89 (1/23)  
**Sells:** 1500 HP @ \$45.00 (2/20), 1000 TDK @ \$75.00 (2/19), 10000 YHOO @ \$30.00 (2/14), 3000 BBY @ \$49.10 (2/4), 4500 WMT @ \$51.09 (2/4), 500 UTX @ \$74.00 (2/1), 5000 MRH @ \$17.30 (1/24), 2000 NLY @ \$20.20 (1/23), 15000 HCSI @ \$6.00 (1/23), 3000 LLY @ \$57.25 (1/14), 2000 FTE @ \$38.00 (1/10), 5000 NVS @ \$59.00 (1/10), 5000 GSK @ \$54.25 (1/9), 5000 SNY @ \$49.00 (1/9)

## Latest Commentary

**February 21, 2008** - We took partial profits on two of our largest positions - Yahoo and Walmart - as Yahoo spiked over \$30 on Microsoft's takeover offer and Walmart hit new highs on better than expected fundamental progress. The current market volatility on below average volume illustrates the quandry investors are in, yet bodes well in taking advantage of exaggerated swings in both directions. The abbreviated time it is taking for many well-known, very liquid stocks to swing from new highs to new lows - and vice versa - we have rarely seen over the past three decades. This makes it challenging but rewarding for investors able to take advantage of these select opportunities.

## Lancz Fax Portfolio

Latest Trade Date	Share Quantity	Security Description	Security Symbol	Unit Cost	Current Price	Current Value	Unrealized Gain	Percent Gain / Loss
08-22-2007	2500	3M Company	MMM	71.70	79.80	199,500.00	20,260.00	11.30%
06-12-2007	35000	Alseres Pharmaceuticals Inc	ALSE	2.33	2.63	92,050.00	10,420.00	12.76%
03-28-2006	1500	Amgen, Inc.	AMGN	30.58	45.53	68,295.00	22,425.00	48.89%
01-23-2008	10000	Annaly Cap Mgmt Inc Com	NLY	13.04	20.80	208,000.00	77,600.00	59.51%
11-13-2007	2000	Avon Products, Inc.	AVP	27.00	39.15	78,300.00	24,300.00	45.00%
09-30-2003	55	Berkshire Hathaway Cl. B	BRKB	2,478.82	4,660.00	256,300.00	119,965.00	87.99%
02-04-2008	2000	Best Buy Inc Com	BBY	43.46	44.82	89,640.00	2,720.00	3.13%
01-08-2008	7000	CH Energy Group, Inc.	CHG	37.71	36.45	255,150.00	-8,800.00	-3.33%
01-23-2008	25000	Chemtura Corp. Com	CEM	6.97	8.71	217,750.00	43,500.00	24.96%
01-31-2008	4500	Citigroup	C	18.31	25.01	112,545.00	30,150.00	36.59%
11-07-2007	10000	CMS Energy Corp.	CMS	12.54	14.93	149,300.00	23,880.00	19.04%
02-08-2008	10000	Comcast Corp SPL CL A	CMCSK	16.26	19.88	198,800.00	36,157.50	22.23%
11-28-2007	4000	Costco Wholesale Corp.	COST	28.26	63.10	252,400.00	139,360.00	123.28%
12-14-2007	4000	E I Du Pont De Nemours	DD	37.86	47.24	188,960.00	37,535.00	24.79%
02-07-2008	15000	E M C Corporation Mass	EMC	15.92	15.73	235,950.00	-2,860.00	-1.20%
02-20-2008	4500	Eli Lilly & Co.	LLY	51.13	50.93	229,185.00	-922.00	-0.40%
09-12-2007	3000	Encana Corp.	ECA	44.12	78.12	234,360.00	102,000.00	77.06%
07-27-2007	3000	Enterprise Prods Partners L.P.	EPD	24.66	31.18	93,540.00	19,550.00	26.42%
01-23-2008	7000	Fastenal Co.	FAST	35.48	42.22	295,540.00	47,210.00	19.01%
01-10-2008	6000	France Telecom (ADR)	FTE	24.63	34.27	205,620.00	57,840.00	39.14%
05-11-2007	4000	Fresenius Med Ads	FMS	25.22	52.87	211,480.00	110,615.00	109.67%
12-20-2007	3500	General Electric	GE	23.54	33.85	118,475.00	36,075.00	43.78%
02-08-2008	7500	GlaxoSmithkline PLC	GSK	46.17	45.05	337,875.00	-8,405.00	-2.43%
01-03-2008	9000	Halliburton Co.	HAL	32.05	39.06	351,540.00	63,110.00	21.88%
02-20-2008	1500	Helmerich & Payne	HP	23.93	47.05	70,575.00	34,680.00	96.62%
05-17-2006	1000	HSBC Holdings	HBC	51.15	77.44	77,440.00	26,290.00	51.40%
01-22-2008	9000	IAC Interactive Corp.	IACI	26.34	21.47	193,230.00	-43,810.00	-18.48%
02-11-2008	7500	Ishares Japan Small Cap Index	SCJ	46.23	47.27	354,525.00	7,800.00	2.25%
11-23-2007	1500	Johnson and Johnson	JNJ	43.94	62.71	94,065.00	28,151.00	42.71%
01-18-2008	5000	JP Morgan Chase & Co.	JPM	39.59	42.44	212,200.00	14,250.00	7.20%
12-05-2007	2500	Kimberly Clark	KMB	42.61	65.76	164,400.00	57,881.78	54.34%
08-08-2007	6000	Lafarge Coppees A Spons ADR	LFRGY	21.25	43.64	261,828.00	134,328.00	105.36%
09-06-2005	4400	Liberty Global Inc.	LBTYA	20.55	39.77	174,988.00	84,575.99	93.55%
09-06-2005	4400	Liberty Global Inc. Com Ser A	LBTYK	13.90	36.80	161,920.00	100,752.96	164.72%
01-02-2008	5000	Medtronic, Inc.	MDT	45.14	49.76	248,800.00	23,110.00	10.24%
01-08-2008	3000	Merrill Lynch	MER	48.18	51.66	154,980.00	10,440.00	7.22%
11-13-2007	3500	Microsoft Corp.	MSFT	22.02	27.93	97,755.00	20,698.50	26.86%
11-28-2007	5000	Newell Rubbermaid	NWL	20.53	23.84	119,200.00	16,535.00	16.11%
09-10-2007	10000	News Corp Ltd. Pref.	NWSA	15.85	19.20	192,000.00	33,510.00	21.14%
12-27-2007	9000	Nicor Inc.	GAS	38.94	35.41	318,690.00	-31,780.00	-9.97%
06-14-2007	10000	Nighthawk Radiology Holdings	NHWK	17.35	11.46	114,600.00	-58,900.00	-33.95%
11-28-2007	5000	Nippon Telephone ADR	NTT	21.99	21.47	107,350.00	-2,600.00	-2.36%
01-29-2008	13000	Nisource Inc.	NI	17.51	17.81	231,530.00	3,840.00	1.69%
10-31-2007	4000	Norfolk Southern Corp	NSC	40.51	54.58	218,320.00	56,270.00	34.72%
11-28-2007	5000	Northeast Utilities	NU	19.56	25.97	129,850.00	32,070.00	32.80%
02-05-2008	7000	Novartis A G Spons ADR	NVS	50.88	50.61	354,270.00	-1,860.00	-0.52%
01-04-2008	25000	P.H. Glatfelter Company	GLT	13.35	13.65	341,250.00	7,510.00	2.25%
01-23-2008	40000	Palm Inc.	PALM	4.97	6.70	268,000.00	69,100.00	34.74%
11-23-2007	9000	Patterson Dental	PDCO	31.62	36.57	329,130.00	44,515.00	15.64%
01-22-2008	12000	Pfizer Inc.	PFE	23.74	22.55	270,600.00	-14,318.00	-5.03%
01-30-2008	7500	Portland General Electric	POR	23.89	23.66	177,450.00	-1,725.00	-0.96%
02-08-2008	7000	Sanofi Aventis Spons ADR	SNY	39.68	38.35	268,450.00	-9,335.00	-3.36%
12-18-2007	1200	Sempra Energy	SRE	26.80	54.86	65,832.00	33,672.00	104.70%
02-15-2008	22000	Southwest Water Co	SWWC	11.82	11.07	243,540.00	-16,570.00	-6.37%
02-07-2008	18000	Standex Intl Corp.	SXI	18.13	19.87	357,660.00	31,295.00	9.59%
01-15-2008	20000	Staples Inc	SPLS	20.73	23.22	464,400.00	49,900.00	12.04%
12-20-2007	23000	Startek, Inc.	SRT	9.12	8.68	199,640.00	-10,190.00	-4.86%
05-02-2007	2000	Suez Sponsored ADR	SZEZY	27.53	63.73	127,468.00	72,408.00	131.51%
08-08-2007	1500	Suncor Energy Inc.	SU	68.85	106.12	159,180.00	55,905.00	54.13%
02-19-2008	3500	TDK Corp.	TDK	62.05	74.06	259,210.00	42,025.00	19.35%
09-13-2007	3500	Telefonos De Mex L	TMX	16.98	34.96	122,360.00	62,947.50	105.95%
08-10-2007	8138	Teva Pharmaceutical Industries	TEVA	26.05	49.40	402,017.20	190,061.80	89.67%
11-07-2007	5000	Transcanada Corp.	TRP	20.25	41.36	206,800.00	105,540.00	104.23%
09-18-2007	40000	United Amer Healthcare	UAHC	4.42	2.19	87,600.00	-89,150.00	-50.44%
01-22-2008	5000	United Parcel Service	UPS	66.61	71.75	358,750.00	25,715.00	7.72%
02-01-2008	2000	United Technologies Corp.	UTX	49.58	72.17	144,340.00	45,180.00	45.56%
01-22-2008	6000	Wachovia Corp.	WB	32.89	32.36	194,160.00	-3,150.00	-1.60%
02-04-2008	7500	Wal-Mart Stores Inc.	WMT	45.45	50.70	380,250.00	39,339.00	11.54%
12-05-2007	7000	Walt Disney Company	DIS	18.54	32.54	227,780.00	97,988.63	75.50%
01-22-2008	7500	Wells Fargo Co.	WFC	26.51	30.56	229,200.00	30,375.00	15.28%
02-14-2008	10000	Yahoo, Inc.	YHOO	25.30	28.15	281,500.00	28,460.00	11.25%
		Money Market/Cash				1,546,520.35		
		Portfolio Total				16,446,158.55	2,437,417.66	

# Lancz Long/Short Portfolio (as of 2/28/08)

## Latest Market Activity

**Buys:** 2000 SNY @ \$37.13 (2/11), 2000 IACI @ \$21.89 (2/11), 1000 GAS @ \$38.41 (2/11), 2000 GSK @ \$40.99 (2/8), 4500 EMC @ \$14.98 (2/7), 2000 NVS @ \$48.49 (2/5), 7000 SWWC @ \$10.81 (1/31), 5000 YHOO @ \$18.99 (1/30), 3000 CHG @ \$35.76 (1/28), 10000 CEM @ \$5.99 (1/25), 7500 POR @ \$23.39 (1/25), 5000 CMCSK @ \$15.99 (1/23), 3000 CSE @ \$13.99 (1/23), 10000 PALM @ \$4.39 (1/23), 1500 SHLM @ \$17.99 (1/23), 1000 DEO @ \$73.72 (1/23), 6000 WMI @ \$27.23 (1/22), 5000 JPM @ \$37.98 (1/22), 3000 TDK @ \$57.91 (1/22), 2000 C @ \$22.50 (1/22), 1500 PFE @ \$21.67 (1/22), 1000 SJW @ \$27.89 (1/22), 2000 SXI @ \$15.83 (1/22), 1000 UPS @ \$65 (1/22), 2000 BAC @ \$34.15 (1/22), 3000 WB @ \$29.29 (1/22), 3000 FAST @ \$32.31 (1/22), 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)

**Covers:** 1000 TIF @ \$38.96 (2/11), 3500 PETM @ \$20.58 (1/25), 200 FSLR @ \$149 (1/23), 1800 ODP @ \$11.32 (1/22), 10000 CC @ \$3.90 (1/22), 2000 RSH @ \$14 (1/22), 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:** 3000 TDK @ \$73 (2/4), 3000 BMS @ \$27.76 (2/4), 15000 EMMS @ \$3 (1/24), 1000 LFRGY @ \$42.80 (1/24), 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)

**Shorts:** 600 FLSR @ \$252 (1/8), 4000 XRAY @ \$44 (1/9), 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

**February 12, 2008** - We have utilized nearly all of the cash reserves that we built in 2007 to selectively accumulate some depressed U.S. based stocks. At the same time many investors are jumping on the international bandwagon (after more than six years of out-performance), we are beginning to find more bargains - and less risk - here in the United States. There are still pockets of opportunities abroad, mainly in Japan or even the large European pharma that we highlighted at new lows in October, which hit new highs in early January and are now back to new lows this week. We like the combination of long term growth with a growing dividend stream and feel the majority of our recent purchases will pay off handsomely over a 3-5 year timeframe.

## Performance

As of 2/28/2008

(Performance updated monthly)

Beginning Value	\$1,500,000.00
Unrealized Gain/(Loss)	\$1,655,159.22
Realized Gain/(Loss)	\$7,527,693.87
Dividend Income	\$493,640.70
Interest Income	\$230,635.01
Management Fees	(\$331,551.31)
Current Value	\$12,096,305.82
Investment Gain	\$9,575,877.49
Net Annual Return (8/31/98 - Current)	20.88%
D.J.I.A. Annual Return (8/31/98 - Current)	5.54%
S&P 500 Annual Return (8/31/98 - Current)	3.83%

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 different 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 constitute 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 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. Past performance does not guarantee future success.

Lancz Long/Short Portfolio

Latest Trade Date	Share Quantity	Security Description	Security Symbol	Unit Cost	Current Price	Current Value	Unrealized Gain	Percent Gain/Loss
08-22-2007	1400	3M Company	MMM	32.82	79.80	111,720.00	65,779.00	143.18%
08-08-2007	2000	American States Water	AWR	17.42	32.89	65,780.00	30,940.00	88.81%
02-23-2007	2500	Amgen, Inc.	AMGN	36.82	45.53	113,825.00	21,775.00	23.66%
12-10-2007	2000	Anadarko Petroleum	APC	21.38	65.50	131,000.00	88,250.00	206.43%
11-13-2007	4000	Avon Products, Inc.	AVP	27.52	39.15	156,600.00	46,520.00	42.26%
01-22-2008	4000	Bank of America	BAC	38.93	41.42	165,680.00	9,960.00	6.40%
01-23-2008	3000	CapitalSource Inc.	CSE	13.99	16.24	48,720.00	6,750.00	16.08%
01-28-2008	9000	CH Energy Group, Inc.	CHG	40.19	36.45	328,050.00	-33,620.00	-9.30%
01-25-2008	20000	Chemtura Corp. Com	CEM	6.74	8.71	174,200.00	39,400.00	29.23%
01-31-2008	5199	Citigroup	C	24.27	25.01	130,026.99	3,854.12	3.05%
11-07-2007	8500	CMS Energy Corp.	CMS	12.39	14.93	126,905.00	21,550.00	20.45%
01-23-2008	15000	Comcast Corp SPL CL A	CMCSK	17.89	19.88	298,200.00	29,880.00	11.14%
01-07-2008	700	ConocoPhillips	COP	54.93	85.20	59,640.00	21,189.00	55.11%
11-13-2007	7000	Corning	GLW	2.94	23.84	166,880.00	146,300.00	710.88%
11-28-2007	2000	Costco Wholesale Corp.	COST	28.79	63.10	126,200.00	68,620.00	119.17%
01-23-2008	2500	Diageo Plc C Spons ADR New	DEO	76.85	84.62	211,550.00	19,420.00	10.11%
12-14-2007	2000	E I Du Pont De Nemours	DD	36.30	47.24	94,480.00	21,880.00	30.14%
02-07-2008	17000	E M C Corporation Mass	EMC	16.15	15.73	267,410.00	-7,125.00	-2.60%
11-26-2007	8000	Eli Lilly & Co.	LLY	51.84	50.93	407,440.00	-7,241.00	-1.75%
09-12-2007	1800	Encana Corp.	ECA	46.05	78.12	140,616.00	57,726.00	69.64%
07-27-2007	2000	Enterprise Prods Partners L.P.	EPD	24.13	31.18	62,360.00	14,100.00	29.22%
02-08-2007	30000	etrisals Worldwide	ETWC	3.85	2.63	78,900.00	-36,510.00	-31.64%
01-22-2008	5000	Fastenal Co.	FAST	34.50	42.22	211,100.00	38,590.00	22.37%
01-23-2008	-400	First Solar Inc.	FSLR	-252.00	205.26	-82,104.00	18,696.00	18.55%
06-04-2007	2000	France Telecom (ADR)	FTE	24.88	34.27	68,540.00	18,780.00	37.74%
12-04-2007	2500	Fresenius Med Ads	FMS	26.38	52.87	132,175.00	66,225.00	100.42%
11-22-2005	2000	Genentech Inc.	DNA	21.75	75.86	151,720.00	108,220.00	248.78%
12-20-2007	4000	General Electric	GE	32.35	33.85	135,400.00	6,000.00	4.64%
11-16-2005	1000	Genzyme Corp. - General Division	GENZ	16.47	73.15	73,150.00	56,681.25	344.17%
02-08-2008	8000	GlaxoSmithkline PLC	GSK	48.11	45.05	360,400.00	-24,495.00	-6.36%
01-11-2008	17000	Human Genome Sciences, Inc.	HGSI	9.70	6.15	104,550.00	-60,380.00	-36.61%
02-11-2008	6000	IAC Interactive Corp.	IACI	27.22	21.47	128,820.00	-34,520.00	-21.13%
11-23-2007	2600	Johnson and Johnson	JNJ	38.95	62.71	163,046.00	61,784.00	61.01%
01-22-2008	5000	JP Morgan Chase & Co.	JPM	38.00	42.44	212,200.00	22,210.00	11.69%
01-24-2008	2000	Lafarge Coppes A Spons ADR	LFRGY	21.85	43.64	87,276.00	43,576.00	99.72%
03-07-2006	2000	Liberty Global Inc.	LBTYA	18.79	39.77	79,540.00	41,960.00	111.66%
01-02-2008	4000	Medtronic, Inc.	MDT	42.73	49.76	199,040.00	28,140.00	16.47%
11-28-2007	5000	Newell Rubbermaid	NWL	22.70	23.84	119,200.00	5,710.00	5.03%
02-11-2008	8000	Nicor Inc.	GAS	39.42	35.41	283,280.00	-32,100.00	-10.18%
07-11-2007	8500	Nighthawk Radiology Holdings	NHWK	17.67	11.46	97,410.00	-52,805.00	-35.15%
11-28-2007	8000	Nippon Telephone ADR	NTT	21.97	21.47	171,760.00	-3,970.00	-2.26%
01-29-2008	13000	Nisource Inc.	NI	18.36	17.81	231,530.00	-7,150.00	-3.00%
10-31-2007	2000	Norfolk Southern Corp	NSC	41.06	54.58	109,160.00	27,035.00	32.92%
11-28-2007	3000	Northeast Utilities	NU	22.15	25.97	77,910.00	11,460.00	17.25%
02-05-2008	5000	Novartis A G Spons ADR	NVS	51.17	50.61	253,050.00	-2,780.00	-1.09%
01-04-2008	16000	P.H. Glatfelter Company	GLT	13.43	13.65	218,400.00	3,450.00	1.61%
01-23-2008	45000	Palm Inc.	PALM	5.17	6.70	301,500.00	68,800.00	29.57%
11-12-2007	9000	Patterson Dental	PDCO	29.88	36.57	329,130.00	60,210.00	22.39%
07-17-2007	2100	Pepsico Inc.	PEP	27.88	71.06	149,226.00	90,678.00	154.88%
01-22-2008	8000	Pfizer Inc.	PFE	22.87	22.55	180,400.00	-2,540.00	-1.39%
01-25-2008	7500	Portland General Electric	POR	23.39	23.66	177,450.00	2,025.00	1.15%
07-18-2007	600	Procter & Gamble Co.	PG	33.88	66.97	40,182.00	19,857.00	97.70%
12-10-2007	1800	Questar	STR	15.74	57.01	102,618.00	74,286.00	262.20%
01-22-2008	-3000	Radioshack Corp	RSH	-22.25	18.17	-54,510.00	12,240.00	18.34%
02-11-2008	6000	Sanofi Aventis Spons ADR	SNY	39.20	38.35	230,100.00	-5,090.00	-2.16%
01-23-2008	6000	Schulman (A.)	SHLM	19.42	20.88	125,280.00	8,790.00	7.55%
01-22-2008	5000	SJW Corp.	SJW	27.78	29.33	146,650.00	7,760.00	5.59%
01-31-2008	25000	Southwest Water Co	SWWC	11.73	11.07	276,750.00	-16,550.00	-5.64%
02-07-2008	10000	Standex Intl Corp.	SXI	17.29	19.87	198,700.00	25,820.00	14.94%
11-26-2007	15000	Staples Inc	SPLS	20.53	23.22	348,300.00	40,320.00	13.09%
02-11-2008	3500	TDK Corp.	TDK	58.89	74.06	259,210.00	53,105.00	25.77%
08-10-2007	6198	Teva Pharmaceutical Industries	TEVA	26.69	49.40	306,181.20	140,777.01	85.11%
09-25-2007	25000	United Amer Healthcare	UAHC	3.80	2.19	54,750.00	-40,250.00	-42.37%
01-22-2008	5000	United Parcel Service	UPS	66.78	71.75	358,750.00	24,840.00	7.44%
06-06-2007	7000	Vodafone Group PLC	VOD	28.36	32.17	225,190.00	26,678.57	13.44%
01-22-2008	3000	Wachovia Corp.	WB	29.29	32.36	97,080.00	9,210.00	10.48%
12-12-2007	7500	Wal-Mart Stores Inc.	WMT	44.41	50.70	380,250.00	47,195.00	14.17%
12-05-2007	3000	Walt Disney Company	DIS	16.70	32.54	97,620.00	47,519.19	94.85%
01-22-2008	10000	Waste Management, Inc.	WMI	29.21	33.83	338,300.00	46,160.00	15.80%
01-30-2008	13000	Yahoo, Inc.	YHOO	23.13	28.15	365,950.00	65,235.00	21.69%
		Money Market/Cash				8,512.63		
		Portfolio Total				12,096,305.82	1,776,790.14	



## S & P 500 "Alternative Portfolio"

Date	Company Recommended	Symbol	Exc.	Price Added	Current Price	Yield At Added Price	Strong Buy Range	Current Rating	Buy Limit	Target	Anticipated Holding Period
#02/00	Johnson & Johnson	JNJ	N	36.00	62.71	1.6%	30-35	3 ***	50	70-80	12-24 mos.
#10/02	Kimberly-Clark	KMB	N	45.36	65.76	3.0%	42-47	3 ***	50	72-78	12-18 mos.
11/02	Honeywell Int'l	HON	N	21.60	59.18	3.5%	15-25	3 ***	30	63-68	12-18 mos.
*01/04	SJW, Inc.	SJW	N	14.79	29.33	3.4%	10-15	3 ***	25	34-42	12-24 mos.
#09/04	IBM Corp.	IBM	N	77.55	115.24	1.0%	72-75	3 ***	79	120-135	12-18 mos.
#09/05	Lafarge S.A.	LFRGY	N	20.88	43.35	4.6%	18-21	3 **+	29	47-54	12-18 mos.
02/06	ConocoPhillips	COP	N	58.67	85.20	2.5%	40-50	3 ***	59	90-100	18-24 mos.
08/06	Avon Products, Inc.	AVP	N	27.52	39.15	2.6%	21-24	3 **+	30	44-48	12-24 mos.
#11/06	Cullen/Front Bankers	CFR	N	48.88	55.09	3.2%	45-49	5 **+	49	54-59	12-18 mos.
#02/07	Fastenal Company	FAST	O	34.58	42.22	1.2%	28-32	3 ***	38	47-53	12-24 mos.
#08/07	Nicor, Inc.	GAS	N	37.27	35.41	5.0%	36-39	1 ***	38	44-49	12-24 mos.
11/07	Staples	SPLS	O	20.79	23.22	1.4%	17-20	2 ***	23	28-32	12-24 mos.
#12/07	Waste Management	WMI	N	30.25	33.83	3.2%	26-30	1 ***	34	39-43	12-24 mos.
1/08	CIT Financial	CIT	N	19.05	24.43	5.2%	16-19	3 **+	22	28-34	12-24 mos.
1/08	Wachovia Group	WB	N	28.41	32.36	9.0%	25-28	3 **+	31	37-44	12-24 mos.

Portfolio Performance  
(Sept. 1, 1990)

**443.1%**  
Average yield: 3.37%  
Cash Position is 9%

## Special Situation "High Income" Portfolio

Date	Company Recommended	Symbol	Price Added	Current Price	Buy Limit	Est. Yield	Current Rating
07/03	Eastman Chemical	EMN	30.40	67.28	48	5.79%	4 **+
#04/04	Transcanada Corp.	TRP	19.55	41.36	23	4.34%	3 ***
#04/05	Quaker Chemical	KWR	18.50	23.69	20	4.76%	3 **+
06/05	Medallion Financial Corp.	TAXI	9.12	9.64	10	5.26%	1 **
#11/05	Enterprise Products Prtns.L.P.	EPD	24.58	31.18	27	7.16%	3 **
01/06	Enel Societa Per Azioni ADR	ENSTY	39.74	55.06	44	5.90%	3 **
07/06	E.ON AG	EONGY	35.84	63.80	40	3.96%	3 **+
#07/07	Annaly Capital Management	NLY	13.04	17.27	14	7.36%	3 **+
#11/07	Nisource Inc	NI	17.16	17.81	19	5.36%	1 ***
02/08	CapitalSource, Inc.	CSE	14.99	16.24	17	16.01%	1 **
02/08	CH Energy	CHG	35.76	35.76	39	6.04%	1 ***

Average Gain on Closed out Positions: 27.75%  
Average Holding Period Approximately: 15.03 mos.  
Average Annualized Appreciation: 22.15%  
(Excluding current yield of 6.54%)  
Note: All prices reflect closing price  
Of 2/28/08

### Description of LanczGlobal Terminology

**Target Price:** The price we anticipate reaching within the approximate holding period indicated.

**Anticipated Holding Period:** The approximate time interval we expect to elapse for the investment to reach our target price.

**Buy Limit:** The maximum current price we recommend buying the investment to maintain our risk-to-reward parameters.

**Strong Buy Range:** The price range we feel most comfortable committing to the investment. The high end of the range is the point the risk-to-reward ratios are at extremely favorable levels. The low end of this range is the current maximum downside risk we see in the investment.

**LanczGlobal Underwriting Rating:** Is designed to give the reader our analysis of the underwriter of each specific issue. Our analysis is based on the credibility, financial strength and, most importantly, past track record of the underwriter.

**LanczGlobal Numerical Rating Format:** Is designed to give the reader a quick, current opinion on each investment within our portfolio.

1 = Strong Buy at current levels

2 = Attractive at current levels, strong buy on any weakness

3 = Hold

4 = Sell on weakness; becoming unattractive at current levels

5 = Price target reached - take profits

6 = Sell

**Confidence Rating:** Is designed to give the reader our current level of confidence in each specific investment.

\*\*\*\* Highest Confidence

\*\*\* Above Average

\*\* Average

\* Low Confidence (greater speculation)

^ Price adjusted for any stock dividends, splits and distributions during holding period.

# Average price of separate purchase price recommendations.

Note: Due primarily to the fact that we individually manage each account according to client's specific goals and objectives, (we do not pool monies together) each account will have variances all of their own. The timing of when monies are placed and added with us will also have a bearing on portfolio structure and performance. Thus, portfolios on these back pages cannot represent actual money management performance as it is unlikely that any two accounts will be identical to one another.

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# Quality "Blue Chip" Portfolio

<u>Date</u>	<u>Company Recommended</u>	<u>Symbol</u>	<u>Exc.+</u>	<u>Price Added</u>	<u>Current Price</u>	<u>Yield At Added Price</u>	<u>Strong Buy Range</u>	<u>Current Rating</u>	<u>Buy Limit</u>	<u>Target</u>	<u>Anticipated Holding Period</u>
^09/98	Wells Fargo	WFC	N	13.25	30.56	4.07%	13-18	3 ***	25	39-46	12-18 mos.
#09/00	DuPont Co.	DD	N	35.46	47.24	3.95%	30-35	3 ***	42	54-64	12-24 mos.
#04/02	General Electric	GE	N	23.57	33.85	3.05%	18-25	2 ***	33	42-47	12-18 mos.
07/02	ExxonMobil	XOM	N	29.78	89.38	3.09%	26-30	3 ***	55	95-105	12-24 mos.
^11/03	Verizon Corp.	VZ	N	29.34	37.18	5.38%	24-30	3 ***	33	47-52	12-18 mos.
#09/05	3M Corp.	MMM	N	68.99	80.00	2.67%	62-66	3 ***	73	98-108	12-24 mos.
08/06	United Parcel Service, Inc.	UPS	N	65.60	71.75	2.32%	58-64	2 ***	71	82-92	12-24 mos.
#11/06	GlaxoSmithKline plc	GSK	N	45.45	45.05	5.52%	40-45	1 ***	46	54-62	12-24 mos.
#08/07	Sanofi-Aventis	SNY	N	39.02	38.35	2.53%	33-37	1 ***	39	45-50	12-18 mos.
02/08	Portland General Electric	POR	N	23.45	23.45	4.09%	20-23	1 ***	25	28-32	12-24 mos.

### Closed Out Performance Statistics

Average Gain on Closed Out Positions:	33.66%	Even (Zero to Less than 15% Annualized Return):	16	<b>Note: Recommended Cash Position is 13%</b>
Average Holding Period Approximately:	15.21 mos.	Total Wrong (Net Loss Positions):	11	<b>Average Yield: 3.67%</b>
Average Annualized Appreciation:	26.55%	Percentage Right:	73%	<b>+Exchange:</b>
Total Blue Chip Recommendation Since Inception:	99	Percentage Wrong:	11%	A = American Stock Exchange
Total Right (15% or Better Annualized Return):	72	^Price is adjusted for any stock dividends, splits and/or distributions during holding period.		N = New York Stock Exchange
				O = Over-the-Counter
				T = Toronto

<u>Closed Out Positions</u>	<u>Symbol</u>	<u>Price Added</u>	<u>Closed Out</u>	<u>% Change</u>	<u>Approx. Time Interval</u>	<u>Closed Out Positions</u>	<u>Symbol</u>	<u>Price Added</u>	<u>Closed Out</u>	<u>% Change</u>	<u>Approx. Time Interval</u>
Sears Robuck	S	48	48	+30%	6 mos.	U.S. West	USW	17 1/2	35	+100%	13 mos.
BellSouth	BLS	32 1/2	64	+97%	21 mos.	TOTAL SA	TOT	26 3/8	34 1/4	+30%	11 mos.
Consolidated Edison	ED	42	49	+17%	4 mos.	Hanson plc	HAN	13 3/4	12	- 13%	21 mos.
Harford National	HNAT	25.68	27 1/2	+ 7%	8 mos.	Frontier Corp.	FRO	20 3/8	26 1/2	+30%	23 mos.
GTE	GTE	42	62 3/8	+49%	12 mos.	Dun & Bradstreet	DNB	21 1/8	28 1/8	+33%	10 mos.
Chesebrough-Ponds	CBM	40 1/2	72 1/2	+79%	9 mos.	General Motors	GM	59 7/8	72 3/8	+21%	2 mos.
RJR Nabisco	RJR	28 1/8	61 3/8	+118%	15 mos.	Imperial Chemical	ICI	44 3/4	63	+41%	22 mos.
Southern California Edison	SCE	34 1/4	32 1/2	- 5%	13 mos.	Eastman Kodak	EK	57 1/4	75 3/4	+32%	8 mos.
Eastman Kodak	EK	56 3/4	68 7/8	+21%	17 mos.	Lubrizol Corp.	LZ	25 5/8	30 7/8	+20%	31 mos.
Chemed	CHE	42	36 1/4	- 14%	2 mos.	Readers Digest	RDA	23 1/4	20 1/4	- 13%	36 mos.
RJR Nabisco	RJR	52 3/4	57 7/8	+10%	3 mos.	Sears	S	39	47 3/8	+21%	12 mos.
Sears Robuck	S	42	36	- 14%	14 mos.	Merrill Lynch	MER	35 7/8	79	+120%	2 mos.
Lubrizol Corp.	LZ	35	38 1/2	+10%	9 mos.	Intern'l Flavors & Frag.	IFF	35	46 1/2	+33%	12 mos.
BellSouth	BLS	33.63	41	+22%	16 mos.	Bank ONE	ONE	28 3/4	34 3/4	+21%	14 mos.
UST Corp.	UST	23.99	31	+29%	14 mos.	GTE Corp.	GTE	59 3/4	72 1/4	+21%	2 mos.
Bristol Myers	BMY	34	44	+29%	6 mos.	American Home Products	AHP	27 1/2	62	+125%	17 mos.
Sara Lee Corp.	SLE	32 3/4	41	+25%	3 mos.	Minnesota Mining & Mfg.	MMM	70	116 3/4	+67%	30mos.
RJR Nabisco	RJR	43 3/4	50 1/2	+15%	5 mos.	EDS Corp.	EDS	39	66	+69%	7 mos.
Eastman Kodak	RK	41 1/2	49	+15%	9 mos.	Allstate	ALL	21	42.95	+105%	21 mos.
Duke Power	DUK	44 1/2	45 1/4	+ 2%	8 mos.	Procter & Gamble	PG	53 1/4	75.65	+42%	17 mos.
General Electric	GE	39 3/8	47	+19%	7 mos.	SBC Communications	SBC	40.03	47.50	+19%	4 mos.
Exxon Corp	XON	43 1/2	44 3/4	+ 2%	11 mos.	Alltel Corp.	AT	53.87	64.08	+19%	7 mos.
Consolidated Edison	ED	24 3/8	22 7/8	- 6%	2 mos.	Procter & Gamble	PG	53 1/4	90.09	+69%	25 mos.
Sears Roebuck	S	30 1/8	35 1/8	+17%	31 mos.	Philip Morris	MO	23 5/8	57.80	+145%	49 mos.
General Electric	GE	44 7/8	70 7/8	+58%	16 mos.	ChevronTexaco	CVX	70.00	87.14	+24%	19 mos.
Maytag Corp.	MYG	16 1/2	14	- 15%	25 mos.	SBC Communications	SBC	21.62	31	+43%	7 mos.
Tenneco	TGT	45	48 1/4	+ 7%	4 mos.	Verizon Communications	VZ	28.03	44	+57%	9 mos.
Pacific Telesis	PAC	38	45 1/4	+19%	4 mos.	Allstate Corp.	ALL	30.88	38.50	+25%	12 mos.
Eastman Kodak	EK	37 3/4	46	+22%	21 mos.	Merck, Inc.	MRK	45.00	60.00	+33%	18 mos.
Westinghouse Electric	WX	26 1/8	25 1/2	- 2%	4 mos.	Kimberly Clark	KMB	43.92	66	+50%	16 mos.
General Electric	GE	53	75	+42%	20 mos.	Colgate Palmolive	CL	49.90	58	+16%	5 mos.
Bristol Myers	BMY	62	68 5/8	+11%	3 mos.	Merck, Inc	MRK	40.65	45.30	+11%	11 mos.
Pacific Telesis	PAC	39 1/8	48 1/2	+24%	29 mos.	AIG Int'l	AIG	47.10	69.65	+48%	28 mos.
Borden, Inc.	BN	22 1/4	18 7/8	- 15%	18 mos.	Schering-Plough	SGP	15.67	21.50	+37%	32 mos.
Pfizer, Inc.	PFE	53	72 1/8	+36%	5 mos.	McDonald Corp.	MCD	13.79	32.46	+135%	27 mos.
GTE Corp.	GTE	39	25 1/2	+53%	40 mos.	Colgate Palmolive	CL	42.98	54.09	+26%	5 mos.
Pfizer, Inc.	PFE	55 3/4	62 1/4	+12%	6 mos.	Merck, Inc.	MRK	27.89	30.01	+ 8%	10 mos.
Sprint Corp.	FON	23 1/2	33 1/4	+41%	38 mos.	Regions Financial	RF	30.63	36	+18%	15 mos.
Potomac Electric	POM	19	19 1/2	+ 3%	11 mos.	Sara Lee Corp.	SLE	18.94	17.40	- 8%	25 mos.
Kmart	KM	13 7/8	15 3/8	+11%	12 mos.	American Electric Power	AEP	32.51	50.33	+55%	26 mos.
Merck	MRK	28 1/4	57 5/8	+104%	17 mos.	AllState Corp.	ALL	30.12	62.01	+106%	51 mos.
Stride Rite	SRR	10 1/2	7 3/8	- 30%	12 mos.	Citigroup Inc.	C	42.68	47.98	+12%	38 mos.
Nynex Corp.	NYN	35 3/8	54 3/8	+54%	25 mos.	Bank of America	BAC	42.95	52	+21%	31 mos.
GTE Corp.	GTE	30 7/8	47 5/8	+54%	25 mos.	Northeast Utilities	NU	19.27	32	+66%	21 mos.

## Aggressive Growth Portfolio

<u>Date</u>	<u>Company Recommended</u>	<u>Symbol</u>	<u>Exc.+</u>	<u>Price Added</u>	<u>Current Price</u>	<u>Strong Buy Range</u>	<u>Current Rating</u>	<u>Buy Limit</u>	<u>Target</u>	<u>Anticipated Holding Period</u>
08/03	Costco Wholesale Corp.	COST	O	28.92	63.10	20-25	3 ***	40	74-82	12-18 mos.
#12/03	Newell Rubbermaid, Inc.	NWL	N	19.94	23.84	15-18	3 **	23	29-34	12-24 mos.
#04/05	News Corp. "A"	NWS.A	N	15.84	19.20	11-14	3 **	19	25-29	12-24 mos.
#07/05	Comcast Corp. "A"	CMCSK	O	18.08	19.88	12-16	2 **+	19	24-29	12-24 mos.
#11/05	Patterson Companies Inc.	PDCO	O	30.87	36.56	26-30	3 **+	33	39-45	18-24 mos.
02/06	Encana Corp.	ECA	N	40.97	67.12	30-40	3 **+	50	75-85	18-24 mos.
#11/06	P.H. Glatfelter	GLT	N	13.33	13.65	11-13	1 ***	16	19-24	12-24 mos.
#01/07	Emulex Corp.	ELX	N	14.75	15.26	9-12	1 **+	16	21-26	12-18 mos.
12/07	Southwest Water Co.	SWWC	O	11.25	11.07	8-10	1 **+	12	15-17	12-24 mos.
12/07	EMC Corp.	EMC	N	16.39	15.73	12-15	1 ***	17	24-28	12-18 mos.
12/07	Palm Inc.	PALM	O	5.34	6.70	3-5	2 ***	6 1/2	9-12	12-24 mos.
02/08	Covanta Holding Corp.	CVA	N	26.40	27.77	19-22	1 **+	28	33-38	12-24 mos.

### Closed Out Performance Statistics

Average Gain on Closed Out Positions:	45.93%
Average Holding Period Approximately:	10.80 mos.
Average Annualized Appreciation:	51.04%
Total Aggressive Growth Recommendations Since Inception:	306
Total Right (15% or Better Annualized Return):	204

Even (Zero to Less than 15% Annualized Return): 29  
 Total Wrong (Net Loss Positions) 73  
 Percentage Right: 70%  
 Percentage Wrong: 25%

#Average price of separate purchase price recommendations.

*Suggested Cash Position: 15%*  
**+Exchange:**  
 A = American Stock Exchange  
 N = New York Stock Exchange  
 O = Over-the-Counter  
 T = Toronto

This is a partial list of our closed out recommendations in chronological order. A complete list of closed out recommendations since inception for our Aggressive Growth Portfolio is available upon written request.

<u>Closed-Out Positions</u>	<u>Symbol</u>	<u>Price Added</u>	<u>Closed Out</u>	<u>% Change</u>	<u>Approx. Time Interval</u>	<u>Closed-Out Positions</u>	<u>Symbol</u>	<u>Price Added</u>	<u>Closed Out</u>	<u>% Change</u>	<u>Approx. Time Interval</u>
Waste Management	WMI	17.78	31.90	+79%	29 mos.	Great Lakes Chemical	GLK	22.92	35.00	+53%	7 mos.
Nokia Corp.	NOK	14.98	22.45	+50%	20 mos.	Wellman, Inc.	WLM	7.37	14.38	+95%	22 mos.
Symantec Corp.	SYMC	18.19	41.55	+128%	15 mos.	Mattel Inc.	MAT	16.97	20.90	+23%	10 mos.
Dynegy, Inc.	DYN	24.50	28.50	+16%	2 mos.	Ditech Comm.	DITC	11.45	7.30	-36%	5 mos.
Vodafone Gp.	VOD	20.15	16.45	-18%	11 mos.	SunGuard Data Systems	SDS	24.21	36.00	+49%	21 mos.
Corning	GLW	6.61	5.80	-12%	6 mos.	Maytag Corp.	MYG	12.60	19.00	+51%	12 mos.
Texas Instruments	TXN	21	31.00	+48%	9 mos.	The Houston Exploration Co.	THX	49.00	68.00	+39%	7 mos.
AT&T Wireless	AWE	7.62	7.33	-4%	2 mos.	Honda Motor Co.	HMC	15.98	28.39	+78%	32 mos.
Amgen	AMGN	45.12	52.90	+16%	14 mos.	Flextronics Int'l	FLEX	10.20	10.37	+2%	14 mos.
U.S. Bancorp	USB	17.26	23.85	+38%	8 mos.	Ivax Corp.	IVX	13.61	32.00	+135%	6 mos.
Bay View Capital	BVC	5.89	5.99	+2%	5 mos.	Honda Motor Co.	HMC	15.98	32.71	+105%	36 mos.
Ionics, Inc.	ION	20.02	24.55	+23%	7 mos.	Corn Products Int'l	CPO	17.10	30.40	+78%	7 mos.
Americredit Corp.	ACF	7.39	9.52	+29%	4 mos.	Emulex Corp	ELX	11.56	16.00	+38%	25 mos.
Checkfree Corp.	CKFR	9.39	20.50	+118%	3 mos.	Quixote Corp	QUX	18.47	18.03	-2%	13 mos.
Tyson Foods	TSN	10.16	8.80	-13%	14 mos.	American Power	APCC	16.49	19.00	+15%	22 mos.
Costco Wholesale	COST	28.77	37.60	+31%	8 mos.	Global Power Equipment	GEG	5.81	1.11	-81%	14 mos.
Genentech, Inc.	DNA	28.31	86.00	+204%	29 mos.	Symbol Technologies	SBL	10.13	15.00	+48%	7 mos.
Chiron Corp.	CHIR	29.60	55.80	+89%	16 mos.	Todco	THE	16.25	48.42	+198%	30 mos.
Amgen Corp	AMGN	30.65	66.00	+115%	19 mos.	Pier One Imports	PIR	7.11	8.40	+18%	12 mos.
Automatic Data Processing	ADP	27.85	44.00	+58%	11 mos.	Target Corp.	TGT	47.86	70.00	+46%	10 mos.
Toys'R'Us	TOY	8.48	16.62	+96%	16 mos.	A.O. Smith	AOS	35.50	50.13	+41%	7 mos.
Tenet Healthcare Corp.	THE	12.70	11.20	-12%	5 mos.	BankUnited Financial	BKUNA	18.05	16.31	-10%	4 mos.
Cemex S.A.	CX	17.60	31.20	+77%	13 mos.	PetSmart Inc.	PETM	21.51	33.89	+58%	23 mos.
Sony Corp.	SNE	24.55	42.00	+71%	11 mos.	Citrix Systems	CTXS	27.96	40.35	+44%	10 mos.
Nissan Motors	NSANY	14.97	23.40	+56%	11 mos.	ADC Telecommunications	ADCT	13.63	20.50	+50%	10 mos.
Penford Corp	PENX	11.10	17.52	+58%	10 mos.	Motorola Corp.	MOT	10.15	16.60	+64%	51 mos.
FedEx Corp.	FDX	64.35	80.50	+25%	9 mos.	Oracle Corp.	ORCL	12.42	23.24	+87%	22 mos.
CenturyTel, Inc.	CTL	26.90	35.27	+31%	9 mos.	Vishay Intertechnology Inc.	VSH	11.99	11.50	-4%	18 mos.
Weight Watchers Int'l	WTW	34.36	45.25	+32%	11 mos.	Best Buy Co.	BBY	42.86	53.50	+25%	3 mos.

## Speculative Portfolio

<u>Date</u>	<u>Company Recommended</u>	<u>Symbol</u>	<u>Exc. +</u>	<u>Price Added</u>	<u>Current Price</u>	<u>Strong Buy Range</u>	<u>Current Rating</u>	<u>Buy Limit</u>	<u>Target</u>	<u>Anticipated Holding Period</u>
#06/04	Liberty Media Global Inc.	LBTYA	O	14.90	39.77	12-16	3 **+	24	43-48	12-18 mos.
12/04	PriceSmart, Inc.	PSMT	O	7.25	24.60	4-6	3 **	12	34-42	18-24 mos.
#04/05	Celanese Corp.	CE	N	15.61	40.50	11-14	3 **	21	45-54	12-18 mos.
#04/07	Startek, Inc.	SRT	N	8.99	8.68	5-7	1 *+	9	13-16	12-24 mos.
#12/07	Chemtura Corp	CEM	N	6.56	8.71	5-6	2 **	8	10-12	12-18 mos.
12/07	Standex International Corp.	SXI	O	17.68	19.87	13-16	2 **+	19	26-32	12-18 mos.
01/08	Nova Chemicals Corp.	NCX	N	25.13	31.85	20-23	3 ***	27	33-37	12-24 mos.

### Closed Out Performance Statistics

Average Gain on Closed Out Positions:	37.28%	Even (Zero to Less than 15% Annualized Return):	24	<b>+Exchange:</b>
Average Holding Period Approximately:	7.49 mos.	Total Wrong (Net Loss Positions)	47	A = American Stock Exchange
Average Annualized Appreciation:	63.16%	Percentage Right:	66%	N = New York Stock Exchange
Total New Issue Recommendations Since Inception:	206	Percentage Wrong:	23%	O = Over-the-Counter
Total Right (15% or Better Annualized Return):	135	#Average price of separate purchase price recommendations.		

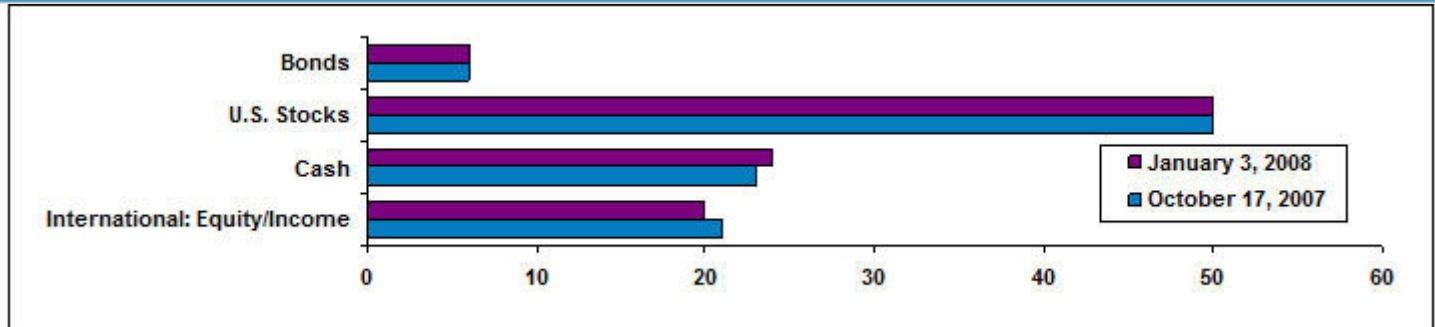
## Quality Bargain Priced/Long-Term Value Portfolio

<u>Date</u>	<u>Company Recommended</u>	<u>Symbol</u>	<u>Exc.+</u>	<u>Price Added</u>	<u>Current Price</u>	<u>Strong Buy Range</u>	<u>Current Rating</u>	<u>Buy Limit</u>	<u>Target</u>	<u>Anticipated Holding Period</u>
#08/97	Amgen, Inc.	AMGN	O	11.75	45.53	20-30	2 ***	42	55-63	12-24 mos.
#11/01	Medtronic, Inc.	MDT	N	35.80	49.76	28-36	2 ***	47	55-63	12-24 mos.
#11/02	Air Products & Chemicals	APD	N	38.77	93.94	34-38	3 ***	48	104-111	12-18 mos.
04/03	Walt Disney	DIS	N	16.95	32.54	12-16	3 **+	26	38-44	12-24 mos.
#07/03	Anadarko Petroleum	APC	N	20.98	65.50	16-20	4 **	29	66-78	12-24 mos.
#04/04	Telefonos de Mexico, S.A.	TMX	N	15.74	34.96	13-15	3 **+	20	41-47	12-24 mos.
11/04	Teva Pharmaceutical	TEVA	O	23.90	49.40	17-24	3 ***	39	54-59	12-18 mos.
02/05	Fresenius Medical Care AG	FMS	N	26.88	52.87	19-23	3 ***	30	55-65	12-24 mos.
#04/05	Eli Lilly & Co.	LLY	N	50.64	50.93	43-48	1 ***	52	60-65	12-24 mos.
#04/05	Wal-Mart Stores	WMT	N	44.10	50.70	36-42	4 ***	46	52-56	12-18 mos.
08/05	United Technologies Corp.	UTX	N	49.66	72.17	39-43	3 ***	51	80-90	12-18 mos.
09/05	Suez ADR	SZEZY	N	27.55	63.60	22-26	4 ***	29	66-74	12-24 mos.
#06/06	Yahoo! Inc.	YHOO	O	21.44	28.15	17-21	3 **	26	30-37	12-24 mos.
08/06	Norfolk Southern Corp	NSC	N	40.35	54.58	33-37	3 ***	44	60-70	12-24 mos.
01/07	Halliburton Company	HAL	N	28.44	39.06	24-27	3 ***	31	43-49	12-24 mos.
#08/07	Novartis A.G.	NVS	N	50.48	50.61	44-49	1 ***	51	57-63	12-24 mos.



Since late May 2007, LanczGlobal has recommended building one's cash position up to a 24% level to start what we thought would be a difficult 2008. Here is what we said back then, but by next issue we plan to utilize anticipated weakness to begin reducing our cash position.

## Portfolio Allocation



January 3, 2008		October 17, 2007	
6% Bonds	<p>Staying with safer bonds has paid off even better than expected as not only did interest rates drop in 2007, but we gained from the added surge from the flight to quality. Another rate cut the end of this month will help bonds more into 2008 and we intend to look at the higher yield arena for the best outperformance as we go into 2008.</p>	6% Bonds	<p>There is a great divergence in the fixed income arena currently after the plunge in prices in regards to select more speculative issues and the flight to quality rise in value in Treasuries. Fortunately we have been, and continue to recommend, high quality even though it is too late to buy. There will be a time to put our foot back in the water of higher risk bonds, but one has to be selective and wait for the dust to settle (too much uncertainty) before selectively adding to positions.</p>
50% U.S. Stocks	<p>We have not changed our allocation as we added a select group of higher risk companies after lowering risk within the portfolio consistently since late May 2007. As values go down and investors become less and less comfortable with stocks, we intend to selectively add to positions (inversely of what we did as stocks hit all time highs last year).</p>	50% U.S. Stocks	<p>The strong recovery in global equity valuations back to all time highs has presented the opportunity to lock-in gains at attractive levels. We have been recommending selling some strong performers over the past few weeks into strength. There will be time to re-deploy profit taking proceeds and we simply would not chase stocks here.</p>
24% Cash	<p>This defensive cash position built up from our profit taking in 2007 will be re-deployed into select stocks into 2008 on weakness. We are beginning to find bargains and any price weakness will make that task much easier. The key is not to chase stocks and focus on strict risk management discipline with everything you do into 2008 (similar to what we said for the second half of 2007 - it is the investors bringing risk back into the equation rather than just buy across the board of broad sectors).</p>	23% Cash	<p>Throughout this year we have been realizing gains when investors push the indices toward new highs. This started with our nearly doubling our cash position in June 2007 (from 14% to 26%) when several averages hit all time highs. At that time we were emphasizing selling the REITs, Financial and Utilities and with the exception of a few select smaller utility companies, we would continue to avoid them today.</p>
20% International Equity/Income	<p>We have reduced our multiyear overweight in the international arena over the past few days simply as a tactical risk reduction strategy as values continue to soar. We could be early with this beginning process, but have found over the past three decades that this strategy has been one of our best capital preservation moves for the long term investor.</p>	21% International Equity/Income	<p>We continue to expect strong outperformance in select overseas opportunities as the U.S. economy slows and the Fed is forced to continue to cut interest rates. We would not chase some of the more frothy areas due to their excess risk from current valuations.</p>