ABL Money Management Update

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2nd Quarter 2017

One of the keys to our long-term success has been locking in gains when valuations get to extremes. This takes resolve to do the opposite of what so many believe. Toward the end of 2014 we recommended taking profits in Kroger as it approached $40 a share after recommending it below $20. Three years ago, Kroger was becoming a Wall Street favorite as the pros were ignoring pension liabilities and increasing margin pressure. Frankly, we were fortunate with Kroger because its 110% gain was even greater than we expected, especially considering there was no food inflation.

Investors have asked us why we are buying Occidental Petroleum with energy prices sliding down nearly every day. It is nearly impossible to pick a bottom in stocks like these, but our research indicates at $40 a barrel area and below, the shale production and opening of new wells will slow dramatically, and that is all that is needed to stabilize prices. Over the longer-term investors get an annual yield of over 5% and the company's risk-to-reward is very attractive in the 50's. The same can be said for many of our recommendations. For example, Compass Minerals International (CMP) will be facing pricing pressure at least through the next few quarters with their excess capacity due to consecutive mild winters. There is a good chance, as upcoming quarters are announced, the stock will experience selling pressure, and we intend to accumulate into such weakness. There have been very few companies we have bought at the bottom over the past 3 decades, but some of our best performers we have accumulated into weakness as investors lost interest. After warning about excessive valuations in stocks and real estate in the summer of 2007, **we started accumulating bargains in the latter part of 2008 and more aggressively into the first quarter of 2009 as investors bailed out. The purchases in 2008 showed immediate losses, but as we accumulated, these purchases became some of our largest holdings.** Please see below for the actual details.

ACTUAL MONEY MANAGEMENT PURCHASES

	ALPHABET, INC. (GOOG)	APPLE, INC. (AAPL)	FACEBOOK, INC. (FB)
Purchased	Aug. 20, 2008 - $243.44	Sept 11, 2008 - $22.544	May 17, 2012 - $25.337
Interim purchases	Sept. 9, 2008 - $211.97	Oct. 28, 2008 - $15.812	Aug. 17, 2012 - $19.682
	Oct. 4, 2011 - $240.41	Dec. 22, 2008 - $12.408	
Current Price (6/30/17)	$959.45	$145.87	$153.93

There are literally dozens of examples in the non-tech space, from buying Celanese (CE) (we include Celanese (CE), which announced plans to spin off its acetate tow business into a joint venture with Blackstone (BX), another holding) at $11.714 in early 2009 to see it hit $7.40 a few months later, to buying Disney (DIS) in Jan. 2009 at $22.89 only to experience a plunge toward $15 a share as the markets finally bottomed two months later. This investment strategy always takes a long-term focus. As a case in point, **we started to accumulate Google stock in the midst of the financial crisis at $244 only to be able to buy again more than three years later at an even lower price. Equities throughout the globe continue to perform as 26 of the 30 largest markets showed material gains the first half of 2017. We expect sector rotations the second half of this year with underperforming sectors like financials, and even energy, starting to show the favorable long-term risk-to-reward we seek for our investors.**

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EQUITY INDICES	2nd QUARTER	YTD (6/30/16)	1-YR (6/30/17)
S & P 500	3.1%	8.2%	17.9%
D.J.I.A.	4.0%	8.0%	22.1%
NASDAQ	4.2%	14.1%	28.3%
Russell 2000	2.1%	4.3%	22.9%
International Stocks (*MSCI* EAFE NR USD)	6.1%	13.8%	20.3%
Emerging Mkt Stocks (*MSCI EM PR USD*)	6.4%	18.6%	24.2%
China (CSI 300)	6.7%	10.8%	19.2%
Germany (DAX)	0.6%	7.4%	29.0%
Japan (NIKKEI 225)	5.1%	4.8%	34.0%
India (SENSEX)	4.3%	16.1%	17.1%

*Global Indices returns exclude dividends and are in local currency except where noted otherwise

U.S. EQUITY SECTORS	2nd QUARTER	YTD (6/30/16)	1-YR (6/30/17)
S&P 500 Utilities	1.4%	7.2%	2.0%
S&P 500 Telecom	-8.1%	-12.8%	-11.5%
S&P 500 Consumer Staples	0.9%	6.6%	3.3%
S&P 500 Materials	2.6%	8.1%	19.6%
S&P 500 Industrials	4.2%	8.3%	22.5%
S&P 500 Energy	-7.0%	-13.8%	-2.7%
S&P 500 Information Technology	3.8%	16.4%	32.6%
S&P 500 Consumer Discretionary	2.0%	10.2%	15.6%
S&P 500 Health Care	6.7%	15.1%	12.0%
S&P 500 Financials	3.8%	6.0%	37.9%

FIXED INCOME AND ALTERNATIVE INVESTMENTS BENCHMARKS	2nd QUARTER	YTD (6/30/16)	1-YR (6/30/17)
Real Estate (*DJ US REIT*)	1.3%	-0.5%	-1.8%
Interm-Term Bond (*Lehman Interm. Gov/Credit*)	0.9%	1.1%	-0.9%
High Yield Bond (*BofA/ML Hi Yld Mst II*)	2.1%	4.9%	12.7%
Muni Bond (*S&P 7-12 Yr Muni*)	2.3%	3.9%	-0.6%
Short-Term Bond (*Barclarys 1-3Yr Gov/Credit*)	0.0%	0.1%	-0.8%
Commodities (*Bloomberg Commodity*)	-2.4%	-5.9%	-5.2%
Master Limited Partnerships (*S&P MLP*)	-7.9%	-6.7%	-3.7%

Sources: Morningstar, Yahoo, and Standard & Poor's. Performance is for 2nd quarter and 12 months ending 6/30/16. Performance includes dividends, except where noted otherwise.