ABL Money Management Update

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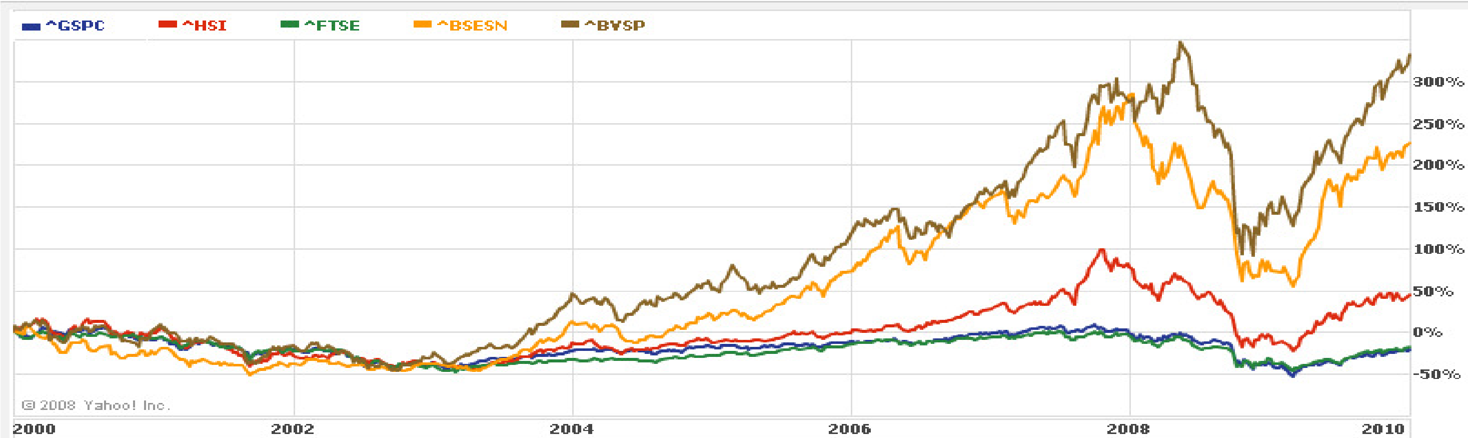
4th Quarter 2009

Investors just completed the worst decade in U.S. Stock Market history. This decade's performance was even worse than the post-depression era of the 1930's. The decade started with an incredible bubble in technology and telecom stocks with the euphoria from the internet and broadband expansion. Two years later, the fraud of Enron reared its ugly head as the energy merchant's valuations rocketed to unprecedented levels. Both of these bubbles were easily detected and led by pure greed in combination with unsophisticated investors. During the latter half of this decade, artificially low interest rates in combination with lax credit standards and once again, greed, led to a global financial crisis that eliminated any hope of satisfactory performance for the passive investor. The key to this above scenario is the "passive investor", because avoiding or at least underweighting technology/telecom at the start of this decade (see "Whatever Happened to Tech Wreck", November 1999) and/or the two other well recognized bubbles and suddenly the decade does not look so bad. After all, sandwiched between these bubbles were two solid bull markets - for five years beginning October 9, 2002 the S&P 500 gained 101% and in the current bull market since March 9, 2009, the S&P 500 advanced over 65%. Combine this type of disciplined, proactive approach with some sector/stock strategy of buying with a focus on strict risk-to-reward parameters and then a bleak decade can look downright inspiring.

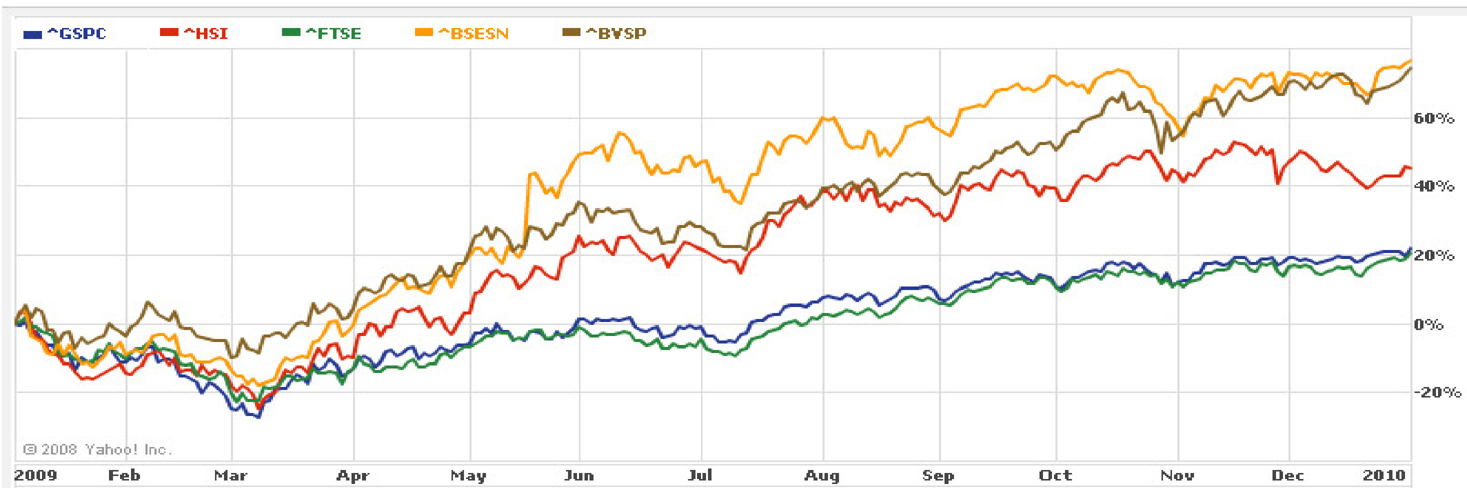
Our Strategic Profit Taking recommendation back on June 1, 2007 actually was a critical component to the successful buy recommendations we made over the past 14 months. It was definitely easier for us to recommend Goldman and J.P. Morgan last November after warning about the financials at much higher levels. It made sense to get back in on the most battered sector with the two highest quality companies that would eventually take advantage of the industry turmoil. The same can be said with our buying Apple and Google one year ago after warning about the excess valuations in many technology stocks one year prior, when investors were erroneously piling in on tech to avoid sub-prime. **The power of profit taking is not only a risk management tool but it also provides the necessary conviction to buy when there is panic in the streets, like last March.** While the late Sir John Templeton is best known for the latter part of the equation, it was **Sir John who initially had us implement the profit taking discipline that would make it easier to buy into panics.**

At that time last year, it was a great opportunity to add risk to one's portfolio. However, in 2010 we have become more defensive, looking at realizing at least partial gains in the areas we were focusing on one year ago and adding more selectively with new investments. The more valuations rise into 2010, the more we will be locking in profits, especially in the cyclical, higher risk areas that have done so well. Investors expecting a "V" shaped recovery will be disappointed, particularly in the latter half of 2010 as the economy weans itself off of stimulus funding. Investors should concentrate on high quality, dividend paying industry leaders with new purchases and be particularly careful in those areas that have done so well where investors are jumping on the bandwagon. Areas like the emerging markets that were so bountiful with opportunities one year ago now have more overvalued areas than areas of opportunity. Just like the last ten years, the next ten will need a disciplined, proactive investment approach to ferret out the lower risk opportunities and avoid the areas of excesses. China, for example, will have one of the stronger economic growth levels for 2010, but also is starting to experience bubble-like valuations in real estate that should be avoided. On the other hand, some select telecom leaders in China have dramatically underperformed, and their stocks offer solid long term potential. In general, we are buying the areas that we see have lower risk and expectations going into the new decade while locking in gains in the high flying areas that have made incredible turnarounds over the past year. We expect another exciting and challenging decade – one where investor expectations have been toned down as we face higher interest rates, taxes and potential inflation within the next few years. The Fed will have a difficult assignment in 2010 to not increase interest rates too soon and stall out the economic expansion, while not fueling the fire so much that a period of escalating interest rates and inflation comprises much of this new decade.

Ten Year Market Index Comparison



One Year Stock Market Index Comparison



4th Quarter Stock Market Index Comparison