

The Tipping Point

The 2005 annual report outlined the many forces that could result in the “perfect storm.” On several levels the analogy with weather forecasting is *apropos*. The predictability of precisely “where” or “when” is far from an exact science, but the climatological conditions, including oceanic temperatures, gave meteorologists cause to forecast an increase in the probability of hurricanes last season. That prediction, as we all know, proved to be deadly accurate.

We, of course, don’t forecast markets. The litany is long of possible causal factors that might result in stock prices selling for levels well below those of today. Many of those factors, we believe, are not adequately embedded in stock prices. An “inexplicable complacency” toward risk (for which there is not adequate offsetting compensation, in our judgment) is perhaps at the root of it all. In short, a gambler’s mentality is rampant, aided and “abetted” in no small measure by the proliferation of lotteries the last quarter century. Will Rogers’ famous dictum has been reversed: Most people seem far more concerned about the return *on* their capital and seem almost indifferent to the return *of* their capital. Low “equity-risk premiums” and the narrow spreads between high-grade and junk-bond debt (and between the cost of bank funds and the loan interest rates) are invariably the harbinger of unpleasant things to come. Low volatility has led to complacency, resulting in 20-year lows in the premiums paid for options to protect portfolios against hurricane-like risks. As Warren Buffett once said, “We are fearful when others are greedy—and greedy when others are fearful.”

As for specific forces that, in combination, could lead to troubled times, the already imploding housing bubble, the unsettling behavior of the yield curve in the face of rising short-term interest rates, the burgeoning foreign-trade and federal-budget deficits, the explosion in the use of financial leverage throughout the world economy—and the \$300 *trillion* in notional value of derivatives that could have the same boomerang effect—are but several. Malcolm Gladwell writes in *The Tipping Point* that various forces, more interdependent and interconnected than most part-time investors are aware, often combine through the process known as contagion, further amplified and reinforced by feedback mechanisms. These part-social, part-economic epidemics really take off when they reach critical mass. That moment is what Gladwell calls the tipping point. And yet stock price/earnings ratios remain well above average, and dividend yields are less than half their historical norms. If stock prices reflected these risks—worrisome individually and devastating in combination—you would not have had to labor through the first three paragraphs!

We find it difficult to responsibly make a bullish case for common-stock prices in general. Mind you, don’t misinterpret that statement to mean a bearish forecast. Like the meteorologist, we judge the conditions to be right for inclement weather and feel there is unacceptably high probability that in due course it will hit, but we have no idea about “when.” Accordingly, we are structuring

portfolios defensively. That means a very large percentage in short-term U.S. Treasury securities. It also requires that we attempt, through the purchase of long-term “put” options on the S&P 500, to partially hedge the equity securities that we do own. We don’t want to imply that portfolio equities are hedged dollar for dollar, but rather that the option insurance should significantly mute catastrophic risk if such should occur before the options expire in December 2007.

The Law of the Harvest, popularized for the secular audience by Stephen Covey, draws workplace lessons from an unusual source: potato farming. Covey’s recent book is an enlightening look at “reaping what you sow.” Like an investor in the stock market, a potato farmer is subject to the vicissitudes of a quite unpredictable Mother Nature (for whom the wary investor has a similar nemesis, Mr. Market). Covey illustrates the folly of seeking quick-fix solutions. Persistence, patience, and perseverance, as well as attention to detail, are imperative: With potato farming, analogous to investment (which is not quite so predictable!), it often takes three to four years from soil preparation to harvest. The unpredictable nature of farming over the short run provides an excellent backdrop, bringing to light that each task has great impact on the outcome. It’s an opportunity to examine process, quality, competence, timeliness, sacrifice, and preparation. During this drought of investment opportunities we are lying in wait to sow until after the hard rains come, perhaps pelting the standing crops, leaving what remains a fertile pasture rich for planting.

The table below illustrates the equity-portfolio results for the first quarter of 2006. It is representative of the trends that have been in place for some time, as small-capitalization stocks and highly cyclical commodity-oriented businesses were among the best-performing stocks.

	First quarter	Year-to-date
S&P 500	4.2%	4.2%
Nasdaq	6.4%	6.4%
Dow Jones	4.2%	4.2%
MCM equities *	-0.6%	-0.6%

* Net of fees

The Russell 2000 index of small-cap stocks, by far the best-performing index in the market during the first quarter, now sells for more than 40x earnings. Said another

way, at the time when investors should be paying more attention to potential risks, investors are flocking to the most speculative sectors of the market. We don’t expect to do comparatively well during these episodes. We would remind you that during the blow-off period for high-tech and “quality growth stocks” during 1998–99 (when Wal-Mart sold for 50x earnings), our equity performance trailed the market during that two-year period by almost 40%. (But the next few years we reaped a significant harvest.)

We’re grateful to our clients for allowing us to endure such periods by focusing on the things that lead to long-term permanent increases in portfolio value. In time they’ve been rewarded, and we’re again beginning to see discrepancies in value between the market (especially small-cap stocks) and our portfolio that rival the divergence we took advantage of during the 1998–99 period.

–Frank Martin

Durability of EPS (earnings per share) Growth

As we have pointed out numerous times in the past, there is nothing more important for long-term shareholders than growth in EPS. We estimate that over a 10- to 15-year period EPS growth accounts for 75–80% of a stock’s annualized return. The rest can be attributed to changes in P/E (price/earnings) multiples, which in turn vary with investors’ overall level of optimism or pessimism regarding the immediate prospects for the economy and markets. Variation in P/E multiples, incidentally, accounts for most of the shorter-term variability of returns. We know that forecasting short-term movements in P/E multiples is a fool’s game, but, as made clear in the annual report, over the long run we do occasionally have an opinion on whether there will likely be a regression of P/E multiples that are unusually high or low for a market, a sector, or a given company. However, given the dominant role played by EPS growth, it receives the focus of most of our attention. In our view, the importance of how earnings grow cannot be underestimated.

Earnings Per Share

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
PD	\$5.33	3.47	3.28	1.62	-1.82	0.18	-1.74	-1.85	0.02	5.20	7.84
DG	\$0.23	0.31	0.39	0.49	0.63	0.21	0.59	0.79	0.89	1.04	1.09
FITB	\$1.07	1.14	1.37	1.42	1.65	1.97	1.87	2.76	2.81	2.68	2.78
MHK	\$0.12	0.94	1.30	1.89	2.61	3.00	3.55	4.33	4.63	5.46	5.30
WMT	\$0.60	0.67	0.78	0.99	1.25	1.40	1.49	1.76	2.03	2.40	2.68
SY Y	\$0.35	0.38	0.43	0.47	0.54	0.68	0.88	1.01	1.18	1.38	1.48
WAG	\$0.33	0.37	0.44	0.53	0.62	0.76	0.86	0.99	1.14	1.31	1.52
TJX	\$0.07	0.27	0.44	0.65	0.83	0.93	0.97	1.08	1.27	1.19	1.40
LAMR *	\$0.41	0.65	0.77	1.15	1.28	1.57	1.57	1.99	2.14	2.69	2.81
BRK.B **	\$467	647	850	1260	1266	1348	1264	1391	1683	1861	1979

*After-tax cash flow per share

** Book value per share

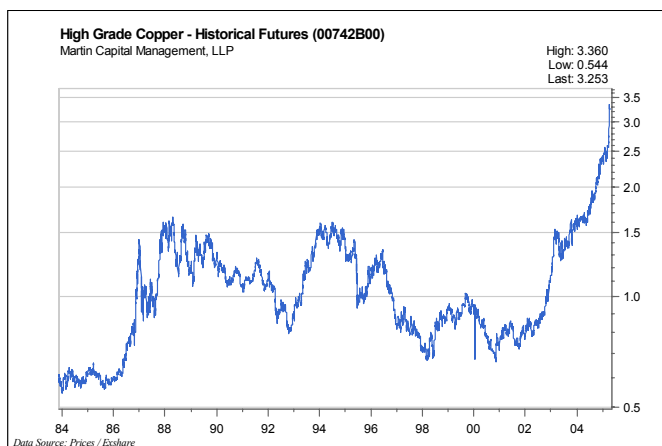
Return on Equity

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
PD	31%	17%	16%	7%	-9%	1%	-9%	-11%	1%	28%	32%
DG	23%	25%	27%	28%	28%	8%	22%	23%	21%	21%	21%
FITB	14%	15%	16%	16%	17%	19%	15%	20%	19%	17%	17%
MHK	2%	16%	17%	21%	24%	22%	22%	19%	14%	15%	13%
WMT	20%	19%	20%	22%	24%	22%	20%	21%	21%	22%	22%
SY Y	19%	19%	21%	24%	26%	28%	31%	32%	36%	38%	36%
WAG	19%	19%	20%	21%	20%	20%	19%	18%	18%	18%	18%
TJX	8%	23%	27%	36%	45%	46%	42%	42%	44%	37%	38%
LAMR *					8%	9%	9%	12%	13%	16%	16%
BRK.B **	39%	39%	31%	48%	0%	7%	-6%	10%	21%	11%	6%

* Cash flow return on equity

** Growth in book value

Much has been made of the impressive growth in corporate earnings over the last few years. In many cases it's the result of a healthy economy and/or a dramatic increase in commodity prices, which often go hand in hand. A great example is the recent success of copper miner Phelps Dodge (PD), which is one of the best performers in the S&P 500 over the last two years (the stock is up fourfold). In this case the stock price has positively responded as the company has morphed from losing piles of money to raking in record earnings as the price of copper has skyrocketed from \$.65 per pound to more than \$2.50. In this business EPS follows the price of copper. Anyone care to tell us what the price of copper will be five or 10 years from now?



By contrast we are far more comfortable owning companies whose **source of earnings growth is the profitable reinvestment of capital**. The table on the previous page illustrates the difference in a rather compelling way, using return on equity as a measure of profitability.

The ability to profitably reinvest capital is, in turn, a function of two things: (1) a sustainable competitive advantage that prevents other companies from competing away existing levels of profitability and (2) opportunities to reinvest earnings. For our retail holdings, their continued growth will be dependent on their ability to open stores and/or return excess capital to shareholders in the form of share repurchases. Mohawk's growth will depend on continued distribution channel development, new products, and acquisitions (for which the company has a successful history). Sysco's growth will depend on continued market-share growth. A proper assessment of the competitive "moat" is the key driver of future EPS growth and stock-price appreciation.

Again, the key point of differentiation between our portfolio and the likes of Phelps Dodge is the source of EPS growth. As you can see, Phelps Dodge has not been able to reinvest earnings to grow its business. Indeed, was it not for the recent spike in copper prices, there would have been no EPS growth over the last 10 years, which pretty much tracked the share price. Perhaps the future will be different for PD. We simply don't know, and therein lays the problem for many of the companies and stocks that are currently leading the market higher.

We are intentionally concentrated in a relative handful of businesses that we believe are able to sustain good EPS growth. This approach does not, however, ensure share-price appreciation in the short run—or even steady EPS growth year to year—but as long as returns on invested capital remain attractive, long-term EPS growth is assured. Under such circumstances, the stock price will eventually follow, as surely as spring follows winter. In sum, we are generally optimistic about the businesses we own.

—Dennis Blyly

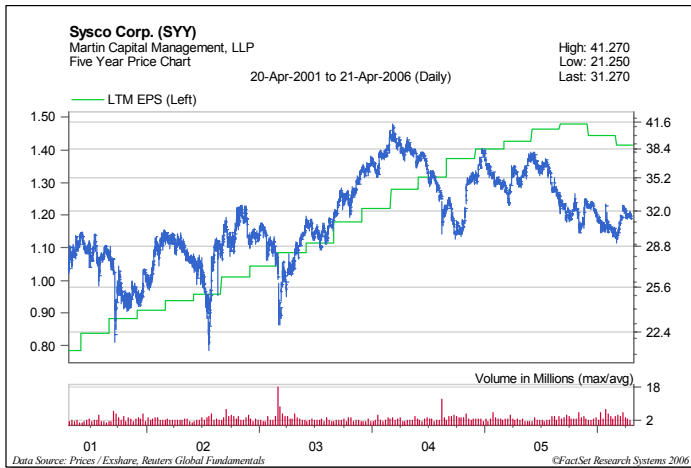
Business Progress Reports

Sysco (SYY)

SYY is beginning to reap benefits from the abatement of very high food inflation (from 2003 through summer 2005) and business reviews (for its restaurant customers) conducted over the past several quarters. As a result, SYY grew sales volume and gained market share at levels not seen since 2003. SYY is experiencing some operating-margin pressure as the company invests in sales personnel and its new regional distribution/logistics strategy, but we're optimistic about the potential returns from these investments. In fact, we had an opportunity to tour the first RDC (regional distribution center) located outside Washington, D.C., during a two-day analyst meeting in November. The RDC project is a competitive advantage that SYY's competitors can only dream about establishing.

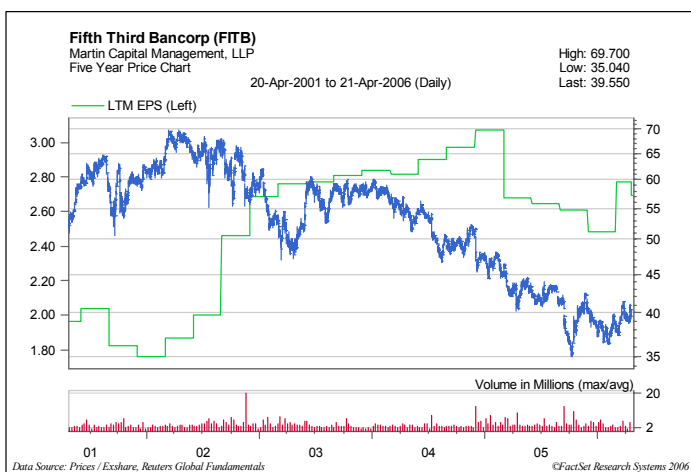
Sysco grew normalized EPS 9% last quarter, and the company continues to deepen its competitive moat, which will support future growth from market-share gains and restaurant-industry growth in general.

—Todd Martin



Fifth Third Bank (FITB)

The banking industry continues to get hammered by a flattening and sometimes inverted yield curve. Based on our research going back to 1975, the spread that banks are earning off borrowing short and lending long is at an all-time low. While FITB remains a low-cost producer in the banking industry, it isn't enough to offset a flattening curve. Moreover, the bank has intentionally been shrinking the securities portion of its balance sheet, which has kept overall earning asset growth well below the internal growth rate of loans and deposits. As a result, over the past three years FITB grew loans 45%, while net income grew 1%. FITB continues to experience management turnover, which is somewhat worrisome, but so far we haven't detected a change in management strategy or culture.



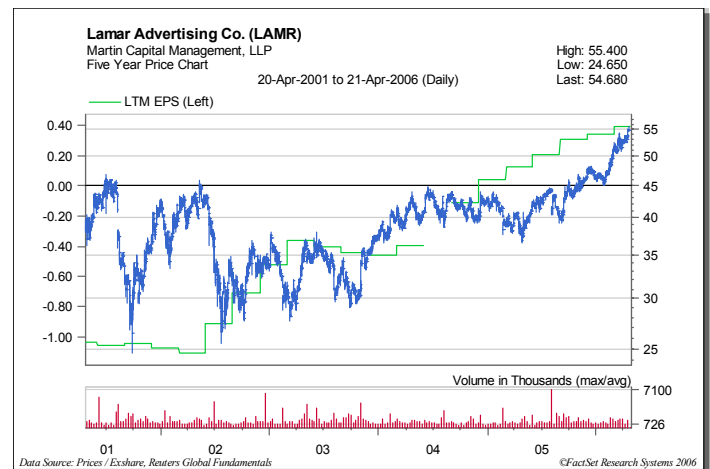
FITB is a traditional Midwest bank with a history of solid credit standards. Over the past few years (to its credit) FITB hasn't propped up earnings with "financial steroids"—such as huge derivatives books, hyperactive

trading desks, and "anything goes" home mortgages—that are often used by the large money-center financial institutions. Historically in banking, loose money eventually comes to an end (often through an unforeseen credit hiccup), and yield curves normalize. When this occurs, FITB should be well-positioned for significant earnings growth.

–Todd Martin

Lamar (LAMR)

LAMR is tracking exactly as our forecasts had projected. We first purchased LAMR back in 2001 during the all-out depression in advertising. We were most impressed by how management ran the business during this difficult period. Instead of allowing pricing to fall in order to keep its billboards "occupied," LAMR held the line on pricing, which pushed occupancy levels far below those of its competitors. This decision seriously impaired earnings for a short time, a condition that pushed the stock price to very low levels. However, as advertising came back (highly predictable, in our opinion) LAMR was able to fill its boards with advertisements at great prices—and at the same time taught its customer base not to shop on price.



Like a hotel chain, LAMR's cost structure is highly fixed. In other words, LAMR needs to fill a large percentage of its total 150,000 "faces" (analogous to filling X number of hotel rooms) before the first dollar of profit is made. Once that threshold is cleared, though, profits emerge very quickly as each incremental board is occupied. Herein lies the magic of LAMR's business model. We were happy to see Wall Street overlook this important characteristic back in 2001!

LAMR ended 2005 with after-tax cash flow per share (a financial metric used to value media properties) of about \$3 per share, nearly twice the level LAMR produced in 2001. As you have likely noticed on your quarterly appraisals, the market value of the business is up by a similar amount. We don't expect this kind of growth to continue. Over the past three years, however, LAMR has been experimenting with digital billboards—and only recently has begun to actively “convert” existing boards to this new format. As one might imagine, digital billboards are nothing more than gigantic television monitors, with price tags of \$350,000–\$500,000 for each new board. While that sounds quite expensive, the revenue potential from this new board is 7x that of a static board. To put that into perspective, if all of LAMR boards were digital, the total number of boards could be reduced by 85% and still generate the same revenue. Said still another way, LAMR could convert 5% of its total faces to digital and generate 30% net revenue growth! It isn't completely clear what the true unit economics of a digital-conversion strategy could be, but we're planning a trip to Baton Rouge to visit the company to help clarify this potentially important development. To the extent we're comfortable with the viability of this new approach, we may adjust our future growth rate upward and remain holders of the company. If not, we'll likely reduce our position size. Regardless, we have enjoyed owning this well-run business.

–Todd Martin

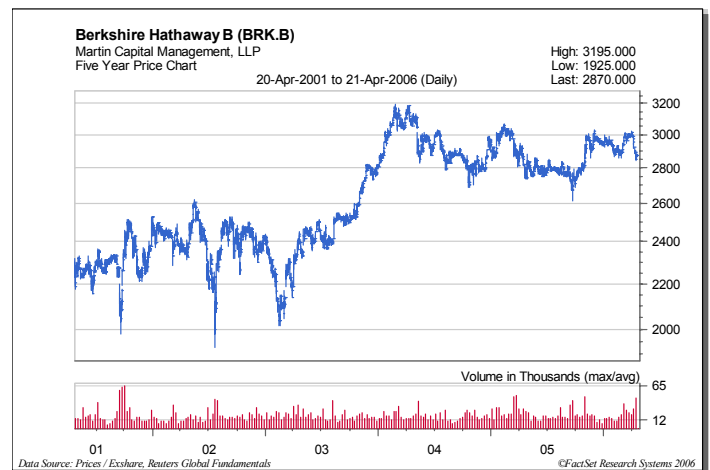
Berkshire Hathaway (BRK.B)

The year 2005 was a mixed bag for Berkshire Hathaway. Earnings progressed at a healthy clip at Berkshire's non-insurance units (+12%), but three major hurricanes (at a total cost of \$3 billion) offset some of the improvement. BRK's “Supercat” business has a feast-or-famine dynamic. Profit margins are huge in the absence of major catastrophes. Over time, however, this has been a terrific business for Berkshire. CEO Warren Buffett has increased prices dramatically for hurricane exposures, assuming that 2005's experience could be a more normal pattern of weather developments in the future—rather than the anomaly some have suggested. The rest of Berkshire's insurance units performed admirably.

Much of Berkshire's future growth will depend on Buffett's ability to reallocate \$68 billion currently invested in cash and fixed-income securities. During 2005 Buffett purchased \$8 billion in equities (\$6.4 net of sales) and

acquired entire businesses worth \$2.4 billion. Even so, cash and fixed-income securities increased \$5 billion during the course of the year due to cash flow from existing businesses and a 3% increase in insurance float. While nobody welcomes a period of general economic or financial duress, the future value of BRK would surely increase, perhaps dramatically, in such a scenario. Therefore, owning it is somewhat of a natural hedge, and we're quite comfortable with our current position.

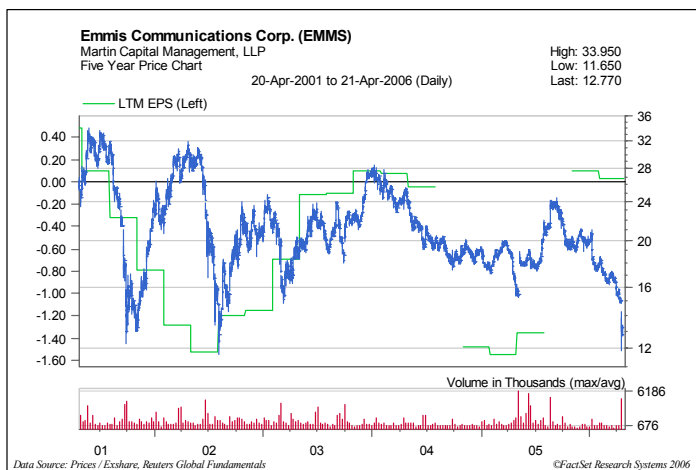
–Dennis Blyly



Emmis Communications (EMMS)

EMMS's stock price swooned after the company reported disappointing trends in its two largest markets (Los Angeles and New York City) in its latest quarterly earnings report. We are taking advantage of the panicked selling from disillusioned investors as we write and intend to increase our position further if the stock stays at current levels.

Roughly six months ago we sold about 20% of our holdings between \$22 and 23 per share after management disclosed its interest in purchasing a controlling interest in the Washington Nationals. Two factors prevented us from selling more. First, we possessed inside information (prohibiting us from all trading) until the company publicly disclosed its interest in the baseball team. Secondly, as the stock price fell we refrained from finishing our sell program. We are buying it back (and hopefully more) at \$12-13 per share. If we complete our buy program, we will be the largest institutional shareholder in Emmis. What is going on?



The most important change is that most of the company's television stations are sold (with the Orlando station expected to close very soon), which has put the company back on solid financial footing. The other major change is the 50% discount on the stock price. We have believed for some time that the private market value of the company is materially higher than its public market capitalization. That case is even stronger today. *Indeed, we believe that one of their radio stations in Los Angeles is probably worth the entire market capitalization of its stock.* That leaves 16 more stations to cover a much reduced debt load. The arbitrage opportunity between the private and public valuations (selling radio stations in the private market and buying back stock) is such that the per share value of Emmis could increase dramatically if the stock could be repurchased at anything close to its current price. While we believe management will stop short of selling the company, we do believe that management will seriously consider such a transaction.

The CEO, Jeff Smulyan, has a mixed record. He has been a very good operating CEO, but a poor capital allocator and the latter has proven to be more important. The decision to sell the television stations, however, was a good one, and it was well-executed. Unfortunately, he followed it up with an expressed interest in the Washington Nationals. To summarize, the margin of safety is high enough at existing prices that Emmis could pore \$100 million down the drain (an amount equal to EMMS's portion of the bid for the Washington Nationals) and not materially affect the expected return.

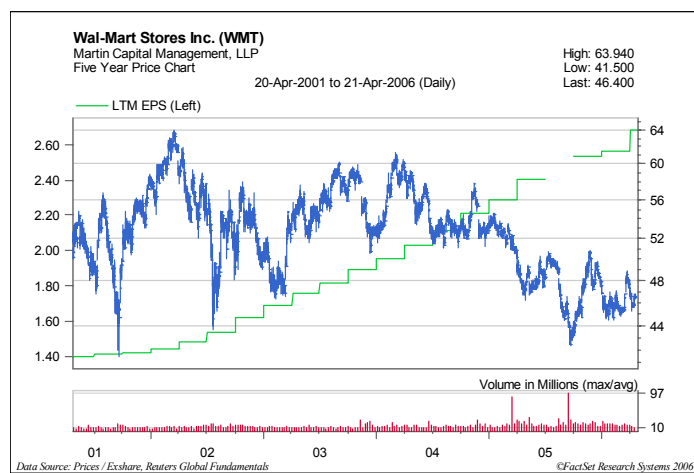
–Dennis Blyly

Wal-Mart (WMT)

WMT is performing reasonably well. Its 2005 EPS increased 11%, with results improving as the year went along. Operating income also grew 11% in the international operations, while Wal-Mart USA and Sam's Club grew a little over 8%. Share repurchases contributed 2% to the growth rate in EPS.

WMT is accelerating its international expansion and trying to improve comp-store sales in the U.S. The company's research makes it clear that there are many consumers, particularly the better-heeled, who shop only in the grocery aisles of Wal-Mart supercenters. The company is improving the quality of merchandise and style in a variety of categories to encourage more of its customers to shop the entire store. Time will tell. The other important and ongoing initiative is related to public relations. In recent months WMT has been doing a much better job of finding service opportunities in local communities—and in publicizing those efforts via the media. We think this behemoth has plenty of room to become a bigger player in the global retail marketplace, as well as the competitive scale and drive to do it profitably.

–Dennis Blyly

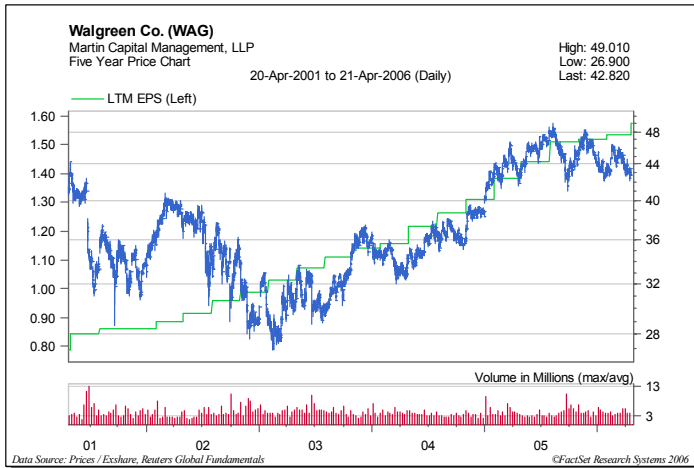


Walgreen (WAG)

Earnings continue to grow at a mid-teens rate at this first-class business. The company keeps increasing the number of stores at a 7–8% rate. And, starting in the second half of 2006, the company will enjoy a significant tailwind from the expiration of patents on important pharmaceuticals (recall that Walgreen makes a lot more money selling generics than branded drugs).

It's still too early to tell what impact the Medicare drug program will have on the company. Although it resulted in higher expenses during the first quarter (without offsetting revenue), it's likely to be a net positive in the long run. Almost 96% of WAG's drug sales are purchased through third parties (largely insurance companies). Indeed, those consumers (many of whom are seniors) who previously were buying their prescription drugs for cash found Wal-Mart and other vendors a better deal. With the Medicare drug program, seniors will be more likely to purchase their prescriptions through third parties, effectively taking price out of the equation. This should be to Walgreen's advantage. WAG is a high-quality company, and its stock price reflects it.

—Dennis Blyly

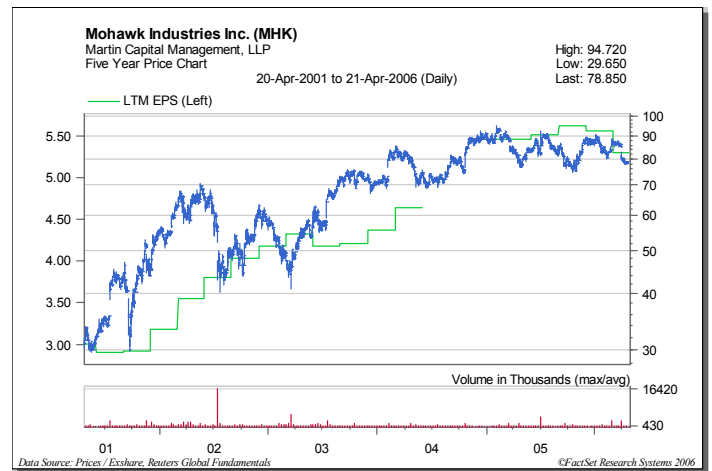


Mohawk (MHK)

Mohawk ended 2005 with two more price increases aimed at ameliorating the rising price of raw materials, bringing MHK's total number of price increase for the year to four. These followed multiple increases implemented in 2004. In spite of these efforts, gross margins declined for the year, offsetting the benefits of 12.5% revenue growth and modest cost controls. Earnings before a one-time charge related to the Unilin acquisition grew just 3%.

That's the bad news; now, for the good news. We have become more confident that the Unilin acquisition has added materially to the value of the company. The acquisition was accretive from Day 1, and the laminate business is growing faster and is more profitable than the carpet-and-tile business. The company financed much of the acquisition with relatively low-cost debt and is using

its healthy cash flow to pay it down swiftly. The carpet-price increases announced in the fourth quarter should be fully implemented in the first half of the year. These increases, when combined with moderating prices for raw materials, should buttress gross margins. In addition, the long-dormant commercial market and residential replacement market—which, combined, account for 75% of MHK revenues—began to show improvement. And the Dal-tile unit continued its strong performance, advancing revenues 15% while improving operating margins.



With the uncertainty in new-home construction, consumer spending, business investment and oil prices, MHK's near-term financial performance should continue to be more akin to shag carpet than ceramic tile: lumpy ... not smooth. However, the company continues to strengthen its position in the channel and invest in its infrastructure to ensure long-term growth.

—Drew Wilson

Dollar General (DG)

DG grew sales 10% in 2005 (reported numbers were 12%, but this included an extra week in the "retail calendar"), nearly 8% of which was attributable to new stores. Gross margins contracted because a larger percentage of sales consisted of lower-margin consumables, like food and toiletries. Higher fuel prices also contributed to the negative trend as transportation costs are included in the cost of goods sold. EPS grew 4%, aided by the company's continuing share-repurchase program.

In stores that were open a year or more (comp-store sales), sales deteriorated as the year progressed. A store's sales are driven by the number of times customers transact

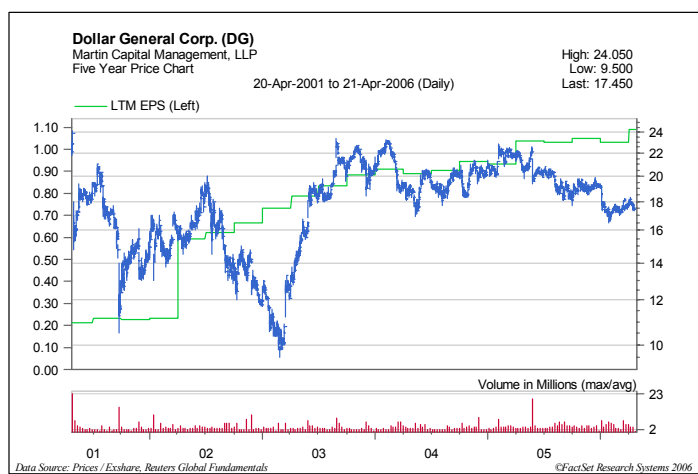
(“traffic”), multiplied by the amount they spend on each transaction (“average ticket”). DG’s average ticket has been growing, but the traffic has declined. There are a couple of reasons for this. First, there is evidence that with lofty gas prices, low-end consumers are consolidating shopping trips. Also, DG has historically eschewed promotional tactics in favor of everyday low pricing (EDLP). This put Dollar General at a relative disadvantage during the second half of 2005 when the promotional environment reached a fever pitch.

The company is taking steps to combat these trends. When CEO David Perdue came aboard in 2003 he laid out a three-part agenda:

- Improve operations and logistics, with particular emphasis on getting more information out of the stores.
- Streamline the delivery of merchandise into the stores and improve the shopability of the stores.
- Improve the merchandising and marketing functions.

Dollar General has made great progress on the first two priorities; the third objective is the company’s current focal point. The company is still perceived by many as a dollar store, as opposed to a low-cost “convenience store.”

Retailing is a tough business. There are always many moving parts, and the marketplace creates a series of moving targets that every company must deal with on a day-to-day basis.



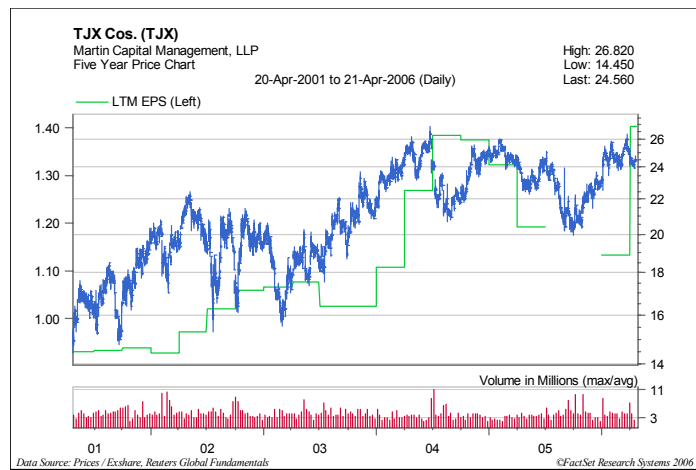
A number of years ago, we profiled a few companies that we believe enjoyed sustainable competitive advantages linked to the ability to offer merchandise to consumers in a low-cost and/or convenient format. These concepts were

warehouse clubs (Costco); off-price apparel retailers (TJX); and small-box, general merchandising stores (Dollar General). We continue to believe that the investments and initiatives DG is making are consistent with that thesis—and that the variability of “comp-store sales” endemic to the retail industry have created attractive investment opportunities in many of these areas.

–Drew Wilson

T.J. Maxx/Marshall’s (TJX)

Upon his return as acting CEO of T.J. Maxx/Marshall’s in September, founder Bernard “Ben” Cammarata re-energized the entrepreneurial buying function, which he determined had become too risk-averse: paying too much, too early for merchandise that was too “safe” from a fashion perspective. He reinstated his “sweaty-palms theory”: using the passage of time and hard-nosed negotiating tactics as tools to secure better deals on more appealing merchandise, even at the risk of losing the deal. Furthermore, management had become distracted by attempts to grow too many concepts too fast. His prescription? Slow down store growth, trim headcount, and grow new categories and revive the specialized skills of off-price buying.



Cammarata wasted no time dispensing the medicine. He brought back highly respected merchandiser Carol Meyrowitz as president, halted development of all new A.J. Wright and Bob’s stores, and reintroduced “sweaty palms” as buyers’ incentives. Next, he announced a reduction in management of 250 positions and a 10% cut in the salaries of 12 key executives. The medicine appears to be taking effect. Comparable store sales growth reached mid single digits in December and January after several

months of no growth and even decline. Performance improvements at the growth divisions A.J. Wright and HomeGoods are even more dramatic. And, according to TJX, the company has reduced the cost structure to a level where modest sales growth should boost the rate of earnings growth. Keep in mind that this business, though not hitting on all cylinders, was already highly profitable, a testament to the company's strength in this unique retailing concept.

In the short run TJX has chosen to focus on improving existing stores and increasing margins. We're less certain about the potential for new-store growth, which will largely be a function of the performance of Cammarata's reinstated regimens. A good record of returning cash to shareholders in the absence of reinvestment opportunities ameliorates some of this concern.

–Drew Wilson

On a more general level we added 15 new companies to our coverage list. Some of these companies are obviously great businesses, but at 35-45x EPS, we'll choose to use our time waiting to get to know them better. There are other companies that we have added that have good records, but we need more time to better understand the business and industry dynamics that account for the good historical results. We'll continue to add to our coverage list as the year goes on, but at a slower pace as we delve into individual companies in greater detail.

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