Buena Vista Investment Management, LLC

Creative Investment Solutions

With stock market volatility running so high this last month I would like to share some of my thoughts relating to all of this volatility. I also want to put some perspective on our strategy for your investment portfolio over the next six months if this type of volatility continues.

Let me begin by discussing the recent market volatility from my perspective as a person involved in the financial markets over the last 35 years.

MARKET VOLATILITY - First, financial markets have been fundamentally changed by technology. Gone are the days of floor brokers and specialists on the floor of the New York Stock exchange whose main purpose was to help maintain orderly markets. Today, for the most part, they have been replaced by trading algorithms, fat data pipes and investment vehicles that did not exist 10 to 15 years ago.

Initially, technology allowed market providers the ability to comingle funds in a simple mutual fund format that valued securities at the end of each day. It then evolved into mutual funds that can provide 2X and 3X market leverage both on the upside and downside, which has in my opinion, added to market volatility. Then technology improved once again to allow for the creation of Exchange Traded Funds (ETF's). These investment vehicles turned the mutual fund concept into funds that can be bought or sold at any time during the course of the trading day. Once again, in my opinion, increasing the opportunity market liquidity and volatility.

Now, the Exchange Traded Fund concept has evolved into even more specialized trading vehicles. We now have the ability to slice and dice markets so we have Technology ETFs and Biotech ETFs and high yield bond ETFs, long/short ETFs and leveraged ETFs. All, in my opinion, investment vehicles that give investors so many choices and add to daily market volatility.

Please understand that I am not saying this is either good or bad but rather a fact in the evolution of our investing lives. As investors we must understand that market volatility (large daily swings in values or sharp movements up or down) is part of the landscape we must deal with. It is important that we understand this environment and adapt to it in order to be successful in the future.

INVESTMENT STRATEGY – First, it is important to have an opinion and it is our opinion that this market is not overvalued like we had preceding the "bear" market of 2000. This market doesn't have the structural imbalances like we had going into the financial crisis of 2008. Rather, this market reminds me of market conditions in 1997-1998. In 1997 we had the Asian financial crisis, which then morphed into the Russian financial crisis and finally the collapse of Long-Term Capital Management. Long-Term Capital Management was an absolute return hedge fund using lots of leverage while trading bond futures that finally collapsed requiring a coordinated bailout from the government and the private sector.

Fast forward to today and we have the recent slowdown in China, together with emerging market financial troubles due to collapsing commodity prices. Mix that all together with hedge funds betting the wrong way on the price of oil and professional investors with deep pockets pushing hard in the direction of the current trend and individual investors that are scared by all the headlines and you get a market swings of 300 to 500 points in either direction.

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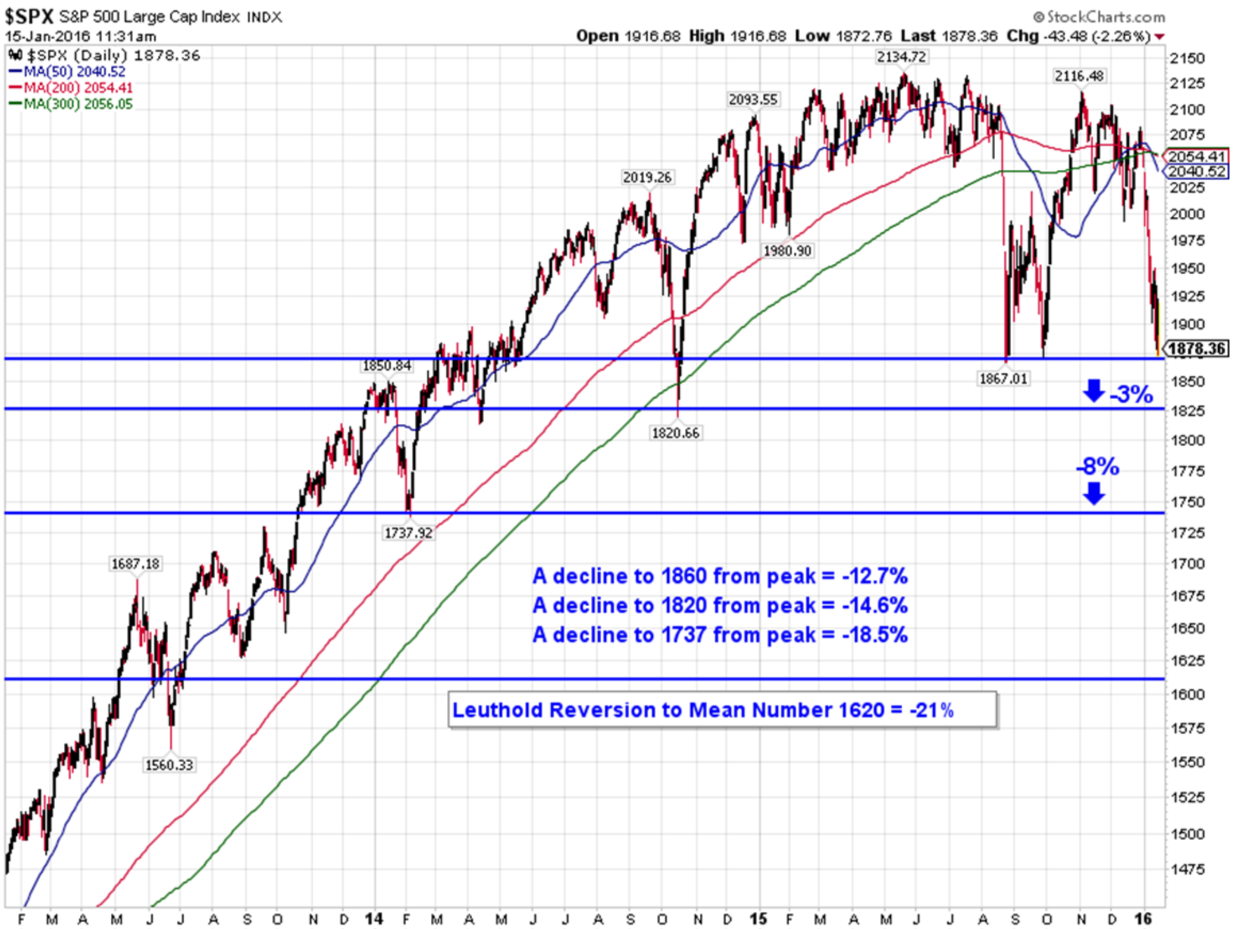
 As such, it is my opinion that this market is not telling us that the US is headed into a recession, but rather that there are big leverage bets on the commodities markets and right now there is a lot of "big money" pain that being handed out.

Second, our strategic market indicators have worked as they are supposed to and as such we have a sizable cash position that can be put to work when appropriate. Our cash component in portfolios will be increased if necessary.

 The following is a chart of the S&P 500 stock index showing how the index has performed over the last 3 years +. The horizontal lines have been placed to show you major support lines.



From a market technician's point of view, we have held at the1860 – 1870 area on the S&P index three times over the last six months. It is very important that we hold this level this week. If the market breaks below that top line it is likely that we are then headed lower and it is our intention is to put an additional 5% to 10% in the cash component of your portfolio.

Today the markets are looking like they will open to the upside but we will have to wait until we finish the day to see if we can hold these levels. I will keep you informed about any additional portfolio changes.

Respectfully Submitted

John Moffat, Partner