



Views From The Heartland

Investment Perspective of Buena Vista Investment Management

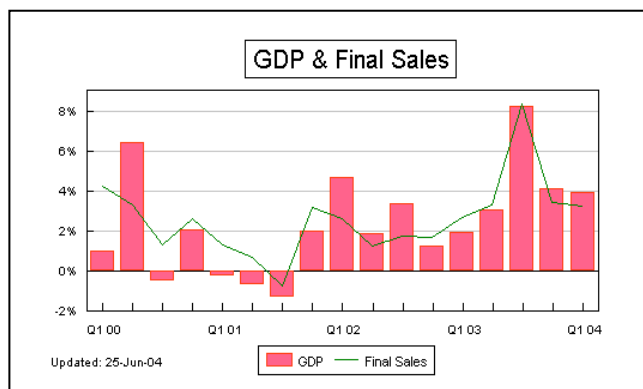
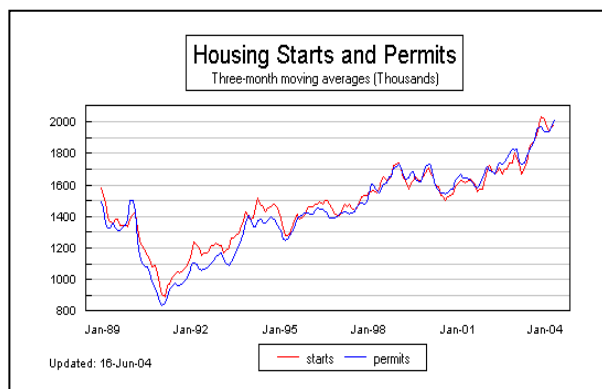
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ECONOMIC ACTIVITY CONTINUES TO IMPRESS

The U.S. economy continues to roar back from the lows of the 2001-2002 recession fueled by renewed corporate spending and rising consumer optimism. **No matter how you slice and dice the numbers the U.S. economy is on a roll** and the consensus view is that we are in for more of the same when second quarter numbers are released over the next sixty days.

It is anticipated that real GDP (gross domestic product) will grow by 4% during the first half of 2004, after a whopping 6% gain in the second half of 2003, some of the highest growth in the last 20 years. And the good news just doesn't stop there. Fed Chairman Greenspan in recent testimony indicated that **total 2004 U.S. economic growth should be in the 4.5% to 5% range**, meaning more growth on the horizon.

The good economic news is everywhere you look, whether you focus on business or the consumer. Business investment has picked up sharply, rising at an 11% rate over the last two quarters. Industrial production has risen in each of the past seven months. Housing starts are at record highs, home ownership is at record highs and housing affordability is near record levels. Per capita income (output of goods and services per person) is a record levels. One million jobs have been added over the last three months and the "help wanted" sign is showing up more and more often. **THE U.S. ECONOMY IS ON A ROLL!**



The outlook for the world economy also remains very positive. While there is no question that the U.S. economy remains the engine behind world growth, the emerging powerhouse economies of China and India are showing significant growth. Even Japan has started showing signs of life after many years of little to no economic growth.

OUR VIEW – Rising economic activity, a moderate and gradual rise in interest rates and a change from a deflationary environment to some inflation provides an excellent near-term environment for equity investments. This type of economic environment continues to bolster our view that the U.S. equity markets have the potential for an upside move during the second half of 2004. We maintain our view that the S&P 500 stock index has the potential to reach at least 1250 before year end, a 10% gain from the 1136 level, as this is written. **We remain bullish!**

STRATEGY UPDATE

Buena Vista Investment Management's Long Term Market Indicators

Buena Vista Conservative Buy/Sell Discipline:	Buy
Leuthold Major Trend Index:	Buy
Coppock Guide:	Buy (a good buy signal but less reliable on the sell side)

Current Market Statistics

S&P 500 Stock Index:	1140.84 (+2.60% thru 6-30-04)
Wilshire 5000 Stock Index:	11,138.91 (+3.14% thru 6-30-04)
10 Year Treasury Yield	4.61% (4.25% on 12-31-03)

Custom Investment Services

After a strong start to 2004, the equity markets went into a healthy and much needed correction, leaving the markets in slightly positive territory as we reach the half way point in 2004. Investment performance for individual equity investments varied widely with last year's best performing securities pulling back during the first half of 2004. The best performing stocks include Yellow Roadway, Quest Diagnostics and L-3 Communications. Technology stocks, after showing great returns in 2003, have pulled back in 2004 with companies like Applied Materials and Intel posting negative returns so far this year. We are anticipating that the lagging groups of the first half (cable, brokers and semiconductors) will rebound in the second half of 2004.

Diversified Mutual Fund Program

Income and Growth Strategy – As we began 2004, we shortened our fixed income investments based on our view that interest rates were at a long-term low. Interest rates did indeed increase in 2004 which helped performance for the strategy. **2004 mid year strategy performance for the Income & Growth strategy was 2.11%.** This compares to the strategy's benchmark, the Vanguard Balanced Index at 1.32%.

Hedged Strategy – The hedged investment strategy raised its money market and short investments during the second quarter in response to the market correction in the second quarter. As we enter the third quarter, long equity exposure is now being increased. Mid capitalization investments are being utilized to increase stock exposure. **2004 mid year strategy performance was 0.11%.**

Conservative Equity Strategy – Chase Growth and Oakmark Equity & Income Funds generated above average performance during the first half of 2004, propelling the strategy to an excellent return against both the S&P 500 and the Wilshire stock indices. No changes to the strategy's investments are anticipated at this time. **2004 mid year strategy performance was 3.67 %.** This compares to the strategy's benchmark, the Wilshire 5000 stock index of 3.14%

Total Return Strategy – Under performance by the strategy's large capitalization investments caused this strategy to lag its benchmark during the first half of 2004. The strategy increased its exposure to Ameristock and Calvert Social Equity at the beginning of the year, only to see both funds put up lackluster numbers. For now, the funds will remain in place. Offsetting the large capitalization underperformance was stellar performance by the mid capitalization funds. **2004 mid year strategy performance was 2.59%.** This compares to the strategy's benchmark, the S&P 500 stock index of 2.60%

Important Disclosure – The performance numbers contained on this page are provided for informational purposes only. Returns may vary depending on personal objectives and timing of invested dollars. The performance numbers contained on this page are based on investments that have been in place since 1-1-04. Contact Buena Vista Investment Management LLC for more specific information concerning performance and return data.

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