



Views From The Heartland

Investment Perspective of Buena Vista Investment Management

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EXPANDING OUR HORIZONS

Increasing International Equity Exposure

By John Moffat, Partner

One of the most important concepts for a successful investor is being able to recognize and adapt to a changing environment. What worked yesterday, may not work today. An investment trend that may have been in place for the last 15 years may fade due to some emerging dynamic. The key is to be able to identify that change and put in place those investments that will profit from it.

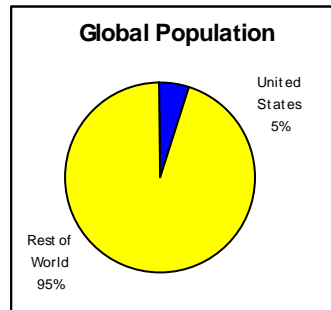
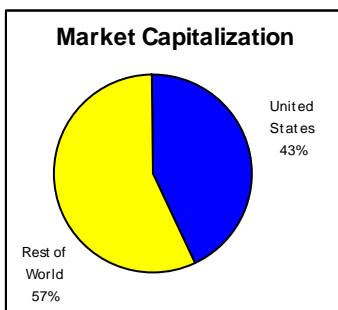


In the 2004 General Electric annual report, Chairman and CEO Jeffrey Immelt said that over the next decade he anticipated that General Electric will generate as much as 60% of its revenue growth from developing countries. This compares to 20% today. GE intends to look to China, India, the Middle East and Asia to fuel its future growth.

Buena Vista Investment Management intends to look to global investments to help fuel our future investment returns as well. While the US currently will remain the cornerstone of the global economy, we are of the opinion that global growth will be fueled by the developing economies in India, China, Russia, Brazil and Mexico. US equity investments will remain as the foundation of our portfolios, but in order to

generate quality investment returns in the future.... we must increase exposure to international investments.

As the chart below indicates, the United States represents 43% of the world stock market capitalization, 31% of global GDP and 5% of the world's population. To us this represents an incredible opportunity for investors, if you believe that capitalism is going to take hold in emerging markets around the world.



Can South America build a functioning middle class? Can Eastern Europe successfully integrate into the EU? Will capitalism continue to grow in China and Russia? Will India open its markets to capitalism? These are important questions being asked by investors, as they will determine the future direction of the global economy and future investment returns for the global equity markets. It is our position that the answer to some or all of these questions will be "yes". We understand that there may be bumps along the way. There always are when trying to anticipate future trends. But the rising tide of capitalism, which began with the fall of the Berlin Wall, is a long-term investment trend that should not be ignored.

BUENA VISTA INVESTMENT MANAGEMENT LLC

EXPANDING OUR HORIZONS (continued)

In a borderless global economy American consumers buy electronics from Asia, home goods from Europe and foods from Latin America, creating our current large foreign trade deficit. But when it comes to investing internationally, Americans have looked the other way. According to the Profit Sharing/401(k) Council of America, **only 3% of 401(k) plans are invested in international equities.** International investing might not be comfortable or familiar for most investors... but as investors begin to understand the opportunities available to them, this will change. Remember, the trend toward capitalism in the emerging markets such as Russia, China and India is just beginning. This emerging long-term trend requires us to make international investments an integral component of our investment portfolios. One of our **Creative Investment Solutions!**

INTERNATIONAL PORTFOLIO STRATEGY:

Buena Vista Investment Management currently has between 8% and 20% invested in international mutual funds in our Diversified Mutual Fund Program, most of which is currently allocated to Asia. These investments have generated excellent returns. In order to increase our international exposure we are now adding the **MFS International New Discovery fund** to the Conservative Equity and Income & Growth portfolio strategies. This is a fund that invests in small and mid capitalization international equities, one of only

17 funds of its type with a five year track record. To us, this is in an overlooked area, which means... an investment opportunity. The utilization of international small and mid cap investments also goes hand in hand with our focus on these types of investments for our US equity exposure.

Conservative Equity is initiating a 10% position in MFS International New Discovery fund and Income & Growth an 8% position. Making this change will effectively double international exposure in both strategies. The Total Return strategy currently has 20% allocated to international investments and as such, no changes are being made at this time but it is our intention to increase international exposure by 10% over time.

MFS International New Discovery

Ticker: MIDAX

Morningstar Rating: 4 Stars

Standard Deviation: 16.76

Investment Returns:

3 Year (as of 1-31-05): 20.92%

5 Year (as of 1-31-05): 11.41%

Investment Category: Small/Mid Cap International

Morningstar Risk Rating: Low

Beta: 0.85 (Market 1.00)

LONG-TERM MARKET INDICATORS

Buena Vista Conservative Buy/Sell Discipline: Buy (29 S&P points away from a sell signal)

Leuthold Major Trend Index:

Buy (above average volatility recently but still in "buy" territory)

Coppock Guide:

Buy (a good buy signal but less reliable on the sell side)

S&P 500 Stock Index:

1,180 (-2.59% thru 3-31-05)

Wilshire 5000:

11,638 (-2.780% thru 3-31-05)

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