



Views From The Heartland

Investment Perspective of Buena Vista Investment Management

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Roller Coaster Ride For Investors In First Quarter

Market Volatility Not Always A Bad Thing!

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The first quarter of 2007 turned out to be a roller coaster ride for investors. The Dow Jones industrials hit an all time high in February after posting a gain of over 2 ½% in the first two months of 2007. Over that same period, the S&P 500 and the NASDAQ posted even stronger gains. **But all that changed in March with the indices falling into negative territory only to rebound by the end of the quarter.**

We were anticipating this trend when we wrote in our last newsletter that “the stock market will show increasing volatility in 2007”. **After going over 45 months without a daily decline in excess of 2%, investors were accustomed to low volatility.** This all changed as we began 2007. Now it is important to understand that this return to volatility doesn’t have to mean bad news for investors. In fact, **according to a study by Standard & Poor’s, in years where the markets demonstrate above average volatility, investors receive positive rates of return the vast majority of the time.**

However, in this type of market environment, it is especially important to stay disciplined, and not react to short term events. The recent sub-prime scare and volatility in the Chinese stock market were the catalyst for the volatility, but they appear to us to be short-term market events. Obviously, we will have to wait and see how the sub-prime event plays out, but for now it is our position that the sub-prime market is a small component of the mortgage market and will not create a major problem. **Our major concern is the potential for a slowing economy.** We are seeing a slowdown in economic activity, as evidenced by a lower ISM Index and dramatic slowing in the index of Leading Economic Indicators. This is where our attention is focused.

Currently, **the Leuthold Major Trend Index, and our own indicators remain positive.** Therefore, while we are watching the capital markets very closely, we remain fully invested. As our portfolios are highly diversified and aligned with excellent fund managers, we believe we can continue to add value to our clients’ portfolios even in difficult market environments.

One by product of volatility has been an increase in trading volume. On February 27th, there were over 4 billion shares traded on the New York Stock Exchange, that’s a “B” for billion. In addition, there are now more investors worldwide than ever before. **A company positioned to take advantage of these trends is the New York Stock Exchange (NYSE).**

Investing In The NYSE

The New York Stock Exchange, one of the most respected financial institutions in the world, is now a publicly traded company with the ticker symbol of NYX. The stock came public in pieces over the last two years and is now one of our best stock ideas. Globalization is the dominate theme for this investment. The NYSE recently purchased Euronext, a European exchange, acquired Archipelago, an electronic exchange, took 5% stake in the National Stock Exchange, an Indian bourse and signed cooperation agreements with the Tokyo Stock Exchange. All of these acquisitions and a bout of cost cutting should cause earnings to grow beyond current analyst expectations. We anticipate above average profits for this investment. **OVER**

BUENA VISTA INVESTMENT MANAGEMENT LLC

MUTUAL FUND FOCUS

In January 2007, we added Cambiar Opportunity, a large capitalization value fund to our Conservative Equity Portfolio strategy. In March, we added Keeley Small Cap Value to our Conservative Equity strategy. We have replaced Chase Growth and Columbia Small Cap Fund due to intermediate-term underperformance issues.

Cambiar Opportunity: **Ticker Symbol – CAMOX**
Morningstar Rating – 5 Star (highest)

Cambiar Opportunity was added to the Conservative Equity strategy for a number of reasons. The fund has consistently shown it can perform well in both up and down markets. In the last bear market (2000-2002), Cambiar posted positive returns in 2 out of the 3 years, with a cumulative return of - 6.0% versus the S&P 500 return of - 39%. Another important component in this decision was the fact that lead manager Brian Barish has been running this fund for 8 years. His strategy is to look for 40 to 50 leading franchises trading at a discount to their industry peers, the market, or historical valuations. Finally, the fund has ranked in the top quartile in 7 of the last 8 years. This is a fund that we are very pleased to add to our Conservative Equity Portfolio strategy.

Keeley Small Cap Value: **Ticker Symbol – KSCVX**
Morningstar Rating – 5 Star (highest)

Again, we were initially attracted to Keeley Small Cap Value for its consistent performance in up and down markets. It has posted double digit returns for investors over either the last 3, 5 or 10 year periods. In the last bear market (2000 – 2002), this fund posted a 3 year average annual return of 6%. Buena Vista prefers funds with long-term managers and Keeley more than meets this criteria. John Keeley Jr. has been in charge of stock selection for this fund since 1993. Based on Keeley's proven success over an extended period of time, we feel confident that Keeley Small Cap Value will add significant value to the Conservative Equity Portfolio strategy.

PERFORMANCE AND PORTFOLIO DATA

| Fund Name | Ticker | Category | 3 Year Return | 5 Year Return | Manager Tenure | Standard Deviation | Assets |
|------------------------|--------|-------------|------------------|------------------|-------------------|-----------------------|--------|
| Cambiar Opportunity | CAMOX | Large Blend | 12.02 | 19.77 | 8 Yrs. | 7.7 | 1.4B |
| Keeley Small Cap Value | KSCVX | Small Value | 21.74 | 18.78 | 14 Yrs | 15.5 | 3.7B |

LONG-TERM MARKET INDICATORS

Buena Vista Conservative Buy/Sell Discipline: Buy (solidly bullish)
Leuthold Major Trend Index: Buy (issued a buy signal in August 2006)
Coppock Guide: Buy (a good buy signal but less reliable on the sell side)
S&P 500 Stock Index: 1,420 (+0.18 thru 3-30-07)
Wilshire 5000: 14,409 (+1.06 thru 3-30-07)

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 1-1-06. Contact Buena Vista Investment Management LLC for more specific information concerning performance and market data. Do not rely on this information to make investments. Investments are not FDIC insured. Past investment performance is not a guarantee of future performance. Performance numbers are reported net of all Buena Vista expenses.

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