



Views From The Heartland

Investment Perspective of Buena Vista Investment Management

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Defensive Moves In 2007 Lead to Outperformance In 2008

A Review of First Quarter Performance and an Update on Our Investment Strategy

By John Moffat and Joel Sullivan, Partners

“Opinions are for show but performance is for Dough”; is an investment phrase regularly used by Steve Leuthold of the Leuthold Group. It is a simple but very useful statement, especially in today’s 24-hour news world. As an investor it is easy to be confused by all of the talking heads espousing their varied and often negative opinions on each and every aspect of the global economy, the mortgage mess or market volatility. There is never a shortage of opinions, but in the end, all that counts is bottom line or more specifically; the performance of your investments.

In this issue of “Views From The Heartland” we will begin by reviewing Buena Vista’s performance for the first quarter and we will end with **a discussion on our investment strategy for the balance of this year.**

The first quarter of 2008 proved to be a very volatile and ultimately difficult time for investors, with the S&P 500 stock index declining 9.92%. We are very pleased to report that during this difficult quarter, **all four of our investment portfolio strategies out performed their respective indices by wide margins.**

Our Absolute Return Portfolio Strategy is managed to generate positive rates of return in all market environments. The strategy accomplished its main objective by generating a positive return, albeit small, of 0.11%. **Our Conservative Equity Portfolio Strategy hit a home run during the quarter. It posted a return of -2.7%, which was a full 7% better than its benchmark, the Wilshire 5000 (-10.04%).** The strategy normally uses a fully invested equity portfolio but last year began hedging its positions and increasing allocation to low volatility mutual funds and no-risk money market funds. These changes lead to the aforementioned out performance for the strategy. Our Total Return and Income & Growth Portfolio Strategies also beat their respective benchmarks by a substantial amount. See page 2 of this newsletter for return data.

Our current investment strategy was put in place in the middle of 2007. At that time, **we embarked on a strategy to reduce risk in our portfolios** after the Leuthold Major Trend Index issued an early warning sell signal. Our own Buena Vista Conservative Buy/Sell Discipline confirmed the Leuthold signal in December.

To summarize, **our strategy is to continue to hold a larger than normal allocation to no risk money market funds**, even though we feel we are close to a bottom in the US stock market. To clarify, we may be close to a bottom in terms of price, but this sideways & volatile market environment may continue for a while longer. It is our intention to wait until we receive a buy signal from one or both of our reliable market indicators; the Leuthold Major Trend Index and the Buena Vista Conservative Buy/Sell Discipline. Another very reliable market indicator for determining market bottoms, the Coppock Guide, is close to issuing a buy signal. (See Page 2)

Once again, **we anticipate that the markets will remain volatile for awhile longer.** We will continue to hold a larger than normal allocation to low/no volatility investments, while we wait for the volatility to subside. We will keep you informed as to any changes to our investment strategy. We remain focused on creating wealth by generating consistent quality long-term investment performance for our clients.

BUENA VISTA INVESTMENT MANAGEMENT LLC

LONG-TERM MARKET INDICATORS

| | |
|---|--|
| Buena Vista Conservative Buy/Sell Discipline: | Negative (went negative on 12-31-07) |
| Leuthold Major Trend Index: | Negative (since October 2007) |
| Coppock Guide: | Negative (close to issuing a buy signal) |
| S&P 500 Stock Index: | 1,322.70 (-9.92% thru 03-31-08) |
| Wilshire 5000: | 13,332.01 (-10.04% thru 03-31-08) |

The Buena Vista Conservative Buy/Sell Discipline is our proprietary indicator which is designed to protect clients against longer-term bear markets. The discipline has been designed using a long-term moving average and is considered to be a lagging indicator.

The Leuthold Major Trend Index is a proprietary index of the Leuthold group and was designed to recognize major market trends rather than intermediate moves. The index has over 180 different components. The index defines the market as positive, negative or neutral.

The Coppock Guide was developed over 50 years ago by Edwin S. Coppock for stocks and is an excellent tool for determining the start of new bull markets. Its historic value lies in signaling the best, low risk buying opportunity for stocks. This guide is not used to generating sell signals.

INVESTMENTS FOR ALL SEASONS

The following five mutual funds have been substantial contributors to the first-quarter performance in the Buena Vista investment portfolio strategies

Oakmark Equity Income Fund (2008 YTD +0.30%) This all-weather fund has consistently performed well in both bull and bear markets.

Leuthold Asset Allocation Fund (2008 YTD -1.49%) This fund moves between varied asset classes to protect principal based on signals issued by The Leuthold Major Trend Index.

Permanent Portfolio (2008 YTD +4.28%) This nontraditional fund maintains a specific allocation to Swiss Francs, Gold, Silver and real estate to protect investments in all market environments

Matthew Asian Growth & Income (2008 YTD -5.34%) This international fund may be down 5% but it substantially out performed other Asian funds by a wide margin.

Rydex Inverse 2x (2008 YTD +19.9%) Our most unique tool for protection of your principal. This fund is used to offset equity exposure and responds inversely to market action.

DIVERSIFIED MUTUAL FUND PROGRAM

Absolute Return Strategy – 2008 YTD Performance +0.11%.

Conservative Equity Strategy – 2008 YTD Performance -2.74%.

Income and Growth Strategy –2008 YTD performance -4.62%.

Total Return Strategy –2008 YTD Performance -6.05%.

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 net of Buena Vista management fees, are based on a composite of accounts using the strategy and investments that were in place on 1-1-08. Contact Buena Vista Investment Management LLC for more specific information concerning performance and market data. Do not rely on this information to make investments.

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