



Up through the end of April, Optivest clients had been under invested in stocks and lagging the S&P 500. In our recent *Second Quarter Newsletter*, we wrote that we “expect a near-term consolidation/correction from May through September.” Further, we forecasted that we would have a 10-15% drop and that the 1000 level on the S&P 500 would hold. As I write this, the S&P 500 is around 1050, having dropped about 6% from year-end and 14% from its recent high. We are taking advantage of this decline to put about 25% of our cash back into the stock and high-yield bond market today. We are also selling most of our long-term U.S. bond market funds with the 10-year T-Bond down to 3.16% (bringing these bond funds to 12-month highs). In addition, we are actively buying income producing commodity funds, as the deflationary scare and corresponding commodity price drop that we projected at the beginning of the year is happening. We believe that price declines like these, over the next few months, will provide good buying opportunities that will be rewarded by year-end.

Mark Van Mourick  
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