

High Desert Investment Advisors

Albuquerque New Mexico
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Serving Your Personal Investment Needs Since 2003

August 7, 2009

Investment Advisory Sell GNMA Mutual Funds

I have suggested in previous market review letters that we have a potential risk related to owning the PIMCO and VanGuard GNMA mutual funds. These funds hold money that is to be reinvested into equities in the future. This means that they will be sold in order to invest elsewhere. The risk is that as interest rates rise, the value of these funds will drop and when we sell them, the price per share will be lower.

Now is the time to begin exiting these investments. The 10 yr U.S. Treasury interest rate is once again moving toward the 4% level. Today it closed at about 3.84%, up from 3.48% a week or so ago and 3.30% in mid-July.

I recommend that we sell all PIMCO and VanGuard GNMA mutual fund shares and dollar cost average the sale equally over the next six (6) weeks. This money should be transferred to a separate money market fund where it is segregated and identifiable, awaiting reinvestment into the equities market.

The first sale will begin after the 10 yr. Treasury auction - on August 15.

To make these changes, I need every investor who wishes to follow this recommendation to contact me, acknowledging this recommendation and authorizing its execution.

Please respond by return email.

Alternatively:

Call me: 505-797-2644

Call Iris: 505-220-0571

(Iris will be out of town until Wednesday August 12)

If we have not heard from you by Wednesday, we will try to reach you by phone to receive your instructions.

Dick Brackett
High Desert Investment Advisors, LLC
Registered Investment Advisor
505-797-2644

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