

## High Desert Investment Advisors

Albuquerque New Mexico  
Voice - 505-797-2644 or 505-469-3467  
Fax - 505-797-1901

*Serving Your Personal Investment Needs Since 2003*

Monday, August 08, 2011

### RECOMMENDATION:

- It is time to get out of all equity and mutual fund positions. Please respond to this email, directly and promptly, by phone or by email. If you respond by email and do not get a message saying your email has been received, call us to confirm your instructions.
- With regard to selling individual stocks, decisions as to selling individual stocks should be made for each, separately. Some stocks should be held and some may be sold. We should discuss your choices, before deciding to sell individual stocks.

Iris Brackett                    505-220-0571  
Dick Brackett                 505-797-2644

\*\*\*\*\*

### DISCUSSION:

Acting as your investment Advisor: Today's market action has taken stock market prices to levels that require action on our part.

- It is clear that the trend of the market will change to Market-down in 2-3 more days of trading. (It could be as late as early next week when the trend turns down, depending on market trading in the next few days).
- The rate, at which the market indexes are falling, requires action. When the market trend turns down as sharply as it has, it is necessary to act. (Today the Dow was down 635 points and the S&P Index was down 80 points)
- It is time to preserve existing capital, by selling all equities and mutual funds (this must be tempered with some discretion based upon individual stocks).
- When this kind of portfolio change is contemplated, there is always some second guessing and "Monday morning quarterbacking". Always, the actions taken on such recommendations are ultimately subjective. Each investor must make his or her own decision about holding or selling. That kind of decision is hard to make, after the fact (the fact is that the market is down from the recent high at 1354, by about 235 points, on the S&P Index - over 17%).
- There is a need to protect your capital so that you can return to the stock market once the trend turns up again. That trend could turn quickly after such a fall, and when it does we will recommend reinvesting. If this does not occur and the trend stays down for an extended period, we will remain on the sidelines, un-invested, waiting for the time when the market can once again grow and the market trend becomes Market-up.

Money that is removed from the stock market should be reinvested into a bond fund with a very short duration - average maturity of 1 ½ years or less. The reason for doing this is a.) to create some income potential while waiting to reinvest, and b.) to segregate the funds so that there is a defined amount that is planned for stock market reinvestment and it is easy to recognize those monies.

Iris and I will be on the phone all day tomorrow and until we have received input from you as to your choice of action. Please respond to this recommendation.

NOTE: The sell recommendation applies to equities and mutual funds only. This does not apply to fixed income - bonds, mortgage backed securities and various miscellaneous other fixed income securities. These investments have generally gone up in value over that past few days, and are likely to continue appreciating somewhat.

Iris Brackett                    505-220-0571  
Dick Brackett                   505-797-2644

Sincerely,

Dick Brackett  
High Desert Investment Advisors

\*\*\*\*This analysis is provided to you for informational purposes only. Actual investment results may be materially different from the projected performance results portrayed. This report uses information that is considered reliable, but it does not represent that the information is accurate or complete, and the report may not be relied upon as such. The report is not intended to be either an expressed or implied guaranty of performance. It is not intended to supply tax or legal advice. There is no solicitation to buy or sell securities.