

## High Desert Investment Advisors

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*Serving Your Personal Investment Needs Since 2003*

October 5, 2010

### **IT IS TIME TO REINVEST - TO BEGIN BUYING EQUITIES**

With this recommendation, I have to stop working on the analysis of portfolios because it is time to reinvest in the stock market. If I haven't gotten to your portfolio, it will have to happen once we finish the process of reinvesting.

- As I wrote on August 28 (see below), there were some very interesting positive indicators in the area of fundamental analysis – not on the Consumption side of GDP but on the Business and Business Investment side of GDP.
- Today, we are seeing some positive data in the service sector that seems to be regaining some of its momentum from earlier in the year.
- The marketplace seems to be accepting the fact that growth will be slow for the next several years (3-5 years as a minimum) and political momentum is building to cut government expenditures, deal with Social Security, and reduce the amount of debt our government created during the last 10 years.
- We have been waiting for the technical model to show a change in the market trend. Today's price action caused that change.

**One caution: The economy – domestic and global – is at risk and there is a high probability of some upset variable setting off a collapse in the stock market, upsetting the momentum toward a sustainable growth curve. That growth curve is shallow and is likely to stay around the 2% level. We need to accept the fact that we will have to live with this slow growth for a long time to come.**

**Instability may cause a reversal of market direction at any time, and we must be ready to act quickly to preserve capital should this happen, by liquidating these equity and mutual fund investments.**

### **RECOMMENDATION:**

I recommend that we begin reinvesting all of the money that is set aside in holding funds waiting for reinvestment. Instead of buying all positions at one time, I recommend that we dollar-cost-average the total amount over a three week period, beginning during the week of October 11. If you wish to reinvest more quickly than this, then let us know.

PLEASE RESPOND TO THIS EMAIL INDICATING YOUR INSTRUCTIONS REGARDING OUR RECOMMENDATION.

- 1. Return Reply to this email**
- 2. Send us an email**
- 3. Call Iris (505-220-0571) or me (505-797-2644)**

Those who do not respond will receive a call from Iris or from me. It would be helpful and more timely if you will contact one of us.

If you email your response, I will confirm receipt by return email so that you will know your instructions have been received.

I will follow up this Advisory with an outline recommending an asset allocation that will fit most dollar commitments. This will be our typical correlated and balanced portfolio of mutual fund, including the best fund managers available. You should have our recommended asset allocation within 24 hours of receiving this email. Of course, if you want to do something different, we will do whatever you decide you want to do.

My hope is that this is the beginning of a very long term growth trend and that we are investing at a time which is early in this trend.

**Dick Brackett**  
**High Desert Investment Advisors, LLC**  
**Registered Investment Advisor**  
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**\*\*\*\*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.**