

High Desert Investment Advisors

12700 San Rafael NE
Albuquerque NM 87122
505-797-1901

Serving Your Personal Investment Needs Since 2003

November 20, 2008

HIGH DESERT ADVISOR

IMPORTANT MARKET ADVISORY

The S&P 500 Index broke thru the important support price level of 770 today. It is now time to get out of all equity investment positions - mutual funds, stocks, vulnerable preferred stock holdings. I recommend that all of this money be placed in government guaranteed mortgage backed securities - GNMA's, FNMA's, and FHLMC's. We might also look at CD purchases and cash. The recommended short term holding position for the cash coming out of the market is the PIMCO GNMA fund.

If you want us take this action for you - To sell all of the mutual funds and other equity stock positions in your accounts - you need to contact Iris or me. Either call or do a reply email to this advisory.

Iris can be reached at: 505-220-0571

I can be reached at: 505-797-1901

As you know, Iris resigned from UBS last week and is now working full time with me at High Desert Investment Advisors. We will make a more formal announcement of her involvement, and how we work together, sometime at a time when the markets allow!

To execute all of these trades, it will be difficult for us to get all trades done by the close of the day. We will try to sell only if the close of the S&P 500 Index is below 770. Because of the difficulty of order entry, we will have to make a final "sell" decision 30 minutes before the actual close of the market.

Everyone should know that, if you want to talk about this decision, and/or get more input as to our thinking, it is important that you call. Both of us will be available to take your calls at any time. Don't hesitate to call tonight. We are making calls and taking calls tonight.

BASIC FUNDAMENTAL PROBLEMS IN OUR ECONOMY:

1. Consumer spending: This spending has been funded by mortgage equity withdrawals (MEW) for the past several years. This year, there is no mortgage equity to draw on. MEW is responsible for perhaps 2-3% of our annual GNP growth, for the last three years.
2. The Adjusted Monetary Base is expanding at heretofore unimaginable rates.... but M-1 is not growing. Until M-1 grows steadily each week for several bi-weekly data reports (from the St. Louis Federal Reserve) - and this growth must continue - the domestic U.S. economy cannot grow.

Dick Brackett
High Desert Investment Advisors, LLC
Registered Investment Advisor
505-797-1901

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