

# High Desert Investment Advisors

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*Serving Your Personal Investment Needs Since 2003*

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## HIGH DESERT ADVISOR

### WERE WE GO FROM HERE?

#### WHEN DO WE REINVEST OUR CASH INTO THE MARKET?

Now that we have moved to the sidelines (mostly), we are planning our reinvestment strategy.

#### RECOMMENDATIONS:

1. **All cash generated from sale of stocks and mutual funds: invest in the PIMCO GNMA fund** This is our holding location for cash. This fund holds GNMA, FNMA, and FHLMC mortgage backed securities, and cash (about 99% of the fund's portfolio). The 30 day yield for this portfolio is 4.74%. There is no cost to buy or sell this fund (as compared to the Vanguard GNMA fund which has a \$25 fee for every trade).
2. **Increase asset allocations for fixed income by about 30%** above targeted amounts: for example, a 30% fixed income allocation increases to 40%; a 50% fixed income allocation increases to 65%, etc. This allocation will be used to purchase government guaranteed mortgage backed securities, with yields between 6% and 6 1/2 % and an average life that ranges between 6 yrs and 12 yrs (some securities may be in the 15-22 yr. average life category).
3. **Plan for reinvesting into the equities market.** The timing of this strategy will depend upon when the financial system begins to liquefy. Today, the best indicator of this will be the M-1 data from the St. Louis Federal Reserve. If M-1 grows consistently for several weeks, this will tell us that it is time to begin reinvesting.
  - The reinvesting process: **dollar-cost-average over a period of 6-10 weeks.**
  - Recommended asset allocation for most investors (assuming we were to begin the reinvestment process today (the allocation may change in the future) is shown below. Some investors have individually designed portfolios that will contain other investment choices - specifically, those who wish to invest only with socially conscious fund managers.
  - Reinvestment will be an individually managed consultative process where we work directly with you as your portfolio is reinvested.
4. **The time will come to reinvest in the stock market. We expect that time to be no more than six months from today.**

## RECOMMENDED ASSET ALLOCATION

<u>INTERNATIONAL</u>		
6%	SGENX	FIRST EAGLE SOGEN GLOBAL A
4%	JDIAX	JANUS ADVISER INT'L GWTH
<u>LARGE CAP GROWTH EQUITIES</u>		
12%	AGTHX	GROWTH FD OF AMER.
9%	JARTX	JANUS ADVISER FORTY
5%	HGOAX	Hartford Growth Opportunity
4%	NMGIX	Columbia Marisco Gwth & Income
<u>LARGE CAP VALUE EQUITIES</u>		
12%	EATVX	E.V. T/M VALUE
6%	UMBIX	Excelsior Value & Restructg Fd
6%	NYVTX	DAVIS NY VENTURE
4%	AMVAX	RIVERSOURCE MID CAP VALUE
5%	TESIX	FT MUTUAL SHARES FUND A
6%	JAMCX	JP MORGAN MID CAP VALUE
<u>SMALL CAP GWTH AND VALUE EQUITIES</u>		
5%	KSCVX	KEELEY SMALL CAP VALUE
5%	FLSAX	Fidelity Adv Leveraged Co Stk
5%	BPTRX	BARON PARTNERS FUND
<u>NATURAL RESOURCES AND OTHER</u>		
2%	PRPFX	PERMANENT PORTFOLIO FUND
2%	PRRAX	PRINCIPAL REAL ESTATE SECURITIES
2%	TCREX	TIAA-CREF INST. REAL ESTATE SEC RETAIL

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