

Key Indices

Index	1-Feb-09	28-Feb-09	Change	Change	Commodities	1-Feb-09	28-Feb-09	Change
S&P ASX200	3540.7	3344.5	-196.2	-5.54%	Oil - WTI	41.73	44.15	5.80%
All Ordinaries	3478.1	3296.9	-181.2	-5.21%	NY Gold	927.00	939.90	1.39%
S&P ASX Property	812.0	666.8	-145.2	-17.88%	Cash Rate	4.25%	3.25%	-1.00
Dow Jones	8000.86	7062.93	-937.93	-11.72%	90 Day Bank Bill	3.41%	3.16%	-0.25
S&P 500	825.88	735.09	-90.79	-10.99%	10 Yr Bonds	4.09%	4.41%	0.33
FTSE 100	4149.6	3830.1	-319.5	-7.70%	Best Movers	3 Months	Price	Change
Euro Stoxx 50	1983.48	1770.41	-213.07	-10.74%	MGX	Mount Gibson Iron	\$0.48	100.00%
SSE Composite	1990.66	2082.85	92.19	4.63%	LGL	Lihir Gold Ltd	\$3.30	36.94%
Hang Seng	13278.21	12811.57	-466.64	-3.51%	CSL	CSL Limited	\$36.66	25.55%
Nikkei 225	7994.05	7568.42	-425.63	-5.32%	JBH	JB Hi-Fi Ltd	\$10.65	25.29%
Currencies					Worst Movers	3 Months		
AUD/USD	0.6438	0.6454	0.0016	0.25%	AWB	AWB Ltd	\$0.89	-67.82%
AUD/JPY	57.5300	62.9900	5.4600	9.49%	FCL	Futuris Corp	\$0.28	-63.82%
AUD/GBP	0.4530	0.4513	-0.0017	-0.38%	AIO	Asciano Group	\$0.45	-63.67%
AUD/EUR	0.4995	0.5069	0.0074	1.48%	PBG	Pacific Brands	\$0.23	-53.61%

Market Commentary

In a very weak start to 2009, the market has lost 10.15% during January and February. The S&P/ASX200 closed at 3344.5 on Friday 27th February and further losses have been posted in the first week of March, dragging the S&P/ASX200 down to around 3130, a level we have not seen in five years and which essentially wipes out the gains made during the bull market. We are now well over 50% down from the November 2007 high.

Lead by a continuing stream of poor economic data from the US, any realistic and meaningful recovery in equity markets is now likely to be pushed out to 2010. Despite this, the markets leading strategists are still predicting that our sharemarket will end 2009 at modestly higher levels than at present, indicating that there may be some light at the end of the tunnel. Whilst they also expect further weakness in the short term, most advise against increasing cash weightings at the expense of equities. We concur with this view providing asset allocation strategies are maintained.

The deterioration in the economic environment has been reflected throughout the interim reporting season. While 67% of companies reported earnings in line or above guidance, a comparatively high 33% of companies announced profit results below expectations. This is not surprising given that Australian GDP figures for the last quarter of 2008 came in at negative 0.5% confirming further economic contraction and pointing to what many people already feel – that we have probably entered recession, even if we do not have the technical evidence to date to confirm this. In some cases, dividends were cut as a means of preserving capital, which is a reasonable strategy when balance sheets need strengthening. Overall though, dividend income should hold up well in diversified share portfolios.

The Reserve Bank of Australia has left rates on hold this week at 3.25%. By keeping rates on hold the RBA is essentially sitting back to see how the Federal Government’s new stimulus package takes effect. It also leaves room to move on interest rates if there is further deterioration in the global economy. We are forecasting that further rate cuts in the coming months are inevitable. The negative GDP figure would appear to back up this forecast.

The weakness in the resources sector is generating substantial corporate interest, predominantly from overseas buyers, particularly the Chinese. Two of the largest Chinese investments ever recorded in the Australian resources were made during February, These were both state-owned enterprises - Chinalco’s bid for RIO assets, a deal valued at \$30.4 billion and China Minmetals \$2.6 billion bid for OZ Minerals. These deals require the approval of the Foreign Investment Review Board to proceed and have raised some concerns that such transactions will enable the Chinese to use these stakes to influence commodity pricing. The counter argument of course is that the deals should proceed because Australian resources companies will inevitably need foreign investment in order to continue to grow.

Finally, in order to maintain confidence in our financials, the Australian Securities and Investment Commission’s six month old short selling ban on financial stocks has been extended from March 6th to the end of May. It had been feared that the major banks could become the target of hedge funds and short sellers.

Price Charts – past 90 days

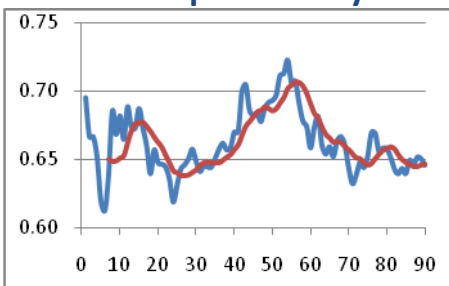


Figure 1- AUD/USD
Red lines are 7 day moving average

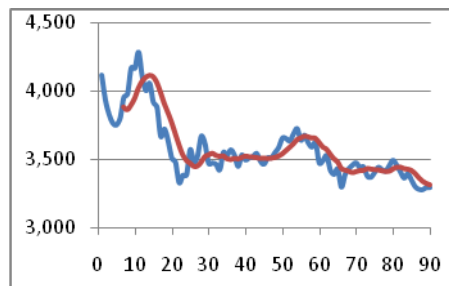


Figure 2- All Ords

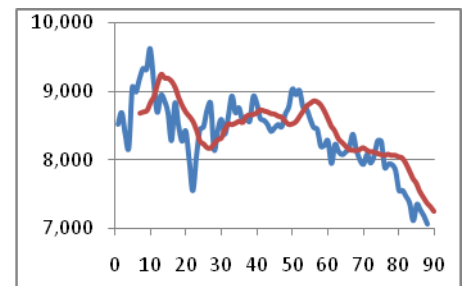


Figure 3- Dow Jones

Long Term Share Table

Code	1-Feb-09	28-Feb-09	Change	Change	Code	1-Feb-09	28-Feb-09	Change	Change
AGK	14.65	13.21	-1.44	-9.83%	MTS	4.21	4.18	-0.03	-0.71%
AMP	5.27	4.83	-0.44	-8.35%	NAB	18.93	17.88	-1.05	-5.55%
ANZ	13.27	13.31	0.04	0.30%	ORI	13.54	13.29	-0.25	-1.85%
ASX	27.15	26.44	-0.71	-2.62%	QBE	24.00	19.06	-4.94	-20.58%
BHP	30.50	28.83	-1.67	-5.48%	RIO	42.15	47.25	5.10	12.10%
BXB	6.80	4.62	-2.18	-32.06%	SGP	3.64	2.72	-0.92	-25.27%
CBA	26.90	29.80	2.90	10.78%	SHL	13.90	12.00	-1.90	-13.67%
CPU	7.25	7.05	-0.20	-2.76%	TAH	6.59	6.38	-0.21	-3.19%
CWN	5.54	5.19	-0.35	-6.32%	TLS	3.79	3.55	-0.24	-6.33%
CSL	37.50	36.66	-0.84	-2.24%	TOL	5.47	5.35	-0.12	-2.19%
GPT	0.76	0.47	-0.29	-38.16%	WES	15.55	17.60	2.05	13.18%
IVC	5.00	5.05	0.05	1.00%	WBC	15.64	16.89	1.25	7.99%
LEI	16.76	19.04	2.28	13.60%	WDC	12.01	10.65	-1.36	-11.32%
MQG	25.99	16.98	-9.01	-34.67%	WOW	27.70	26.14	-1.56	-5.63%
MIX	0.12	0.06	-0.06	-50.00%	WPL	35.38	35.80	0.42	1.19%

Managed Fund

Fund	1-Feb-09	28-Feb-09	Change	Change %
Vanguard WS Australian Government Bond Index Fund	1.0166	1.0000	-0.0166	-1.63%
Vanguard WS Australian Fixed Interest Index Fund	1.1255	1.1123	-0.0132	-1.17%
Vanguard WS Australian Shares Index Fund	1.2984	1.2401	-0.0583	-4.49%
Vanguard WS Australian Shares High Yield Fund	0.9687	0.9336	-0.0351	-3.62%
CFS Wholesale - Geared Share Fund	1.8238	1.6661	-0.1577	-8.65%
BlackRock Direct Property Fund	0.9896	0.9886	-0.0010	-0.10%
Vanguard WS Property Securities Index Fund	0.5632	0.4719	-0.0913	-16.21%
Aberdeen International Equity Fund	0.7471	0.6620	-0.0851	-11.39%
Platinum Asia Fund	1.8980	1.7866	-0.1114	-5.87%
Platinum International Fund	1.6569	1.5642	-0.0927	-5.59%
Platinum International Brands Fund	1.6305	1.5386	-0.0919	-5.64%
Vanguard WS International Shares Index Fund	1.1135	0.9998	-0.1137	-10.21%
Vanguard WS International Shares Index (Hedged) Fund	0.4052	0.3698	-0.0354	-8.74%

Key Market Indicators

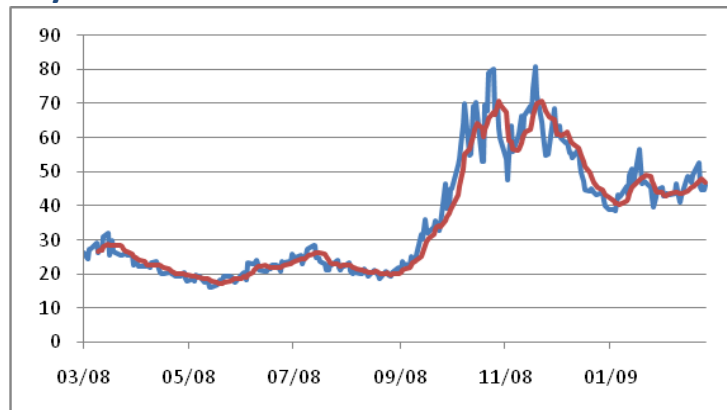


Fig 4 – CBOE Volatility Index [VIX] (past 12 months)
Red line is 7 day moving average

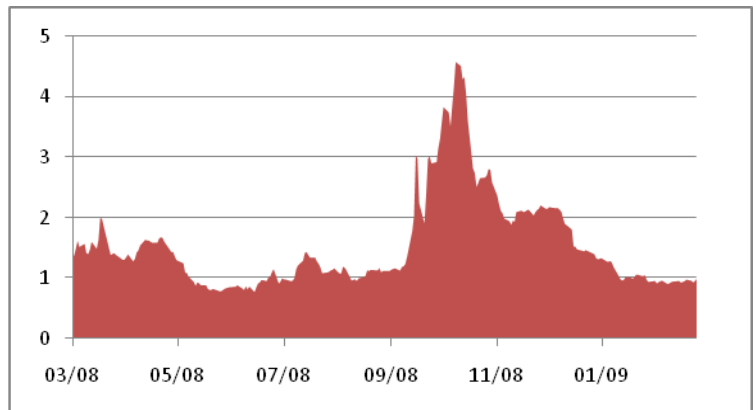


Fig 5 – Interest Rate differential – 3 month USD London Interbank Offered Rate [LIBOR] / 3 month US Treasury Notes (past 12 months)

Corporate Actions of Interest

Company	Code	Issue	Date
Commonwealth Bank	CBA	Share Purchase Plan, maximum of \$10,000 for eligible shareholders	Closes 11 March
Westpac Bank	WBC	\$700m capital raising through new Tier 1 Hybrid issue.	Closes 23 March

What you should know this month

Westpac Banking Corporation – Capital Raising

Westpac Banking Corporation is offering eligible investors the opportunity to invest in the offer for Westpac SPS II at an Issue Price of \$100 each to raise approximately \$700 million with the ability to raise more or less. The issue will pay a margin above the 90-day bank bill swap rate of 3.80% per annum and will not change. Distributions are expected to be fully franked and paid on a quarterly basis. Holders of St. George Preference shares are able to automatically exchange these holdings to the new Westpac issue.

Oz Minerals – Takeover

As has been widely reported in the media Oz Minerals has received a takeover offer from Minmetals, a state-owned Chinese company for \$2.6 billion. The offer equates to \$0.82 per share. For clients who hold this stock we are recommending to either sell around \$0.78 or accept the offer should it be approved by the Foreign Investment Review Board. Should you have any questions regarding the takeover offer please contact a member of your advice team.