Investstone Wealth Management
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MONTHLY UPDATE *March 2008*

Key Indices

Index	03-Mar-08	31-Mar-08	Change	Change	Commodities		03-Mar-08	31-Mar-08	Change
S&P ASX200	5,572.10	5,355.70	-216.40	-3.88%	Oil - WTI		101.78	101.54	-0.24%
All Ordinaries	5,674.70	5,409.70	-265.00	-4.67%	NY Gold		973.70	916.30	-5.90%
SFE Futures 200	5564.00	5,399.00	-165.00	-2.97%	Cash Rate		7.00%	7.25%	0.25
S&P ASX Property	1,708.00	1,703.50	-4.50	-0.26%	90 Day Bank Bill		7.99%	7.86%	-0.13
Dow Jones	12,266.39	12,262.89	-3.50	-0.03%	10 Yr Bonds		6.21%	6.04%	-0.17
Nasdaq	1,745.27	1,781.93	36.66	2.10%	**Best Movers**	**3 Months**		**Price**	**Change**
S&P 500	1,330.63	1,322.70	-7.93	-0.60%	IPL	Incitec Pivot		$141.15	24.15%
FTSE 100	5,884.30	5,702.10	-182.20	-3.10%	DXL	Dyno Nobel		$2.56	17.43%
Hang Seng	24,331.67	22,849.20	-1,482.47	-6.09%	ILU	Iluka Resources		$4.65	14.62%
Nikkei 225	13,603.02	12,525.54	-1,077.48	-7.92%	WPL	Woodside		$54.50	7.18%
					Worst Movers	**3 Months**			
Currencies					AFG	Allco Finance		$0.48	-90.72%
AUD/USD	0.9466	0.9180	-0.0286	-3.02%	ABS	ABC Learning		$1.40	-68.75%
AUD/SGD	1.3182	1.2665	-0.0517	-3.92%	CNP	Centro Properties		$0.30	-65.12%
AUD/EUR	0.6237	0.5813	-0.0424	-6.80%	CGF	Challenger Financial		$1.82	-58.82%

Market Commentary

At certain times investors need to stand back from the day to day market noise and reflect on recent events, the March quarter has been the ideal time to do this. To start with valuations on the ASX are below long term averages, the current reporting season provided guidance of continuing growth in earnings and dividends and employment and wages are still growing above trend. But despite this news the benchmark S&P/ASX200 fell 15.5% for the March quarter, the worst quarterly performance since the sharemarket crash of 1987. These days information and news is so readily available alongside a market full of many diverse styles of investors (leveraged or not) that market adjustments to any news (positive or negative) are immediate and severe; maybe this explains the performance over the quarter.

The question now is whether we have passed the deepest phase of the bear market. In the last weeks of March and the beginning of April, buyer support has returned to markets. This may well be a bear rally rather than the market bottoming as undoubtedly there will be more volatility as news of earnings downgrades and problematic debt continue to emerge.

Investors are divided between the bull and the bear scenario for the immediate sharemarket outlook. The bear scenario points to continued tight credit markets the duration of which is completely unknown, recession in US or the depth of the slowdown and corporate earnings downgrades continuing to weigh heavily on the market. The bears also point to inflationary pressures building as a result of the Fed's aggressive rate cutting. Chinese inflation and commodity price inflation also remain unresolved areas of concern.

The bull scenario, points to valuations on equities becoming very attractive and the build up of cash levels as highlighted by a surge in corporate activity. The bull scenario takes comfort from the proven willingness of the US Federal Reserve to intervene in order to stabilize markets through activities such as aggressive interest rate easing, allowing banks to offer any investment grade securities as collateral for Fed loans and intervention in the banking sector to bail out Bear Stearns.

If an economic turning point has indeed been reached, then despite ongoing sentiment driven and trader driven volatility in sharemarkets, longer term investors will be looking for opportunities, of which there continue to be many. Over the last couple of weeks, bargain hunting has seen the S&P/ASX200 bounce about 10% off its lows.

In the current version of Investing Times we highlighted several portfolio options in the current market covering banks and non-resources stocks, of note is the banking sector which has fallen 23% for the quarter, with the ability to pass on increases in borrowing costs to customers and yields close to 10% (after franking credits) this sector is well worth ensuring adequate exposure to. Leighton continues to build up its book of future building and infrastructure projects and with the share price falling from $65 to $45 offers good value. Orica is enjoying a halcyon period of booming demand for explosives which will see good growth in earnings over the next three years and lastly Sonic Healthcare is exposed to the ongoing solid demand for health services along with a global expansion strategy will see a continuation of its growth over the long term.

Price Charts – past 90 days

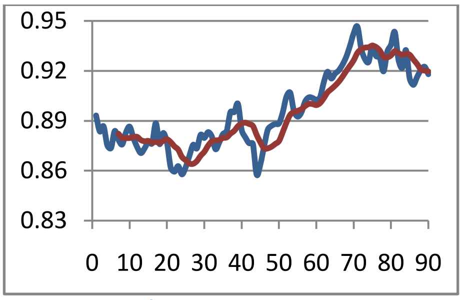

Figure 1- AUD/USD

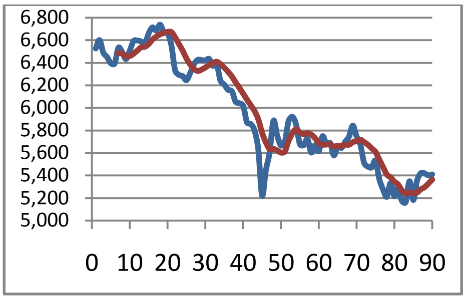

Figure 2- All Ords

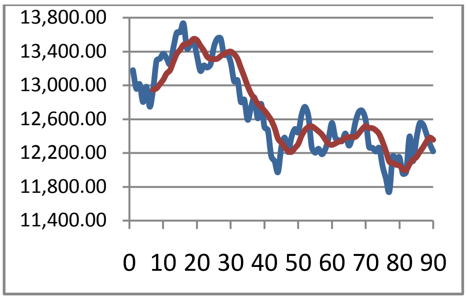

Figure 3- Dow Jones

Red lines are 7 day moving average

Long Term Share Table

Code	03-Mar-08	31-Mar-08	Change	Change	Code	03-Mar-08	31-Mar-08	Change	Change
AIO	4.97	4.00	-0.97	-19.52%	MTS	4.17	4.08	-0.10	-2.39%
ASX	42.04	37.40	-4.64	-11.04%	NAB	28.85	30.15	1.30	4.51%
AGK	11.20	11.04	-0.16	-1.43%	NWS	20.61	20.50	-0.11	-0.53%
AMP	8.05	7.85	-0.20	-2.48%	QBE	22.57	22.21	-0.36	-1.60%
ANZ	22.00	22.55	0.55	2.50%	RIO	137.00	122.50	-14.50	-10.58%
BHP	39.58	35.81	-3.77	-9.53%	SGP	7.05	6.99	-0.06	-0.85%
BXB	10.44	9.98	-0.46	-4.41%	SHL	14.35	13.75	-0.60	-4.18%
CBA	42.13	41.81	-0.32	-0.76%	TCL	6.45	6.50	0.05	0.78%
CNP	0.45	0.30	-0.15	-33.33%	TOL	10.25	10.02	-0.23	-2.24%
CSL	36.50	36.91	0.41	1.12%	TAH	15.26	14.15	-1.11	-7.27%
CPU	8.51	8.75	0.24	2.82%	TLS	4.87	4.40	-0.47	-9.65%
CWN	11.60	10.50	-1.10	-9.48%	WBC	23.32	23.75	0.43	1.84%
GPT	3.20	3.25	0.05	1.56%	WDC	17.50	17.80	0.30	1.71%
IVC	6.73	6.52	-0.21	-3.12%	WPL	57.00	54.50	-2.50	-4.39%
LEI	46.00	42.80	-3.20	-6.96%	WOW	28.99	29.00	0.01	0.03%
MAP	3.51	3.23	-0.28	-7.98%	WES	37.72	39.99	2.27	6.02%
MIX	0.51	0.40	-0.11	-21.57%	ZFX	11.13	9.98	-1.15	-10.33%

Managed Funds

Fund	03-Mar-08	31-Mar-08	Change	Change %
Ausbil - Emerging Leaders Fund	2.8143	2.6038	-0.2105	-7.48%
BlackRock Direct Property Fund	1.1337	1.1466	0.0129	1.14%
BlackRock Global Small Cap	0.8342	0.8418	0.0076	0.91%
CFS Wholesale - Geared Share Fund	5.3898	5.0138	-0.376	-6.98%
Challenger Wholesale Micro Cap	1.1296	1.0265	-0.1031	-9.13%
Hunter Hall - Global Ethical Trust	1.3298	1.2660	-0.0638	-4.80%
Pengana Emerging Companies Fund	1.8944	1.7377	-0.1567	-8.27%
Platinum Asia Fund	2.6469	2.6035	-0.0434	-1.64%
Platinum International Brands Fund	1.8209	1.8398	0.0189	1.04%
Vanguard - Index International Shares Fund	0.9431	0.9583	0.0152	1.61%

Corporate Actions of Interest

Company	Code	Issue	Date
Telstra	TLSCA	Final payment for the TLSCA instalment receipts is due on May 29 2008.	29-May-08
Just Group	JST	Takeover offer by PMV, $2.20 per share and 0.25 PMV shares.	25-Jan-08
Zinifex/Oxiana	ZFX/OXR	ZFX shareholders will receive 3.1931 OXR shares per 1 ZFX share under a scheme of arrangement.	April/May-08

What you should know this month

Mirvac Industrial Trust

The Mirvac Industrial Trust (MIX) has been caught up in the negative sentiment of the listed property sector. The fundamentals behind MIX remain good with its distribution intact and very attractive yield (20%+), its debt is not renewable for three years, its recently implemented unit buyback program, it continues a rationalisation program of non-core assets and that the Chicago industrial market is in a good position to weather any downturn in the US cause us to remain confident in this trust going forward.

Merger & Takeover Activity

While it is unlikely that the merger and acquisition activity in 2008 will be anything close to what we have seen in the recent past before credit became expensive, there does appear to be a trend emerging for companies who are cashed up making opportunistic plays for companies who have been significantly re-valued by the market. By adding these re-valued companies to their existing businesses it provides a boost to earnings at a much lower cost than seen before the depreciation of the market.

This activity is not just restricted to any particular sector of the economy either. In recent weeks we have seen Zinifex and Oxiana come together in a long rumoured scheme of arrangement, the Consensus Business Group from the UK launch a bid for the Challenger Infrastructure Fund and Solomon Lew's Premier Investment Limited make a takeover for the Just Group. This diversity in sectors highlights that value exists across all areas of the market.

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