

Key Indices

Index	1-Mar-09	31-Mar-09	Change	Change	Commodities	1-Mar-09	31-Mar-09	Change
S&P ASX200	3,344.50	3,582.10	237.60	7.10%	Oil - WTI	44.15	49.66	12.48%
All Ordinaries	3,296.90	3,532.30	235.40	7.14%	NY Gold	939.90	917.15	-2.42%
S&P ASX Property	666.80	663.50	-3.30	-0.49%	Cash Rate	3.25%	3.25%	0.00
Dow Jones	7,062.93	7,608.92	545.99	7.73%	90 Day Bank Bill	3.16%	3.14%	-0.03
S&P 500	735.09	797.87	62.78	8.54%	10 Yr Bonds	4.41%	4.67%	0.26
FTSE 100	3,830.10	3,926.14	96.04	2.51%	Best Movers	3 Months	Price	Change
Euro Stoxx 50	1,770.41	1,815.99	45.58	2.57%	MCQ	Macq. Comm's	\$2.29	158.76%
SSE Composite	2,082.85	2,373.21	290.36	13.94%	RIO	Rio Tinto Ltd	\$56.57	28.78%
Hang Seng	12,811.57	13,576.02	764.45	5.97%	FMG	Fortescue Metals	\$2.55	23.91%
Nikkei 225	7,568.42	8,109.53	541.11	7.15%	CBA	Comm Bank	\$5.06	20.59%
Currencies					Worst Movers	3 Months		
AUD/USD	0.6454	0.6873	0.0419	6.49%	BLY	Boart Longyear	\$0.13	-53.70%
AUD/JPY	62.9900	67.4800	4.4900	7.13%	GPT	GPT Group	\$0.44	-52.20%
AUD/GBP	0.4513	0.4804	0.0291	6.45%	BBI	B & B Infrastructure	\$0.06	-51.54%
AUD/EUR	0.5069	0.5190	0.0121	2.39%	FCL	Futuris Corporation	\$0.36	-47.79%

Market Commentary

In March, the Australian sharemarket enjoyed its best month in almost nine years, rising 7.1%, a rally which has further extended into early April. While this is a much needed respite for investors, the reality is that markets still remain substantially below their bull market highs. Mixed economic news will ensure that sharemarket volatility continues in the short term and the strong rally we have seen in the market means we can expect to run into some resistance after these gains. What we need now is a period of consolidation rather than further fast gains.

As business owners continue to adjust to the recession, unemployment is predicted to substantially rise in the next year to around 8-9% in Australia, potentially double digit and this will be mirrored across the developed economies. In March alone, unemployment rose to 5.7%, with full time employment taking the brunt of the losses.

Encouragingly, data is emerging to suggest that business and consumer confidence has stabilised somewhat from the freefall seen in late 2008. While this stabilisation is still at levels that indicate an economy remaining in recession, equity markets have viewed this news as a positive. Also supportive of equities is the anticipation that the Government's second stimulus package will underpin retail sales and there is speculation that a third package maybe forthcoming. Interestingly, OECD estimates predict that Australia will receive the largest fiscal stimulus in the developed world on a pro-rata basis. This is despite the Australian economy faring relatively better to date than most other developed economies.

The RBA reduced rates this week by 0.25% to 3.00%, but rising unemployment and failure of the banks to pass on the cut to customers means further rate cuts will have to be forthcoming in the months ahead. This will provide continued support for the housing sector which is demonstrating resilience, currently being supported by the first home owners grant.

There are also tentative signs of a global economic improvement. Research points to an increase in consumer spending in several regions in the first months of 2009, while global manufacturing orders have also picked up. Markets have applauded ongoing proactive efforts by the US Government to clean-up bank balance sheets and co-operative and aggressive moves by central banks to boost liquidity within credit markets. There appears to be a general consensus emerging that the slowing of global economic decline means that the constant stream of confidence sapping negative economic data may soon begin to be replaced by signs of modest improvement. Equity markets would receive such news positively.

Despite this, the outlook remains somewhat questionable. The exception is China. In March, Chinese manufacturing output actually expanded for the first time in six months. This is interesting given uncertainties over export volumes however when combined with strong infrastructure investment, rising power production and consumption and strengthening bank lending amongst other indicators analysts predict China with its stimulus packages now taking effect could well lead the global economic recovery.

Price Charts – past 90 days

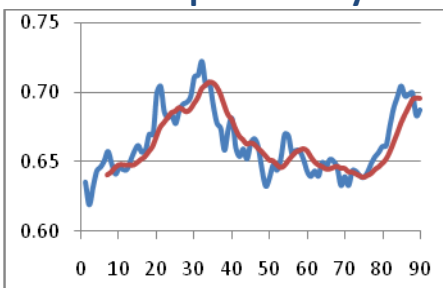


Figure 1- AUD/USD
Red lines are 7 day moving average

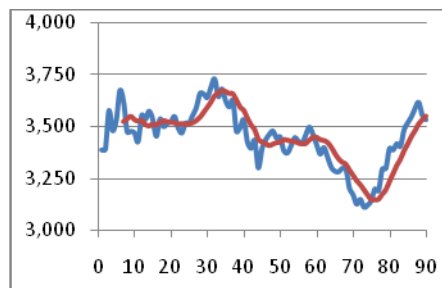


Figure 2- All Ords

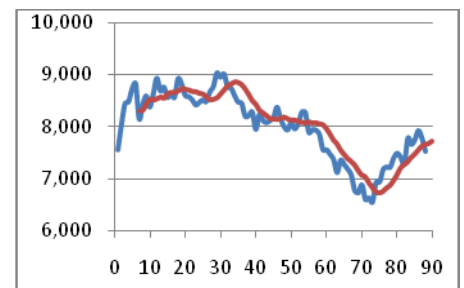


Figure 3- Dow Jones

Long Term Share Table

Code	1-Mar-09	31-Mar-09	Change	Change	Code	1-Mar-09	31-Mar-09	Change	Change
AGK	13.21	14.96	1.75	13.25%	MTS	4.18	4.06	-0.12	-2.87%
AMP	4.83	4.70	-0.13	-2.69%	NWS	10.05	11.23	1.18	11.74%
ANZ	13.31	15.75	2.44	18.33%	NAB	17.88	20.10	2.22	12.42%
AIO	0.45	0.91	0.47	104.49%	ORI	13.29	14.79	1.50	11.29%
ASX	26.44	29.35	2.91	11.01%	QBE	19.06	19.27	0.21	1.10%
BHP	28.83	31.91	3.08	10.68%	RIO	47.25	56.57	9.32	19.72%
BXB	4.62	4.80	0.18	3.90%	SGP	2.72	3.09	0.37	13.60%
CBA	29.80	34.73	4.93	16.54%	SHL	12.00	11.07	-0.93	-7.75%
CPU	7.05	8.78	1.73	24.54%	TAH	6.38	6.50	0.12	1.88%
CWN	5.19	6.35	1.16	22.35%	TLS	3.55	3.21	-0.34	-9.58%
CSL	36.66	32.49	-4.17	-11.37%	TOL	5.35	6.25	0.90	16.82%
GPT	0.47	0.44	-0.03	-6.38%	TCL	4.47	4.67	0.20	4.47%
IVC	5.05	5.10	0.05	0.99%	WES	17.60	18.85	1.25	7.10%
LEI	19.04	19.30	0.26	1.37%	WBC	16.89	19.09	2.20	13.03%
MQG	16.98	27.05	10.07	59.31%	WDC	10.65	10.00	-0.65	-6.10%
MAP	1.55	1.82	0.27	17.42%	WPL	35.80	38.10	2.30	6.42%

Managed Fund

Fund	1-Mar-09	31-Mar-09	Change	Change %
Vanguard WS Australian Government Bond Index Fund	1.0000	1.0074	0.0074	0.74%
Vanguard WS Australian Fixed Interest Index Fund	1.1123	1.1131	0.0008	0.07%
Vanguard WS Australian Shares Index Fund	1.2401	1.3390	0.0989	7.98%
Vanguard WS Australian Shares High Yield Fund	0.9336	1.0145	0.0809	8.67%
CFS Wholesale - Geared Share Fund	1.6661	2.0330	0.3669	22.02%
BlackRock Direct Property Fund	0.9886	0.9413	-0.0473	-4.78%
Vanguard WS Property Securities Index Fund	0.4719	0.4743	0.0024	0.51%
Aberdeen International Equity Fund	0.6620	0.6597	-0.0023	-0.35%
Platinum Asia Fund	1.7866	1.8747	0.0881	4.93%
Platinum International Fund	1.5642	1.5782	0.0140	0.90%
Platinum International Brands Fund	1.5386	1.5676	0.0290	1.88%
Vanguard WS International Shares Index Fund	0.9998	0.9815	-0.0183	-1.83%
Vanguard WS International Shares Index (Hedged) Fund	0.3698	0.3924	0.0226	6.11%

Key Market Indicators

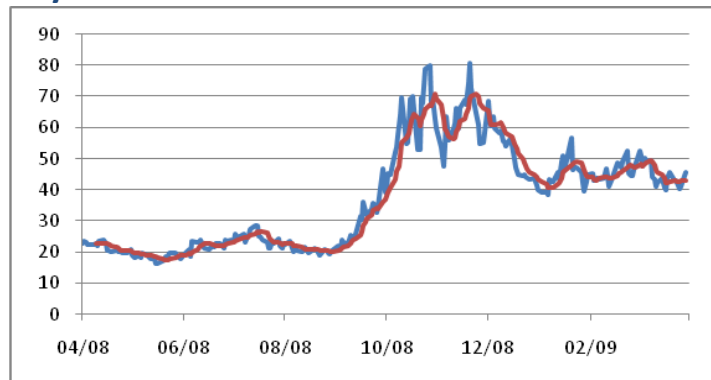


Fig 4 – CBOE Volatility Index [VIX] (past 12 months) Red line is 7 day moving average

The VIX index is a measure of US equity market volatility over a 30 day period. It is quoted in percentage points per annum with the value expressing a forward looking, implied annual volatility figure. For example, a VIX value of 35 represents an annualised implied volatility of 35% for the S&P 500 index over the next 30 days.

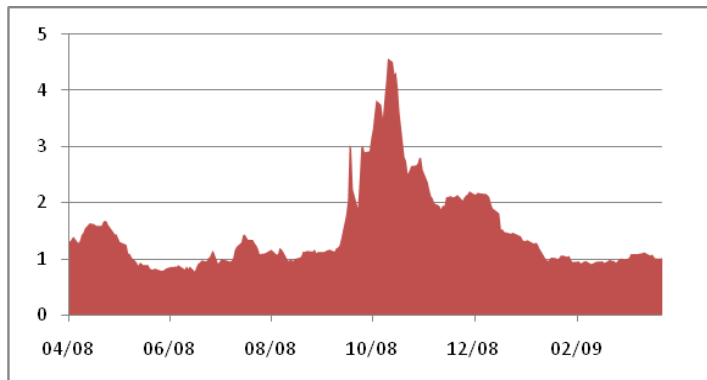


Fig 5 – Interest Rate differential – 3 month USD London Interbank Offered Rate [LIBOR] / 3 month US Treasury Notes (past 12 months)

We have graphed the interest rate differential between what the 3 month US dollar Libor rate compared to the yield on a 3 month US treasury note over the past 12 months. The key point to identify is that the smaller the spread between the 3 month Libor rate and the 3 month US Treasury Note yields, the lower it costs banks to borrow in the short term.

Corporate Actions of Interest

Company	Code	Issue	Date
Tabcorp	TAH	Corporate bond issue, priority to eligible shareholders, minimum investment of \$5,000 (50 bonds @ \$100).	Closes 24 April 2009

What you should know this month

Oz Minerals – Takeover

As reported in last month's update, Oz Minerals had received a takeover offer from Minmetals. This offer was rejected by the Foreign Investment Review Board (FIRB) on the basis of the Prominent Hill mine being inside a restricted military area. As a result a revised offer has been put forward by Minmetals to buy selected assets of Oz Minerals for US\$1.2 billion as opposed to an outright takeover. Oz has received an extension on its debt while the revised offer is being reviewed by the FIRB. Oz has stated that they expect the new deal to be completed by the end of May. Investstone believes that, for some investors, after the revised offer being completed, OZ Minerals could provide an opportunity for those investors who want an exposure to a single commodity resource company (copper).