

Key Indices

Index	1-Oct-08	31-Oct-08	Change	Change	Commodities	1-Oct-08	31-Oct-08	Change
S&P ASX200	4,600.50	4,018.00	-582.50	-12.66%	Oil - WTI	100.70	68.10	-32.37%
All Ordinaries	4,631.30	3,982.70	-648.60	-14.00%	NY Gold	868.15	723.05	-16.71%
SFE Futures 200	4,815.00	4,211.00	-604.00	-12.54%	Cash Rate	7.00%	6.00%	-1.00
S&P ASX Property	1,369.20	1,022.90	-346.30	-25.29%	90 Day Bank Bill	7.32%	5.81%	-1.52
Dow Jones	10,850.66	9,336.93	-1,513.73	-13.95%	10 Yr Bonds	5.55%	5.16%	-0.39
Nasdaq	1,594.63	1,334.78	-259.85	-16.30%	Best Movers	3 Months	Price	Change
S&P 500	1,164.74	968.75	-195.99	-16.83%	QGC	Queensland Gas	\$5.75	32.49%
FTSE 100	4,902.50	4,377.30	-525.20	-10.71%	QBE	QBE Insurance	\$25.50	9.21%
Hang Seng	18,016.21	13,968.67	-4,047.54	-22.47%	WOW	Woolworths	\$27.80	4.12%
Nikkei 225	11,259.86	8,576.98	-2,682.88	-23.83%	ANZ	ANZ Bank	\$17.36	2.72%
Currencies					Worst Movers	3 Months		
AUD/USD	0.7996	0.6680	-0.1316	-16.46%	VPG	Valad Property	\$0.08	-84.15%
AUD/SGD	1.1438	0.9895	-0.1543	-13.49%	MGX	Mt Gibson Iron	\$0.41	-82.39%
AUD/EUR	0.5565	0.5223	-0.0342	-6.15%	BLY	Boart Longyear	\$0.44	-77.58%
					BNB	Babcock & Brown	\$1.29	-71.12%

Market Commentary

At a time when it looked like events unfolding in financial markets could not get any worse, October 2008 produced a capitulation-type phase to this bear market.

In a sign that the global financial sector was truly on the brink of imploding, American and European governments spent billions in an aggressive effort to recapitalise banks. In the US, investors were spooked by the prospects that credit defaults would continue to rise as a result of unsustainable levels of leverage in the economy. Then, the prospect of a prolonged global recession was confirmed as both the US and UK released data evidencing that their economies were shrinking.

Shares and commodities were savaged over the course of the month and in a self-perpetuating downward spiral, US fund managers continued to liquidate their portfolios to fund redemptions. Typically, other markets including Australia and Asia took their lead from the US highlighting once again that the breadth and depth of the US market and the sheer size of its economy continues to be the dominating influence on all other markets.

In Australia, to maintain confidence, the government gave an unlimited guarantee to bank deposits. As an unforeseen consequence, funds flooded into the banks from other sectors resulting in a freezing of redemptions from illiquid mortgage funds. It is believed that about \$20 billion of investor funds have been impacted and this situation remains unresolved. Our economy is poised for a prolonged slow down as household spending weakens and business investment slows. The RBA in response to the severity of the impending slowdown has cut rates by a further 75 basis points, to make a hefty total cut of 2% over three months. Access Economics believes Australia will avoid recession, however, they predict growth will slow to around 2.1% this financial year. Unemployment is also expected to rise to 5% in the coming months, up from 4.3% in October.

While overall October proved to be a bad news month, a ray of light did emerge with evidence of a thawing in global credit markets as interbank lending rates began to ease. The selling pressure eased and cautious bargain hunters emerged. The US election race has now been resolved removing another uncertainty. We are in Zone 5 on our long term trend chart and valuations, notwithstanding the ongoing pressure on corporate profits, are attractive. We feel a worst case scenario for global slowdown is priced into the share market at present and as a result, we are cautiously optimistic that we may see a share market rally in the months ahead. While it would be brave to call October the bottom of this bear market, we may now have seen the worst of the global financial crisis.

Price Charts – past 90 days

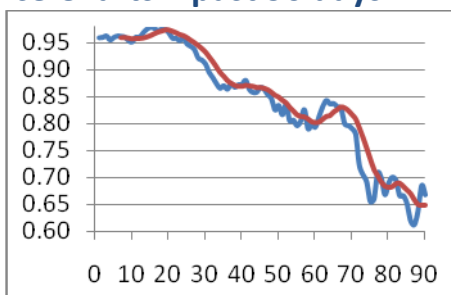


Figure 1- AUD/USD
Red lines are 7 day moving average

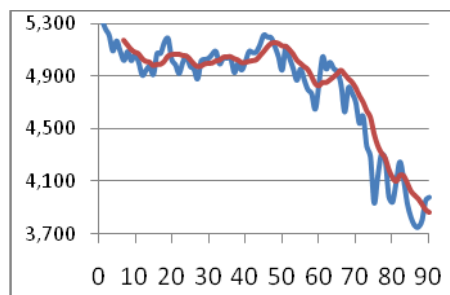


Figure 2- All Ords

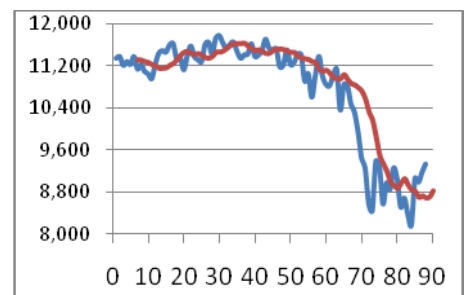


Figure 3- Dow Jones

Long Term Share Table

Code	-Oct-08	31-Oct-08	Change	Change	Code	1-Oct-08	31-Oct-08	Change	Change
AGK	13.70	13.97	0.27	1.97%	MTS	3.97	4.03	0.06	1.51%
AMP	6.98	5.41	-1.57	-22.49%	NAB	24.26	23.99	-0.27	-1.11%
ANZ	18.75	17.36	-1.39	-7.41%	NWS	15.30	14.85	-0.45	-2.94%
AIO	3.16	2.10	-1.06	-33.54%	ORI	20.95	19.35	-1.60	-7.64%
ASX	30.15	29.90	-0.25	-0.83%	OZL	1.61	0.95	-0.66	-40.99%
BHP	31.00	27.99	-3.01	-9.71%	QBE	26.50	25.50	-1.00	-3.77%
BXB	7.70	7.94	0.24	3.12%	RIO	84.50	77.60	-6.90	-8.17%
CBA	42.62	40.30	-2.32	-5.44%	SGP	5.40	3.97	-1.43	-26.48%
CNP	0.09	0.08	-0.01	-11.11%	SHL	13.10	13.71	0.61	4.66%
CPU	9.30	8.40	-0.90	-9.68%	TAH	8.08	6.85	-1.23	-15.22%
CWN	8.50	6.70	-1.80	-21.18%	TLS	4.18	4.12	-0.06	-1.44%
CSL	37.30	36.40	-0.90	-2.41%	TOL	6.94	5.98	-0.96	-13.83%
GPT	1.75	0.75	-1.00	-57.14%	TCL	5.58	5.39	-0.19	-3.41%
IVC	4.85	4.90	0.05	1.03%	WES	28.48	21.47	-7.01	-24.61%
LEI	37.55	24.80	-12.75	-33.95%	WBC	21.48	20.28	-1.20	-5.59%
MAP	2.70	2.14	-0.56	-20.74%	WDC	16.64	16.40	-0.24	-1.44%
MQG	37.00	29.40	-7.60	-20.54%	WOW	27.20	27.80	0.60	2.21%

Managed Funds

Fund	1-Oct-08	31-Oct-08	Change	Change %
Aberdeen International Equity Fund	0.8390	0.8028	-0.0362	-4.31%
Ausbil - Emerging Leaders Fund	2.1819	1.7700	-0.4119	-18.88%
BlackRock Direct Property Fund	1.0828	1.0674	-0.0154	-1.42%
BlackRock WS Global Small Cap	0.7920	0.7519	-0.0401	-5.06%
CFS Wholesale - Geared Share Fund	3.1688	2.4996	-0.6692	-21.12%
Challenger Wholesale Micro Cap	0.8299	0.6798	-0.1501	-18.09%
Hunter Hall - Global Ethical Trust	1.1155	0.9893	-0.1262	-11.31%
Pengana Emerging Companies Fund	1.5592	1.2536	-0.3056	-19.60%
Platinum Asia Fund	1.9765	1.7966	-0.1799	-9.10%
Platinum International Brands Fund	1.7218	1.6700	-0.0518	-3.01%

Corporate Actions of Interest

Company	Code	Issue	Date
Westpac / St. George	WBC / SGB	Revised merger proposal proceeding. Merger documents released.	Board Approved
Stockland	SGP	Share Purchase Plan, offer price \$5.30	Closes 17 Nov 2008
GPT Group	GPT	Rights issue, 1-for-1 at \$0.60 per unit	Closes 17 Nov 2008

What you should know this month

Stockland – Share Purchase Plan

The listed property sector is currently going through a recapitalisation process as seen by the recent capital raisings by Mirvac, GPT and Colonial First State Retail Property Trust and the Goodman Group. These capital raisings have been necessary due to the increased cost of credit and downward pressure on asset valuations due to softening demand for real estate.

Stockland is also undertaking a capital raising through a Share Purchase Plan (SPP) for eligible shareholders at a price of \$5.30 for up to 940 units. This offer closes on Friday November 14 2008 and the capital raised will be used to reduce debt and fund ongoing activities.

For those clients who hold Stockland, we are not recommending to participate in the SPP based on the fact that the closing price for Stockland was \$4.27 on November 6 2008. Given the differential in price between the SPP offer price and current market price there is no benefit from participating. If in the unlikely event that Stockland's share price rises above the SPP offer price of \$5.30 prior to November 14 2008 we will re-evaluate our recommendation.

Mirvac Industrial Trust

The Mirvac Industrial Trust has seen its unit price fall to below \$0.20 in the past few months. This is significantly below the Net Tangible Asset (NTA) value for each unit which is \$0.70 per unit as at 30 June 2008. This investment continues to provide a good yield despite the disappointing performance of its unit price.

We see two possible outcomes for MIX, the first being that it is taken 'in house' by Mirvac and the second being that the trust is wound up with the assets being progressively sold off and the funds paid out to investors.

Asciano

Asciano continues to suffer from the lack of institutional support. The company recently held its AGM and advised its capital restructure review is proceeding as planned with the company holding roadshows to key international pension funds on selling a minority stake in either its ports or rail division to raise \$1b (expected to be a minority stake in Pacific National). There has been no further activity following on from the initial takeover offer in August. Until an announcement has been made in regard to the monetisation process, we expect sentiment in the short term will continue to be affected over concerns regarding debt levels and lack of follow on action in regard to the takeover offer.