



Monthly Update: JUNE 2009

Key Indices

Index	1-Jun-09	30-Jun-09	Change	Change	Commodities	1-Jun-09	30-Jun-09	Change
S&P ASX200	3,818.00	3,954.90	136.90	3.59%	Oil - WTI	66.31	69.82	5.29%
All Ordinaries	3,813.30	3,947.80	134.50	3.53%	NY Gold	979.00	926.20	-5.39%
S&P ASX Property	729.30	749.00	19.70	2.70%	Cash Rate	3.00%	3.00%	0.00
Dow Jones	8,500.33	8,447.00	-53.33	-0.63%	90 Day Bank	3.19%	3.19%	0.00
S&P 500	919.14	919.32	0.18	0.02%	10 Yr Bonds	5.45%	5.62%	0.17
FTSE 100	4,417.90	4,249.20	-168.70	-3.82%	Best Movers	3 Months	Price	Change
Euro Stoxx 50	2,246.18	2,198.08	-48.10	-2.14%	PBG	Pacific Brands	\$0.86	124.84%
SSE Composite	2,632.93	2,959.36	326.43	12.40%	BLY	Boart Longyear	\$0.26	73.33%
Hang Seng	18,171.00	18,378.73	207.73	1.14%	OZL	Oz Minerals	\$0.92	61.40%
Nikkei 225	9,522.50	9,958.44	435.94	4.58%	FMG	Fortescue Metals	\$3.79	58.58%
Currencies					Worst Movers	3 Months		
AUD/USD	0.7912	0.8114	0.0202	2.55%	ELD	Elders Limited	\$0.29	-27.85%
AUD/JPY	76.3800	77.7600	1.3800	1.81%	PPX	Paperling Group	\$0.43	-20.56%
AUD/GBP	0.4937	0.4872	-0.0065	-1.32%	CAB	Cabcharge	\$5.16	-17.04%
AUD/EUR	0.5648	0.5751	0.0103	1.82%	AGK	AGL Energy	\$13.45	-11.51%

Market & Economic Commentary

Despite a confidence boosting last quarter rally into the end of the 2009 financial year, the sharemarket has turned in its worst annual performance since 1981. The S&P/ASX 200 was down 27% for the year, posting its second consecutive year of losses, following a fall of around 12% in FY08.

The good news appears to be that the global economy and financial markets appear to have entered a period of stabilisation. On the other hand, the seriousness of this recession and the intervention and restructuring required in the major economies, means that below trend growth is still expected for several years. Essentially, the global economic outlook remains somewhat mixed and uncertain.

Government debt around the developed world has been exploding, whilst historically low interest rates may still produce inflationary pressure, meaning the global economy is not yet out of the woods. However improved credit markets and ambitious ongoing government stimulus packages mean we are likely to be on a slow road to recovery and the worst of this prolonged downturn may now be behind us. Reflecting this belief, global equity markets have rallied and the Australian sharemarket has posted four consecutive months of gains amounting to a rally of about 20% from the low early in March. Corporate Australia is repositioning itself for economic recovery by addressing the debt driven weakness on balance sheets, via some heavily discounted capital raisings. These have been well supported by investors highlighting the improved sentiment that has emerged in recent months.

Despite the weakness in the Australian economy, we have avoided a 'technical' recession as the economy limped to a weak 0.4% growth due to stronger exports in the March quarter. Australian export income has since dropped away, highlighting that the outlook for Australian economic recovery remains mixed and soft. The RBA has moved to the neutral stance of keeping rates on hold for the last three months.

Chinese growth has essentially sheltered Australia from the worst of the global downturn, but investors should not forget that it is the US who will both lead and drive the global recovery. For now though, the US economy remains weak and recovery is likely to be slow and prolonged. US unemployment, currently around 9.6%, continues to rise, which is a clear indication that sections of the economy are continuing to deteriorate. While this underlying weakness continues, there does not appear at this stage to be a second platform to propel further gains in share markets. This will filter back to a more subdued outlook for the Australian share market in the near term, especially while we pass through the August reporting season, which is expected to be weak. Also reflecting investor's sense of caution is the record high level of cash reserves of around 20%, currently being held by Australian institutions. In time, as evidence of an economic recovery emerges, a large proportion of these funds will be reinvested back into equity markets.

One interesting statistic reported in the Financial Review indicates that foreign ownership of Australian shares has grown to its highest level since September 1996, with 41.9% of the local market being foreign owned. That is good support and reflects the comparably better performance of the Australian economy when compared to other OECD economies. However, this won't last forever and can change quickly as funds will disappear offshore when economic recovery takes hold, particularly in the US. Hopefully at this stage, our cashed up domestic institutions will step in and boost their own equity exposures.

On balance, investors should expect post a period of consolidation that valuation risk remains to the upside rather than the downside and considerable long term opportunity still exists in equity investments. We remain biased to cyclicals leveraged to global recovery, although we also feel there is relevance in incorporating traditional defensives into the portfolio to provide predictable income and help stabilise portfolio volatility. It remains a good strategy to be tactically long Australian equities.



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Price Charts – past 90 days

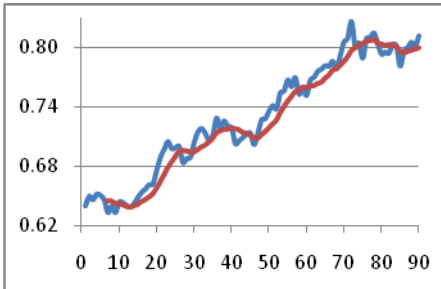


Figure 1- AUD/USD

Red lines are 7 day moving average

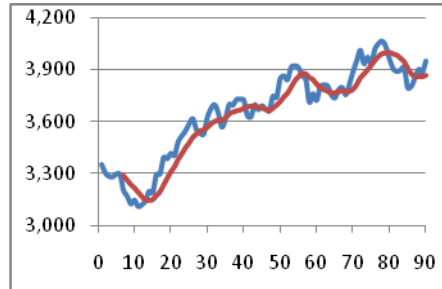


Figure 2- All Ords

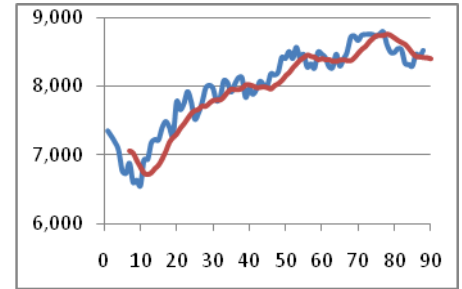


Figure 3- Dow Jones

Long Term Share Table

Code	1-Jun-09	30-Jun-09	Change	Change	Code	1-Jun-09	30-Jun-09	Change	Change
AGK	13.99	13.45	-0.54	-3.86%	MTS	4.18	4.31	0.13	3.11%
AMP	4.84	4.88	0.04	0.83%	NWS	14.16	13.37	-0.79	-5.58%
ANZ	15.90	16.49	0.59	3.71%	NAB	22.02	22.44	0.42	1.91%
AIO	1.38	1.34	-0.04	-2.90%	ORI	20.14	21.72	1.58	7.85%
ASX	34.64	36.99	2.35	6.78%	QBE	19.34	19.90	0.56	2.90%
BHP	34.66	34.72	0.06	0.17%	RIO	64.54	52.20	-12.34	-19.12%
BXB	5.88	5.96	0.08	1.36%	SGP	3.10	3.21	0.11	3.55%
CBA	35.14	39.00	3.86	10.98%	SHL	11.83	12.32	0.49	4.14%
CPU	8.85	9.02	0.17	1.92%	TAH	7.34	7.16	-0.18	-2.45%
CWN	7.23	7.27	0.04	0.55%	TLS	3.11	3.39	0.28	9.00%
CSL	29.20	32.15	2.95	10.10%	TOL	7.04	6.25	-0.79	-11.22%
GPT	0.51	0.49	-0.02	-3.92%	TCL	4.04	4.18	0.14	3.47%
IVC	5.33	5.80	0.47	8.82%	WES	21.32	22.65	1.33	6.24%
LEI	22.70	23.50	0.80	3.52%	WBC	18.87	20.25	1.38	7.31%
MQG	31.65	39.10	7.45	23.54%	WDC	10.95	11.38	0.43	3.93%
MAP	2.10	2.31	0.21	10.00%	WOW	25.35	26.36	1.01	3.98%

Managed Funds

Fund	1-Jun-09	30-Jun-09	Change	Change %
Vanguard WS Australian Government Bond Index Fund	0.9776	0.9699	-0.0077	-0.79%
Vanguard WS Australian Fixed Interest Index Fund	1.0817	1.0773	-0.0044	-0.41%
Vanguard WS Australian Shares Index Fund	1.4182	1.4751	0.0569	4.01%
Vanguard WS Australian Shares High Yield Fund	1.0612	1.1084	0.0472	4.45%
CFS Wholesale - Geared Share Fund	2.3313	2.5157	0.1844	7.91%
BlackRock Direct Property Fund	0.9244	0.8566	-0.0678	-7.33%
Vanguard WS Property Securities Index Fund	0.4978	0.5223	0.0245	4.92%
Aberdeen International Equity Fund	0.7202	0.7011	-0.0191	-2.65%
Platinum Asia Fund	2.2009	2.2304	0.0295	1.34%
Platinum International Fund	1.7132	1.7154	0.0022	0.13%
Platinum International Brands Fund	1.7364	1.7693	0.0329	1.89%
Vanguard WS International Shares Index Fund	1.0260	1.0097	-0.0163	-1.59%
Vanguard WS International Shares Index (Hedged) Fund	0.4561	0.4557	-0.0004	-0.09%



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Key Market Indicators

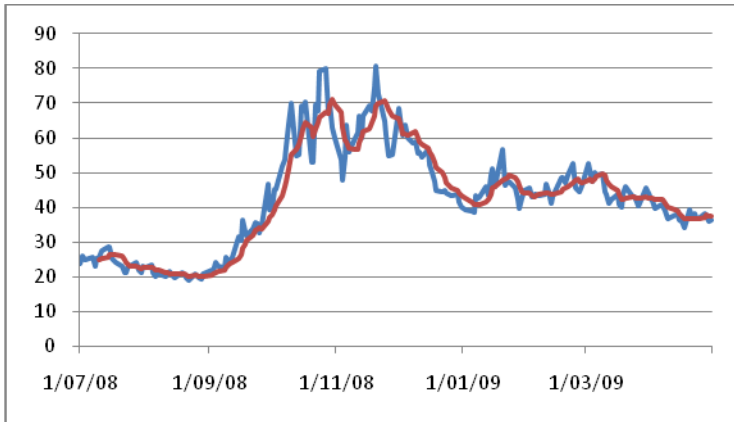


Fig 4 – CBOE Volatility Index [VIX] (past 12 months) **Fig 4 – CBOE Volatility Index [VIX] (past 12 months)** Red line is 7 day moving average
 The VIX index is a measure of US equity market volatility over a 30 day period. It is quoted in percentage points per annum with the value expressing a forward 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.

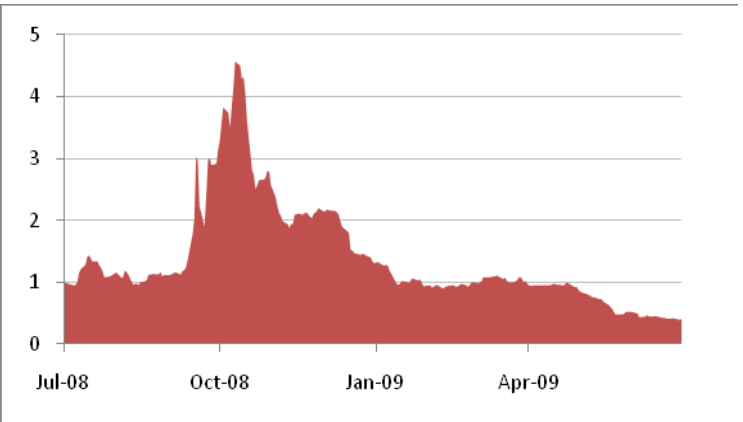


Fig 5 – Interest Rate differential – 3 month USD London Interbank Offered Rate [LIBOR] / 3 month US Treasury Notes (past 12 months)
 We have graphed the interest rate differential between what the 3 month US dollar Libor rate compared to the yield on a 3 month US treasury note over the past 12 months. 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
CSL Limited	CSL	On-market share buy-back (up to 54,863,000 shares)	Not Applicable

What you should know this month

Reduced Concessional Contribution Cap

An important change in legislation stemming from the Federal Budget last May was the reduction in concessional contributions into superannuation.

Up until June 30 2009, those over 50 years of age could contribute \$100,000 each financial year into superannuation on a concessional basis. Those under 50 years of age could contribute a maximum of \$50,000.

From July 1 2009, the concessional contribution cap has been halved to \$50,000 for those over 50 and \$25,000 for those under 50.

If you are currently making salary sacrifice or other contributions into superannuation it is very important that the necessary adjustments are put in place to reflect these changes. Any contribution received above the maximum level is taxed at the highest marginal rate, 46.5%.

Should you have any questions regarding this change to concessional contribution caps please contact us on 03 9663 1570.

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Time Limitation: As economic and market conditions are constantly changing the recommendations in this report are only valid for thirty (30) days from the date of presentation.

Research Reports: If attached, please ensure you read the research reports in relation to each of the recommended investments before proceeding.