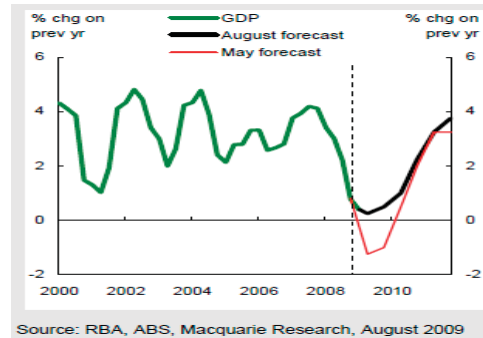


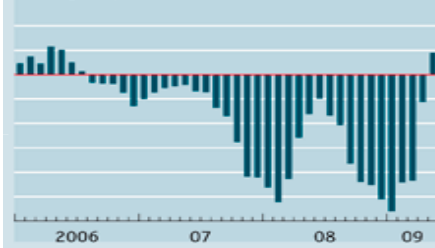
Pitcher Investment News

Recession - What Recession? Australia has now experienced two consecutive quarters of positive growth with the June quarter growth figure confirmed at +0.6%. However, indications from Government and the Reserve Bank are that stimulus measures need to be maintained at this stage to ensure that economic recovery continues. On 1 September the Reserve Bank announced no change to the 3% official interest rate. The market is expecting rates to rise as early as November/December 2009 and continue rising throughout 2010.

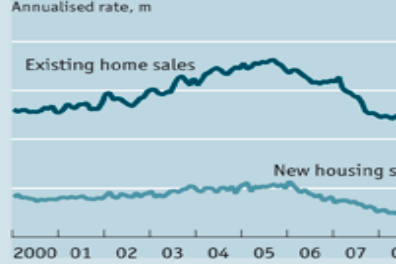


World Economics Recent data releases suggests that while activity in China may be slowing again, major countries such as France, Germany and Japan are out of recession and the US is in the early stages of recovery. Particularly encouraging is the stabilisation of US housing with the most recent data showing the first increase in prices in nearly three years as well as encouraging signs in sales and new home starts.

US house prices; S&P/Case-Shiller 20-city index
% change on previous month



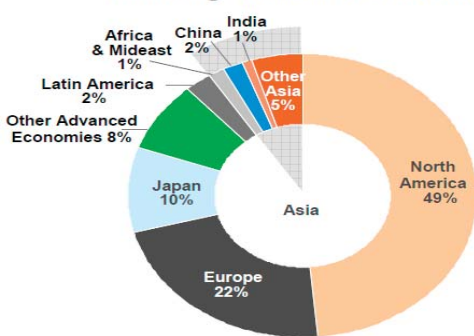
Private home starts and existing home sales
Annualised rate, m



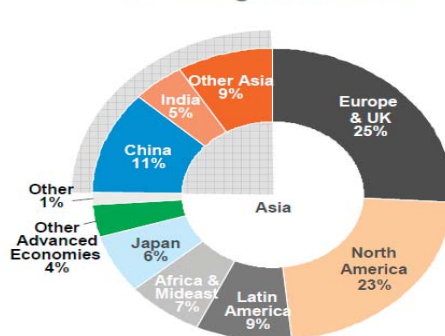
Shape of the Recovery Commentators are now united in the view that the worst is over, but the risk of a double dip or W shaped recession remains. In acknowledging the severity of the financial crisis and the damage done to the US consumer in particular, our view is that recovery is gaining momentum, that we will not revisit late 2008/early 2009 crisis levels but that a full global economic recovery will be slow.

Asia As well as the economic powerhouses of China and India, we continue to view the economic growth prospects of Asia very favourably. Collectively Asia represents some 25% of world economic growth, but only about 8% of the MSCI world equity market index. We continue to identify good specialist fund managers with whom we can add exposure to Asia to client portfolios.

Percentage of MSCI AC World Index¹



Percentage of World GDP²



Past performance is not a reliable indicator of future performance.
1 Source: MSCI. As at 31 March 2009.
2 Source: IMF based on Share of Aggregate World GDP based Purchasing Power Parity of member countries. As at December 2008. Composition of country groups based on IMF World Economic Outlook Classification.

Financial Markets - 31 AUGUST 2009

Share markets	Current Level	2 Month Return	12 Month Return
AUS ASX 200	4479.1	13.3%	-12.8%
AUS ASX 200 (Acc)	30939.5	14.4%	-8.1%
US Dow Jones	9496.3	12.4%	-17.7%
US S&P 500	1020.6	11.0%	-20.4%
US Nasdaq	2009.1	9.5%	-15.1%
JPN Nikkei	10492.5	5.4%	-19.7%
UK FTSE 100	4908.9	15.5%	-12.9%
German DAX	5464.6	13.6%	-14.9%
French CAC	3653.5	16.3%	-18.5%
HK Hang Seng	19724.2	7.3%	-7.2%
Shanghai Comp	2667.7	-9.9%	11.3%
India Sensex	15666.6	8.1%	7.6%
Sth Korea Kospi	1591.9	14.5%	8.0%
NZ All Index	762.5	9.2%	-13.3%
MSCI AC World ex-AUS (LC)	1088.4	12.7%	-19.5%
Property			
ASX 200 Prop (Acc)	18637.8	18.8%	-34.5%
S&P Glob Prop Ind	213.9	24.3%	-26.9%
Commodities			
Gold (oz)	951.2	2.7%	14.6%
Oil (barrel)	70.0	0.2%	-39.5%
Aluminium	1881.0	16.4%	-29.9%
Copper	6491.0	27.1%	-13.6%
Lead	2118.0	22.4%	8.1%
Nickel	19595.0	22.4%	-3.5%
Tin	14400.0	-3.7%	-27.8%
Zinc	1820.0	17.0%	5.8%
Reuters / Jefferies	253.7	1.5%	-35.2%
CRB Index			
CRB Index			
Currency			
AUD/USD	0.84	4.7%	-1.6%
AUD/EUR	0.59	2.5%	0.8%
AUD/GBP	0.52	5.8%	10.1%
AUD/JPY	78.64	1.2%	-15.8%
Other			
VIX Index	26.0	-1.29%	25.96%
Baltic Dry Index	2421.0	-35.56%	-64.44%
TED Spread	0.22%		

Official Cash Rates

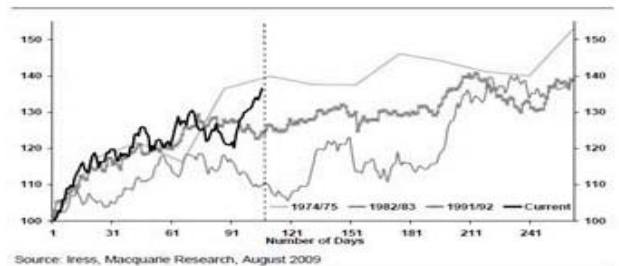
New Zealand	2.50%
Australia	3.00%
China	5.31%
United States	0.25%
United Kingdom	0.50%
Euro-Zone	1.00%
Japan	0.10%

Aust Interest Rates

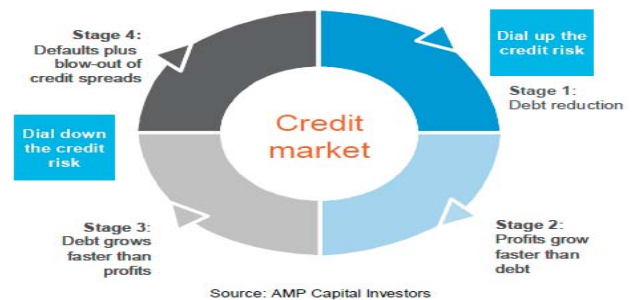
PPIS ANZ	2.50%
SGB AT CALL	2.98%
ANZ 30 Day TD	3.80%
ANZ 60 Day TD	4.00%
ANZ 90 Day TD	4.50%
10 Yr Govt Bond	5.47%

Pitcher Investment News

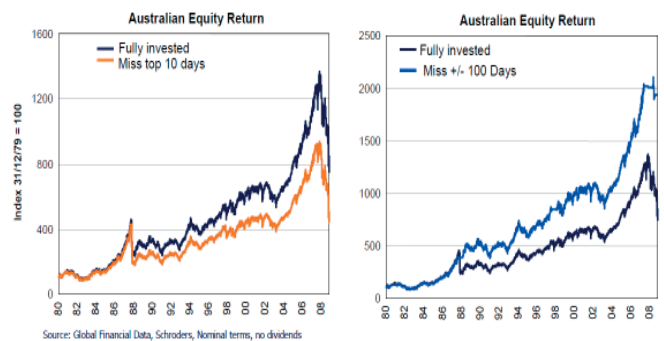
Reporting Seasons/Share Rally Continues We are now almost through the US and Australian corporate profit reporting seasons. In the US, the earnings fall from the S&P500 was 30% and 76% of companies provided positive earnings surprises. In Australia, the full year profit fall from the ASX200 is currently 28% and 39% of companies have provided positive surprises. As a result we have seen a continuation of the June share market rally in the two months to 31 August as shown by the figures on the previous page. Australian share prices have recovered back to 'normal' price earnings ratios of around 15 and have rallied faster than in many previous rebounds. Good opportunities in international shares and stocks exposed to the global recovery are currently being recommended.



Bonds/Credit/Hybrids Bonds have been an excellent form of portfolio insurance during the financial crisis as interest rates have fallen to historically low levels. Now is the time to check duration, which is the average date to maturity of a bond portfolio. During a time of rising rates, longer duration bonds can cause higher capital losses in portfolios. For example, if you own a bond with a 5 year duration and interest rates rise by 1%, the capital value will fall by 5%. If you own a bond with a 2 year duration and interest rates rise by 2%, the capital value will fall by 4%. Floating rate hybrids (including the new CBA hybrid) provide protection against rising rates. Credit funds, which can provide both income and capital growth during a recovery phase when profits grow faster than debt, are also currently being recommended.



Strategic or Tactical Asset Allocation Most of our clients made substantial departures from their strategic asset allocation during the financial crisis, increasing their exposure to cash and term deposits. This has clearly paid off in their 2008/09 returns. Conventional advisors have long recommended staying fully exposed to asset classes, arguing that missing the 10 best days has a material impact on overall returns over time. We are delighted to have found a like-minded manager who has modelled the positive impact of minimizing exposure to market extremes and confirmed the benefits of tactical asset allocation as illustrated in the adjacent chart.



Common Investment Mistakes Five of the most common investment mistakes are:

1. Not admitting to making investment mistakes
2. Not considering every 'hold' with the same discipline as a 'buy'
3. Not considering alternative investments that could provide greater upside/less risk
4. Averaging down losing investments that you would not buy if they were not owned already
5. Refusing to sell losing investments at less than their purchase price

Fortune does not change men, it only unmask them.

Suzanne Necker, 1739-1794



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Independent advice you can trust