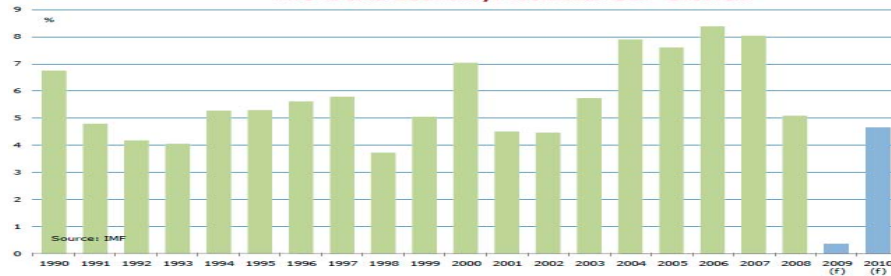


Pitcher Investment News

Global Economic Recovery

Growth figures from around the world – notably China and the US – reaffirm the global economic recovery, though the degree of public sector underpinning of these recent numbers is cause for uncertainty about the sustainability of the growth. Private sector activity must replace the public sector stimulus which is expected to fall in coming quarters. Policy makers face the risk that if they pull back stimulus too quickly they risk a double dip recession and if they maintain stimulus for too long they risk the outbreak of inflation.

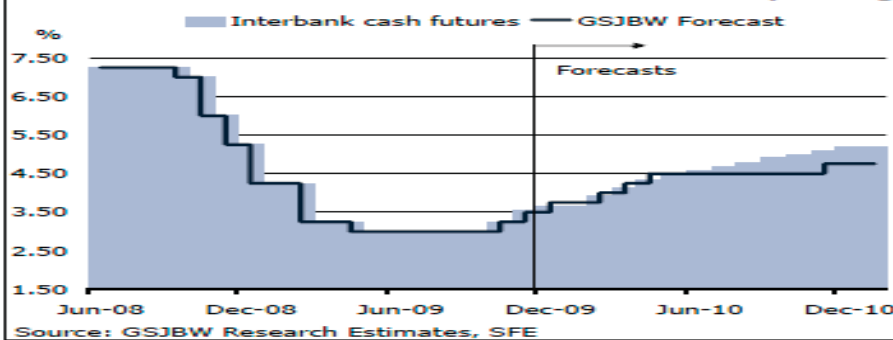
The World Economy: Nominal GDP Growth



Withdrawing Stimulus in Australia

Australia, alone among developed economies, avoided recession and is now taking steps to remove the stimulus that helped us do so. Alongside Israel and Norway, Australia is raising interest rates – with two rises already from 3% to 3.5% - well on the way to the neutral rate of 4.5% which is expected to be reached during the first half of 2010. Given that Australia has not had the residential housing price correction experienced by many other developed countries, the Reserve Bank is also no doubt concerned to avoid an asset price bubble in this sector.

Cash Rate Forecasts - GSJBW vs Market pricing



Forthcoming Seminar

It's not too late to register for the Emerging Markets Seminar on Monday, 9 November 2009. Please call Kim on 03 8610 5194 to register.



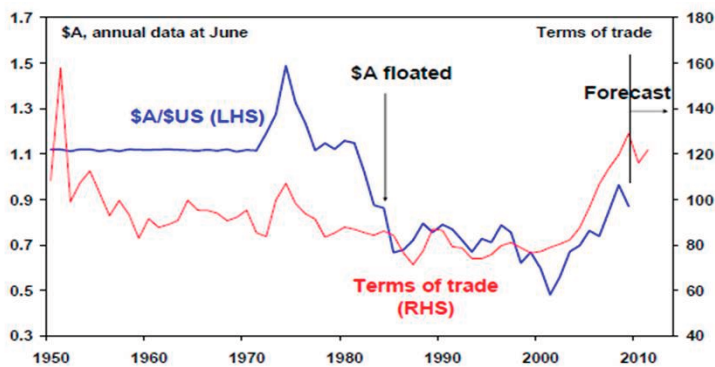
Financial Markets - 31 October 2009

	Current Level	2 Month Return	12 Month Return
Share markets			
AUS ASX 200	4643.2	3.7%	15.6%
AUS ASX 200 (Acc)	32185.7	4.0%	21.4%
US Dow Jones	9712.7	2.3%	4.2%
US S&P 500	1036.2	1.5%	7.0%
US Nasdaq	2045.1	1.8%	18.8%
JPN Nikkei	10034.7	-4.4%	17.0%
UK FTSE 100	5044.6	2.8%	15.2%
German DAX	5415.0	-0.9%	8.6%
French CAC	3607.7	-1.3%	3.5%
HK Hang Seng	21752.9	10.3%	55.7%
Shanghai Comp	2995.8	12.3%	73.3%
India Sensex	15896.3	1.5%	62.4%
Sth Korea Kospi	1580.7	-0.7%	42.0%
NZ All Index	776.2	1.8%	6.4%
MSCI AC World ex-AUS (LC)	1127.8	3.6%	17.3%
Property			
ASX 200 Prop (Acc)	18609.7	-0.2%	-7.3%
S&P Global Prop Index	221.2	3.4%	14.1%
Commodities			
Gold (oz)	1046.0	10.0%	45.0%
Oil (barrel)	79.2	13.2%	16.3%
Aluminium	1903.0	1.2%	-3.4%
Copper	6575.0	1.3%	64.6%
Lead	2322.0	9.6%	58.1%
Nickel	18465.0	-5.8%	63.3%
Tin	14755.0	2.5%	6.5%
Zinc	2195.0	20.6%	101.2%
Reuters/Jefferies CRB Index	270.4	6.6%	0.7%
Currency			
AUD/USD	0.90	6.5%	34.7%
AUD/EUR	0.61	3.8%	16.8%
AUD/GBP	0.55	5.6%	32.1%
AUD/JPY	81.07	3.1%	23.3%
Other			
VIX Index	30.7	17.99%	-48.76%
Baltic Dry Index	3103.0	28.17%	264.63%
TED spread	0.23%		
Official Cash Rates			
New Zealand	2.50%		
Australia	3.25%		
China	5.31%		
United States	0.25%		
United Kingdom	0.50%		
Euro-Zone	1.00%		
Japan	0.10%		
Aust Interest Rates			
PPIS ANZ	2.75%		*Cash rate less 50bp
SGB AT CALL	3.23%		
NAB 30 Day TD	4.04%		
NAB 60 Day TD	4.38%		
NAB 90 Day TD	4.64%		
10 Yr Govt Bond	5.62%		

Pitcher Investment News

Australian Dollar Rally

Two interest rate increases (with an expectation of more) and strong commodity prices have had a strong influence on the Australian dollar. The \$A has been as high as \$A0.9327/\$US1.00 with numerous currency commentators now forecasting parity and beyond. This worsens conditions for businesses that generate non \$A income and will moderate earnings growth in that sector. It does however create a greater opportunity to invest offshore.



Source: Thomson Financial, AMP Capital Investors

Dollar dazzlers

ASX-listed stocks with highest sensitivity to a 5% increase in the Australian dollar

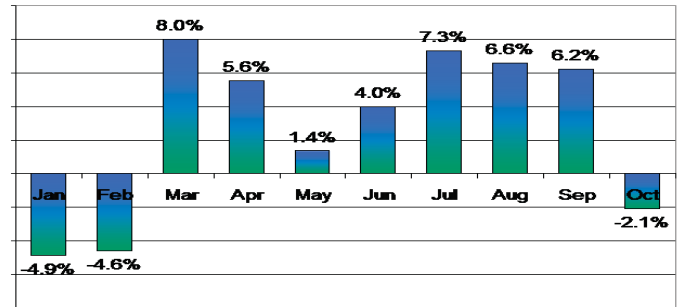
Company	Change in FY10 profit (% chg)	Share price correlation (x)
Coca-Cola Amatil	3.6	n/a
Alesco	2.5	0.09
Qantas	3.4	0.07
Virgin Blue	21.1	0.04
GWA	2.4	-0.09
Boral	6.1	-0.11
Pacific Brands	7.0	-0.15
Transpacific	4.8	-0.27
Boart Longyear	-6.2	n/a
Bradken	-5.0	0.16
Incitec Pivot	-8.2	0.11
Sims Metals	-5.9	0.10
Axa	-4.4	0.03
CSR	-6.3	0.02
Origin Energy	-2.0	0.01
Caltex	-8.1	-0.18
PaperlinX	-62.3	-0.22
CSL	-4.0	-0.28
Aristocrat	-7.9	-0.31
Ansell	-6.0	-0.33
ResMed	-6.0	-0.41

SOURCE: GSIHW

Equity Markets Ease

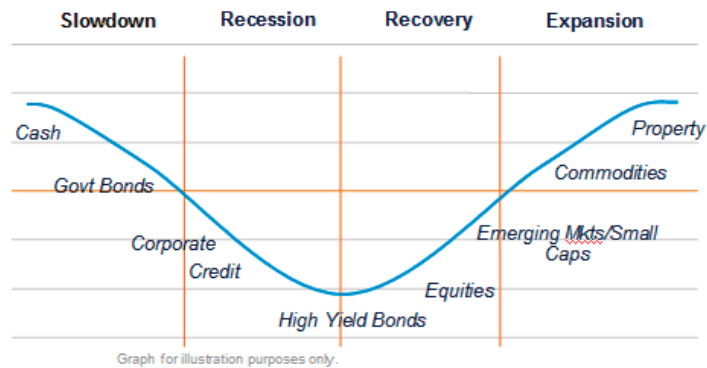
After rising by 50% or more from the trough in March to the most recent peak in October, equity markets have eased nearly 7% or more over recent weeks. In fact, October is the first negative month for the ASX200 since February. This easing is in response to mixed results in the Australian and US reporting seasons, concern over global demand and mixed economic signals. The expected higher degree of volatility has returned to share markets with the VIX rising by 50% through October. Forecast earnings growth for the next two years continues to be strong however, and though it will be challenging to deliver higher revenue and lower costs across the board, we see this easing as a medium-term buying opportunity.

Monthly ASX 200 Returns in 2009



Risks and Opportunities

Risks remain ever present in current financial markets and no asset class is immune. We will not emerge from the financial markets turmoil of the last two years in a neat straight line. That is why continuing an overweight position in cash with its inbuilt option value to buy into opportunities is so valuable. Having said that, we continue to see opportunities in most asset classes and in particular in corporate credit and equities (especially in small companies and emerging markets). We have recently added a number of new investments to our approved lists in these areas and our advisers will be discussing these with you should they suit your risk profile and your agreed asset allocation and portfolio construction.



Stability is unstable.

Hyman Minsky (1919-1996)

Professor of Economics, Washington University



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Independent advice you can trust