



Absolute Financial actively monitors investments it has recommended or is reviewing. The Investment Product Update is intended to be a brief summary of our current view on each investment we monitor and in particular any information released which is considered material in relation to any investment (positive or negative). For the sake of brevity and clarity, we will not generally comment on index funds or short term performance of active funds, unless we consider it to be material to our longer term view of the investment.

More detailed background and performance information on each fund listed below (and any index funds recommended by Absolute Financial) can be found on our Wealth Portal <http://www.absolutefinancial.com.au/wealth>.

This fortnightly Investment Product Update is to be read in conjunction with the fortnightly Investment Strategy Summary.

The information contained in this Investment Product Update is general in nature and not intended to be interpreted as Personal Financial Advice. If you would like to discuss any of the matters raised in this Investment Product Update, please contact your Wealth Advisor.

Buy = consider investing new money up to benchmark or overweight benchmark exposure

Hold = do not invest new money, consider reducing existing investments to benchmark exposure

Sell = do not invest new money, consider reducing existing investments to below benchmark exposure

Defensive - Cash

Investment Name	Asset Class	Recommendation	Comment
Macquarie Cash Management trust	Cash	Buy	7-day average return 5.67 (down from 7.13% pa. on the 3/11/08). The fall in rates in a direct result of the 0.75% fall in the RBA cash rate from 6% to 5.25%.
Macquarie Cash XL	Cash	Buy	Current rate 6.25 (down from 7.75% pa. on the 3/11/2008). See Above

Defensive – Credit Risk and Absolute Return Funds

LM First Mortgage Fund	Domestic Credit Risk - Secured loans to commercial property and property development	Sell	The LM First Mortgage Funds have delayed paying redemptions pending repayment of underlying loans. All clients are recommended to lodge a redemption request so that their redemptions are met as soon as possible. LM continues to pay interest monthly and has yet to record a loss on any of its investments and expects to pay redemptions in full over time.
Mirvac Aqua High Income Fund	Domestic Credit Risk – Secured loans to commercial property and property development	Hold / Negative Watch	No change from 20 October Report.
DWS Strategic Value Fund	Absolute Return – Ungeared Diversified	Hold / Positive	No change from 20 October Report.

	Portfolio of Hedge Funds	Watch	
Everest Babcock & Brown Alternative Investment Trust (ASX: EBI)	Absolute Return - Geared Fund of Hedge Funds	Hold	<p>EBI's NTA (the sum of the market price of each of its underlying investments) fell by 15.15% this month. The fund is geared at 50% and as a result will fall by 2% for every 1% decline in the underlying investments. October was one of the worst months for global financial markets and EBI's diversification failed to shelter the fund from the falling market. The fund is hedged to the Australian dollar and with the rapid decline of the Australian dollar; EBI was required to lodge additional cash as security, thus reducing ST returns.</p> <p>EBI Shareholders can elect to withdraw their units during the delisting process. A cap of 10% has been placed on the issued capital. The withdrawal price is \$2.59. We will discuss our recommendation directly with investors.</p>

Growth – Australian Equities

Ausbil Australian Geared Equity Fund	Australian Shares – Geared Active	Gradual Buy	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008.
Aurora Dividend Income Fund (ASX:AOD)	Australian Shares – Geared Active Dividend Stripping	Gradual Buy	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008.
Cadence Capital Limited	Australian Shares – Ungeared Active Long / Short	Hold / Negative Watch	The fund reported NTA of \$0.8858 at 7 th November. This investment is on hold to new investment pending improved liquidity.
Macquarie Australian Small Companies Fund	Australian Shares – Ungeared Active Small Companies	Hold	No change from 20 October Report. Whilst we have changed our view to a “buy” for Australian Equities, we feel it is important to buy high quality stocks at this point and so have the riskier small caps sector on hold until further notice.
SGH20	Australian Shares – Ungeared Active Concentrated	Gradual Buy	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008. The fund declined 20.71% in October (compared to the index of 12.88%). The decline can be attributed to the concentration of the portfolio (40% of the portfolio is invested in 5 stocks). We maintain our gradual buy recommendation on SGH20 as we are confident of the long term ability of the manager.

Growth - International Shares

AXA Wholesale Global Equity – Value fund	International Shares – Active	Hold	No change from 20 October Report. We are still cautious the US and Europe and prefer Hedged Index Funds at this point for our passive exposure.
BT Asia Fund	International Shares – Active Asian Shares	Hold / Review	No change from 20 October Report. We are reviewing this fund in light of its long term return and current management fees.
Colonial First State Global Resource Fund	International Shares – Active International Resource Companies	Gradual Buy (Selective)	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008
GVI Global Industrial Share Fund	International Shares – Ungeared, Active Value, Hedged	Hold	No change from 20 October Report. We are still cautious the US and Europe and prefer Index Funds at this point for our passive exposure.
Platinum International Fund	International Shares – Ungeared, Active, Long/Short, dynamic hedging.	Gradual Buy	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008. Platinum International Fund actively invests around the globe based on where it sees the best value. This active selection is favored at the moment to complement passive Index Funds.
Platinum Asia Fund	International Shares – Ungeared, Active, Long / Short, dynamic hedging	Gradual Buy	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008. Platinum Asia actively invests in the Asian Region where it sees the best value. This active selection and Asian bias is favored at the moment to complement passive Index Funds.

Growth – Income Producing Property

Aurora Property Buy-Write Income Trust (ASX: AUP)	Income Producing Property – Geared Active, Listed Property Trust with Buy – Write Strategy	Hold / Negative Watch	No change from 20 October Report. This fund is on hold pending the performance post the change in management and investment mandate.
Charter Hall Umbrella Fund	Income Producing Property – Geared, Active, Unlisted and listed Property Trust Exposure.	Hold	This fund is unlisted. The fund has performed well, as at 30 th September the total fund return has been positive 5.4%; this is a positive result when compared to the other property funds which have declined 70% in the past 12 months. The fund is exposed to over 70 underlying properties, with 99% occupancy and a long weighted average lease term. The fund has suspended the limited liquidity option which means investors, for the medium term, will be locked into the investment. We feel that this is a conservative and prudent management decision and will benefit all long term unit holders.
Macarthur Cook Property Securities Fund (ASX:MPS)	Income Producing Property – Geared, Active, Unlisted and Listed Property Trust Exposure.	Gradual Buy	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008. The share price of MPS is trading at a material discount to NTA (NTA of \$0.74 versus share price of \$0.29). September distribution was \$0.0175 per share in line with forecast full year distribution of \$0.07 per unit. This represents a yield of 7% on the issue price of \$1.00 or a 33% yield on the current share price.
Macquarie Property Income Fund	Income Producing Property – Geared, Active, Listed Property Trust	Gradual Buy	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008. Macquarie Property Income Fund (MPIF) is a geared managed fund (approx. 50% debt to total assets) providing exposure to the listed property trust

	Exposure		market. This fund is only appropriate for the most aggressive investors.
Mariner American Property Income Trust	Income Producing Property – Geared, Active, Listed US Retail Property Trust	Hold / Watch Negative	No change from 20 October Report. This fund is on hold pending the performance post the change in management and investment mandate.
Multiplex Acumen Property Fund (ASX:MPF)	Income Producing Property – Geared, Active, Unlisted and Listed Property Trust Exposure	Hold / Positive Watch	Upgraded to buy in accordance with Investment Strategy Update 27 October 2008. According to the September Quarterly Report NTA has declined to \$1.03; however the share price is \$0.32 representing a 68% to NTA. The managers have a target distribution of \$0.09 per share or currently a 28% yield.

Alternative Assets

Macquarie Global Private Equity Securities Fund	Diversified Listed Global Private Equity Securities	Hold	This fund seeks to gain exposure to a diversified pool of listed investment vehicles which invest in private equity (i.e. unlisted companies). This investment is on hold as this asset class is at the riskier end of the spectrum and relies on liquid financial markets in order to raise debt and realized value via floats or trade sales. The current market environment is not supportive of this asset class in the short to medium term.
Rewards Group – Teak and Sandalwood Projects	Unlisted exposure to Teak and Sandalwood	Available between February and June annually.	The Rewards Group recently completed its initial harvest of Teak and Sandalwood. They reported harvested a higher volume of wood and achieved higher prices than forecast which is positive for investors. The supply / demand characteristics of Teak and Sandalwood remain very positive and the return assumptions used continue to appear conservative.

Should you wish to discuss any of the investments in this Updated or any issues about your financial plan, please do not hesitate to contact your Wealth Advisor on 9264 3307.

Kind regards



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