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Hi,

Welcome to the April issue of your wealth bulletin.

***"If opportunity doesn't knock, build a door"*** (Milton Bearle)

### Cramer versus Stewart Stock spruiker hammered

For many years now we have been recommending prudent investors to avoid the 'noise' of market commentators, spruikers and crystal ball stockpickers.

In December last year we reviewed the 'stock selection' picks by the self-proclaimed gurus for the previous 12 months. You may remember the results, they were ugly and all had underformed the index, and by a very considerable margin.

Yet, if you flick your television over to any of the Finance Channels, particularly those broadcast from the USA, then it's a fair chance that you'll see a fast-talking, excitement generating host spruiking stocks to buy and sell. It seems more action than if you were watching the football on a Sports channel.

Recommendation to buy, buy, buy certain stocks are shouted down the camera with abundant reasons for doing so. It's easy to get the heart racing and actually believe these guys know what they're talking about.

However, the latest furore in the U.S has swung the spotlight on these spruikers. And incredibly, the fuss was started by a comedian...go figure.

Jim Cramer is a classic example of a stock spruiker that operates a slick, fast and exciting tv show that recommends stocks as brazenly as a set of kitchen steak knives.

For the first time that I have witnessed, somebody has publicly questioned these spruikers performance and their role in impacting people's decisions.

In this instance, Cramer has recommended the purchase of Bear Stearns when it was trading at approximately \$69. According to the video, this recommendation was maintained a number of times. About 2 months later, the company shares were bought out for \$2.

I have attached the link to the You Tube broadcast of this clash between Jim Cramer and Jon Stewart. It is definitely worth a look.

Hopefully in the future, with controversy such as this emerging, we'll see more scrutiny applied to celebrity stock spruikers in the media.

[Cramer v Stewart - You Tube Link](#)

#### A Month Of Market Relief

##### Tides of March

Typically we don't dwell on recent performance as it can easily change the other direction. But it's interesting to note that March was an extraordinary month for returns. DFA Australian Value and their Small Companies Funds delivered historic highs at over 13% each for the month of March.

Jim Parker from Dimensional explains more "It was only a month ago, as the US market sank to 12-year lows, that The Wall Street Journal reported investors had now "grown numb to a market that knows no direction but down"(March 4, 2009).

Then came an extraordinary few weeks: The S&P-500 gained 8.5 per cent in March, its best month since October 2002. Global stocks, as represented by the MSCI World Index of 23 developed markets, put on 7.2 per cent in their best performance in six years. And the Australian benchmark S&P/ASX-200 jumped 7 per cent in its largest one-month gain since June 2003.

For many of Dimensional's own portfolios, also, returns in March 2009 were spectacular. Here in Australia, the domestic Core, Value, Small Company and Large Company trusts all registered their best ever monthly

performances. (While the global trusts all posted strong monthly gains in US dollar terms, these were offset by the surge in the Australian dollar over the month.)

This positive trend was evident across regions and asset classes. In the US, an analysis of Dimensional portfolios with at least ten years of returns found that for nine portfolios, March was among the best five months in their history.

Driving this turnaround have been tentative signs of a bottoming in the US economy, nascent hopes that the global banking system may be past its worst and increasing confidence that coordinated policy action by governments and central banks will engender a recovery.

Increasing risk appetites are reflected in rising commodity prices and the revival of traditionally high-yielding currencies like the Australian dollar, which has gained for five consecutive weeks to reach its highest level since January at above 72 US cents.

Whether this turn in sentiment will last is not clear. For every optimist there is a pessimist who can string together an equally compelling argument that we are not out of the woods yet. But that is the nature of markets. The sum of all these competing views is reflected in prices.

For the individual investor, the important point from all this is that markets are unpredictable and that even in one of the most vicious bear periods in history, large gains can come in quick, unforeseen surges".

Sources: *Daily Show MSNBC; Jim Parker of Dimensional Funds Australia.*

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