



BELLWETHER PARTNERS LIMITED Australian Share Fund

February 2007

UNIT PRICE as at 28 February 2007

NAV Price	\$1.4372
Buy Price	\$1.4422
Sell Price	\$1.4322

Investment Manager	Bellwether Partners Limited ASFL: 238460
Contact	Bruce Bell Ph. (03) 9661 0818 Level 9, 63 Exhibition Street Melbourne Victoria 3000 Phone: (03) 9661 0888 Email: mail@bellwether.com.au Web: www.bellwether.com.au
Fund Inception	11 August 2004
Benchmark	S&P/ASX 300 Accumulation Index
No. Stocks Held	30

PERFORMANCE STATISTICS

Periods ending 28 February 2007	1 month	3 months	1 year	Since Inception (p.a)
Fund Return (Gross)	3.11%	8.67%	26.85%	33.59%
Benchmark*	1.62%	7.34%	23.77%	27.85%
Out/Under Performance	1.49%	1.34%	3.08%	5.74%

* S&P/ASX 300 Accumulation Index

OVERVIEW

The Australian equity market ended February in positive territory with the S&P/ASX 300 Accumulation Index up 1.62% despite a shaky close on the last trading day of the month as falls in global markets spooked retail and institutional investors alike. \$34 billion of value was stripped in the one day from what had previously been the biggest month in the history of the ASX, driven by the company reporting season.

The local sell off was triggered after the Dow Jones Industrials average posted its largest point decline since the September 11 attacks and China's Shanghai SE Composite Index had its biggest fall in a decade as the government warned it would clamp down on illegal share market investments amid concerns that valuations were stretched. Local investors reacted strongly on fears that the falls were a signal that the Chinese growth phenomenon was cooling.

The 1H07 profit reporting season was a key driver of early month gains, with overall results finishing above market expectations. Industrials and Resources both posted increases (NPAT up 16% and 44% on pcp respectively), reflecting the continued benefit of higher commodity prices coupled with robust demand. Service based companies leveraged to the growth areas of the economy showed earnings strength, particularly in infrastructure, mining and financial services.

Over the month Consumer Staples (+6.3%), Telecommunications (+3.9%) and Materials (+3.7%) sectors outperformed while Utilities (-1.5%), Property Trusts (-0.5%) and Industrials (0.1%) lagged.

The Bellwether Partners Australian Share Fund performed strongly in February, returning 3.11% (Gross) and outperforming the benchmark by 1.49%. This is a particularly good result given the wider market sell down on the last day of the month. The investment team limited losses effectively on this day which is particularly commendable for a constrained portfolio comprised of a number of high performing stocks. Within the portfolio, Bellwether held 5 of the 10 best performing stocks in the S&P/ASX 100 universe over the month; Leighton Holdings, Worley Parsons, Woolworths, ASX Limited and CSL Limited.

OUTLOOK

We expect the market to be unsettled in the early part of March as investors digest the 'reality check' of late February and wait for either a bounce or evidence of a sustained correction. Bellwether views the losses as short term given the strength of reporting season results and earnings forecasts into 2008. Nevertheless, we anticipate some movement into defensive sectors during the month and expect the M&A and speculative gains of recent months to cool as investors seek quality companies with solid businesses and reliable and growing earnings streams.

The health of the US economy continues to be a major theme into 2Q 07; if US growth falters and trends into a recession, the knock-on effect will be felt through local commodity prices and may trigger a longer term correction.

Depending on the performance of global equities, the outlook for March may be interesting as March traditionally has been a high volume month in terms of value and number of trades. In addition, March is also one of the big months for cash inflows as dividends are reinvested.

A number of large buyback schemes currently underway and attractive superannuation rules are also expected to see funds available to the equities market in coming months.

Increased market volatility as exhibited at the end of February is not unusual in equity markets from time to time and serves as a useful reminder for investors to have a well structured and risk managed investment strategy.

POSITIVE CONTRIBUTORS

Worley Parsons Limited (WOR)

Portfolio Contribution	+0.93%
-------------------------------	--------

Worley Parsons' share price rose 28.4% during February; in addition the energy company paid a 28c dividend entitlement. A 53% rise in half year profit combined with the announced acquisition of the Colt Companies in Canada generated a strong appetite for WOR within the market. The company is emerging as a global player in the energy drilling and development sector, where strong profit growth is expected for some years to come. WOR has climbed steadily in our Q1 model in recent months and is well within the first quartile of ranked stocks.

Woolworths Limited (WOW)

Portfolio Contribution	+0.42%
-------------------------------	--------

Woolworths gained 14.5% over the month after releasing a strong interim profit for the period ending 31 Dec 06 and upgrading guidance for FY07 NPAT to between 20 and 24%. WOW's strong management credentials and dynamic business plan are driving profit growth and provide an interesting contrast to the current performance of rival Coles Group (CGJ). Woolworths was one of the few stocks in the portfolio to hold its price level on February 28, a day when markets fell sharply.

BHP Billiton Limited (BHP)

Portfolio Contribution	+0.35%
-------------------------------	--------

BHP Billiton enjoyed modest gains of 4.2% in February despite the end of month price shock. The weighting of BHP in the market generates its contribution to portfolio performance, despite its relatively modest absolute rise in share price. BHP declared a record profit intra month, impressing investors by announcing a \$US10 billion share buyback to add to its existing \$US3 billion capital management program.

TOP TEN HOLDINGS

Stock	B/Mark	Fund
BHP Billiton Limited (BHP)	8.22%	6.80%
Australia & New Zealand Banking Group (ANZ)	4.68%	6.40%
National Australia Bank Limited (NAB)	5.70%	6.11%
Commonwealth Bank of Australia (CBA)	5.59%	5.79%
QBE Insurance Group Limited (QBE)	2.23%	5.07%
Worley Parsons Limited (WOR)	0.11%	3.56%
CSL Limited (CSL)	1.22%	3.52%
Woolworths Limited (WOW)	2.83%	3.38%
AMP Limited (AMP)	1.68%	3.29%
Stockland Group (SGP)	1.02%	3.05%
Top Ten		46.97%
Other Stocks		44.06%
Cash		8.97%
Total		100.0%

NEGATIVE CONTRIBUTORS

Toll Holdings Limited (TOL)

Portfolio Contribution	-0.23%
-------------------------------	--------

Freight giant Toll Holdings closed 6.8% lower at month end, despite 1H07 results that exceeded market expectations. Despite being the worst performing stock in the portfolio over February, TOL's absolute performance of -0.23% is modest, particularly on the back of a 0.56% portfolio contribution in January. Acquisitions in the Asian market will be a focus of Toll's growth strategy into 2008, allowing the group to fill the missing links in their logistics services chain.

GPT Group (GPT)

Portfolio Contribution	-0.14%
-------------------------------	--------

GPT Group dropped 7.7% in February, exhibiting a higher level of volatility than is expected from a leading property trust. Newsflow during the month was generally positive, with distribution growth due to reach their 4 to 5% target in coming years. Some brokers however reduced forward estimates to a lower level of sustainable earnings growth which dragged the share price downward.

Computershare Limited (CPU)

Portfolio Contribution	-0.10%
-------------------------------	--------

Computershare surged 10.4% over the month after reporting a bumper first half profit and full year earnings upgrades before undergoing a consolidation toward month end. New CEO Stuart Crosby attributed CPU's strong results to favourable market conditions and management cost control measures, particularly because of synergies from the Equiserve acquisition. The Fund bought into CPU mid-month at a high level entry price leading to a minor negative performance contribution.