



# BELLWETHER PARTNERS LIMITED

## Australian Share Fund

# Monthly Report

## January 2006

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<b>Fund Inception</b>	11 August 2004
<b>Benchmark</b>	S&P/ASX 300 Accumulation Index
<b>No. Stocks Held</b>	25

### UNIT PRICES as at 31 January 2006

NAV Price	\$1.3398
Buy Price	\$1.3446
Sell Price	\$1.3352

\*Unit prices represent the value of a Unit in the Fund as at 31 January 2006.

### PERFORMANCE STATISTICS

Periods ending 31 January 2006	1 month	3 months	1 year	Since Inception (p.a)
<b>Fund Return (Gross)</b>	6.99%	16.21%	40.41%	41.74%
<b>Benchmark*</b>	3.56%	11.51%	25.02%	31.22%
<b>Out/Under Performance</b>	<b>3.43%</b>	<b>4.70%</b>	<b>15.39%</b>	<b>10.52%</b>
<b>Unit Price Return (Net after Fees)</b>	6.92%	16.00%	39.71%	40.82%
<b>Benchmark*</b>	3.56%	11.51%	25.02%	31.22%
<b>Out/Under Performance</b>	<b>3.36%</b>	<b>4.49%</b>	<b>14.69%</b>	<b>9.60%</b>

\* S&P/ASX 300 Accumulation Index

### OVERVIEW

The Australian Equities market started 2006 strongly, the S&P/ASX 300 gaining 3.56% over the month. A bias toward materials in the ASF portfolio delivered an exceptional return of 6.99% (Gross), outperforming the benchmark by 3.44%.

Sharply rising prices for a broad range of commodities ensured that the Energy and Materials sectors were the dominant performers during the month, while Property Trusts, Consumer Discretionary, Healthcare and Telecoms underperformed. Pressure on oil prices continued during the month given concern over Iran's nuclear capabilities. Housing data released during the period was bullish while retail sales and employment continue to trend lower.

### POSITIVE CONTRIBUTORS

#### BHP Billiton Limited (BHP)

**Portfolio Contribution** +1.36%

BHP Billiton gained 13.4% in January, driven by continuing strength in base metals prices. Rising operating costs failed to dampen positive sentiment within the resources sector, with broker earnings estimates revised upward during the month.

#### Rio Tinto Limited (RIO)

**Portfolio Contribution** +0.77%

Rio Tinto also enjoyed strong gains during the month, gaining 9.9% in anticipation of strong production results due in early February. Rio is tipped to double last year's result on the back of soaring commodities prices and increased production.

#### Seek Limited (SEK)

**Portfolio Contribution** +0.59%

Seek rose 27.2% during January, reaffirming its position as market leader in the classifieds recruitment market. Growth in the online classifieds market is expected to slow into 2006 as most advertisers have already adopted the medium.

#### Woodside Petroleum Limited (WPL)

**Portfolio Contribution** +0.59%

Woodside Petroleum climbed 15.4% following the announcement of their intention to export LNG to the Californian market via a sea-to-land pipeline. Quarterly reporting released during the period also drove the stock higher, with production and sales exceeding expectations.

#### Oxiana Resources Limited (OXR)

**Portfolio Contribution** +0.51%

Oxiana rose 16.1% during January given strong gains in base metals prices. Financial results due in February are projected to be strong due to increased and hedge-free production of gold, copper and zinc in FY06.

### Zinifex Limited (ZFX)

**Portfolio Contribution** +0.48%

Zinifex also rode the wave of record base metals during the month, gaining 14.1%. Zinifex is expected to announce a strong second-half profit in late February, driven by record zinc prices that are tipped to remain steady through 2006.

### Babcock & Brown Limited (BNB)

**Portfolio Contribution** +0.41%

Babcock & Brown gained +5.8% in January, following comments by Managing director Phil Green that BNB sees potential for new listed and unlisted funds both locally and globally.

### Suncorp Limited (OSH)

**Portfolio Contribution** +0.24%

Suncorp rose 10.22% over the course of the month following management comments that the group is looking to expand into retail funds management. SUN currently manages \$12 billion, predominantly policy holder funds and wholesale mandates.

### NEGATIVE CONTRIBUTORS

#### James Hardie Industries (JXH)

**Portfolio Contribution** -0.11%

James Hardie lost 2.1% during the month despite little company-specific newsflow. Investors remain cautious given tax deductibility issues surrounding JXH's asbestos liability funding.

#### Westfield Group Limited (WDC)

**Portfolio Contribution** -0.06%

Westfield Group posted a loss of 2.5% in January following macro pressures in the REIT sector and discussion over the group distribution policy.

#### Tattersalls Limited (TTS)

**Portfolio Contribution** -0.03%

Tattersall's was down 7.8% at month end after Victorian government announcements indicated a restructure of gaming licensing is imminent, generating uncertainty for the future of TTS's Victorian gaming operations.

### OUTLOOK

The market should have a heavy domestic focus in February given the large number of company results due for the period ending December 2005. We expect average profit growth to be heavily skewed by strong results from resources companies. Cost pressures may be a concern within this sector however, so margin contraction must be watched for. Outperformance outside this sphere will occur, but will be less prevalent. Recent downgrade pressure has been most widespread in Discretionary retail, Real Estate, Media, and Telco's, so sector selection will be a key.

Tensions in the middle east, predominantly led by Iran, look set to continue to place further upward pressure on crude oil prices.

### SIGNIFICANT PURCHASES AND SALES

Purchases	Sales
<b>OXR</b>	<b>WDC</b>
<b>MCC</b>	<b>JHX</b>
<b>DOW</b>	<b>TTS</b>
<b>BNB</b>	<b>HSP*</b>
-	<b>PSV</b>

\* Healthscope (HSP) was sold on January 3, prior to the company issuing a profit warning.

### TOP TEN HOLDINGS

Stock	B/Mark	Fund
<b>BHP Billiton Limited (BHP)</b>	9.89%	10.70%
<b>Rio Tinto Limited (RIO)</b>	2.29%	8.21%
<b>Seek Limited (SEK)</b>	0.07%	3.22%
<b>Woodside Petroleum Limited (WPL)</b>	2.13%	4.74%
<b>Oxiana Resources Limited (OXR)</b>	0.30%	4.35%
<b>Zinifex Limited (ZFX)</b>	0.42%	5.30%
<b>Babcock &amp; Brown Limited (BNB)</b>	0.23%	6.78%
<b>Suncorp Limited (SUN)</b>	1.30%	3.29%
<b>Transurban Group (TCL)</b>	0.61%	2.68%
<b>ASX Limited (ASX)</b>	0.38%	2.92%
<b>Top Ten</b>		<b>52.19%</b>
<b>Other Stocks</b>		<b>45.25%</b>
<b>Cash</b>		<b>2.56%</b>
<b>Total</b>		<b>100.0%</b>

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