

Key Details

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Fund Inception	11 August 2004
Benchmark	S&P/ASX 300 Accumulation Index
Number of Stocks Held	27

BELLWETHER PARTNERS LIMITED

Australian Share Fund

April 2008

Unit Price: 30 April 2008

NAV Price	\$1.2655
Buy Price	\$1.2699
Sell Price	\$1.2610

Australian Share Fund Performance

To 30 April 2008	1 Month	3 Months	1 Year	2 Years (pa)	3 Years (pa)	Inception (pa)
Fund Return (Gross)	5.98%	-1.41%	0.54%	10.41%	22.65%	23.85%
S&P/ASX300 Accumulation Index	4.51%	0.27%	-5.85%	7.39%	16.74%	18.39%
Out/Underperformance	1.47%	-1.67%	6.39%	3.01%	5.91%	5.46%

Performance numbers for periods of greater than one year have been annualized. Fund inception: 11 August 2004.

OVERVIEW

After five consecutive months of falls in the Australian share market, April finally broke the drought with the S&P/ASX300 Accumulation Index reporting a solid rise of 4.51%. While this sounds pretty good, and it is, it should be put into perspective by recalling that the previous five months yielded a negative return of 19.27%. We still have some way to go before the Australian share market gets back to its October 2007 highs.

A reasonable amount of Australian economic data was released during April. As was largely expected, the Reserve Bank of Australia left official interest rates unchanged at 7.25% early in the month. This decision came before the release of inflation for the first quarter of 2008, which surprised many on the upside with a rise of 1.3% for the quarter and 4.2% year on year. The view of economists on the interest rate implications of the inflation number are somewhat mixed, but the general consensus seems to be that rates will remain steady at current levels, before a possible decrease later in 2008, or early next year. This outlook is assuming inflation falls back from its current levels. The March unemployment rate remained at 30 year lows coming in at 4.0%. However, despite these economic indicators suggesting considerable resilience in the domestic economy, consumer confidence fell to a new low.

In comparison to Australia, economic data released in the US was weak. Non-farm payrolls fell by 80,000 in March and the unemployment rate rose slightly to 5.1% (from 5.0%). The closely followed ISM index rose slightly, but remained below the "50" level suggesting continued contraction in both the manufacturing and services sectors. The US housing market fell on every indicator that is commonly used by market participants and consumer

confidence also fell, no doubt dragged down by the bad news on the housing front.

In terms of sector performance, resource stocks performed well, largely in line with strong commodity prices, and this was especially true for oil which bubbled up to the \$US120 a barrel milestone. The Victorian Government chose not to renew existing gaming licences and refused compensation for the companies involved. This came as a surprise to the market and resulted in a sell down in the gaming stocks, helping to drag the consumer discretionary sector down.

The Bellwether Australian Share Fund (ASF) once again performed very well in April by yielding a 5.98% return. This represents an outperformance of 1.47% relative to its benchmark, the S&P/ASX300 Accumulation Index. The longer term performance of the ASF also remains outstanding with an annualised excess return of 5.91% above the S&P/ASX300 index over the last three years.

OUTLOOK

In April, the first tentative signs of a fundamental shift in strategy took place with the focus on risk minimization being replaced by a more optimistic focus on those stocks that may have been oversold since the Australian market hit its lows in mid March. Caution is still warranted however, as it is still too early to determine if the bad times are over or if this is just a pause in the current financial earthquake. While it should be kept in mind that after-shocks in these conditions are not an uncommon occurrence, at Bellwether we remain optimistic and believe the long term fundamentals underlying the Australian market remain strong.

POSITIVE CONTRIBUTORS
Origin Energy Limited (ORG)
Portfolio Contribution +1.05%

Origin Energy had a fairly quiet April with the share price experiencing a slight upward trajectory, until the final day of the month when British Gas (BG) announced a takeover offer for Origin at an approximate 40% premium to the previous closing price for the stock. Because of this, the Origin share price ended the month 52.29% higher than it started. After being a long term holder of the stock, we decided to exit our position on the release of the news to the market, taking advantage of the strong price movement.

WorleyParsons Limited (WOR)
Portfolio Contribution +0.48%

WorleyParsons had another good month with its share price appreciating by 15.92% during April. Newsflow for the company was fairly quiet, with the only major announcement being on the first day of the month concerning a \$US109m acquisition of INTEC Engineering, a leading international offshore deepwater hydrocarbons engineering and project services company.

RIO Tinto Limited (RIO)
Portfolio Contribution +0.27%

The RIO Tinto share price rose 11.09% during April. Midway through the month, RIO released its First Quarter 2008 Operations Review and the company announced the completion of the sale of its interest in the Greens Creek Mine in Alaska. The sale will generate \$700m in cash as well as a non-cash consideration in the form of \$50m worth of shares in the purchaser, Hecla Mining Company. The sale is part of RIO's ongoing asset sales program. RIO also gained some support from strong commodity prices.

NEGATIVE CONTRIBUTORS
Commonwealth Bank of Australia (CBA)*
Portfolio Contribution -0.38%

The Commonwealth Bank had a solid month with a share price appreciation of 7.27%. The ASF missed out on this performance because we do not hold this stock. Considering the size of the company, there was little newsflow for the bank during April other than the announcement of expenditure of \$580 million on a project to upgrade some internal systems over the next four years.

Newcrest Mining Limited (NCM)
Portfolio Contribution -0.30%

The Newcrest share price fell -13.40% in April. The Telfer mine once again failed to meet production targets and the Newcrest share price took a hit as a result. The gold price falling 4.3% in April did not help either. The news wasn't all bad however, as total gold production for Newcrest as a whole was up 13% year on year and production at the Cadia Hill open pit mine was at a record high level.

Toll Holdings Limited (TOL)
Portfolio Contribution -0.29%

The Toll share price fell -20.86% in April. This was due to Toll not being able to sell its 63% stake in Virgin Blue, after the Virgin Blue board announced it had not received any expressions of interest in acquiring the Toll stake that reflected the true underlying value of the business. One implication of this is that the recent profit downgrade made by Virgin Blue will now have a direct impact on Toll's profitability. On the positive side, Toll's underlying logistics business is still strong in terms of earnings and cash flow.

Top Ten Holdings: 30 April 2008

Stock	Fund (%)	B/Mark (%)
BHP Billiton (BHP)	13.12	12.91
Westpac Banking Corporation (WBC)	7.57	4.20
Woolworths Limited (WOW)	5.97	2.97
Rio Tinto Limited (RIO)	5.97	3.50
National Australia Bank (NAB)	5.82	4.34
CSL Limited (CSL)	5.01	1.92
Telstra Corporation Limited (TLSCA)	4.06	1.06
WorleyParsons Limited (WOR)	3.96	0.60
St George Bank (SGB)	3.86	1.31
QBE Insurance Group (QBE)	3.59	1.92
Top Ten	58.93	-
Other Stocks	30.59	-
Cash	10.48	-
Total	100.00	-

* Stocks with an asterisk are not held in the Australian Share Fund.

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