

Key Details

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Fund Inception	11 August 2004
Benchmark	S&P/ASX 300 Accumulation Index
Number of Stocks Held	23

BELLWETHER PARTNERS LIMITED

Australian Share Fund

April 2009

Unit Price: 30 April 2009

NAV Price	0.9564
Buy Price	0.9597
Sell Price	0.9531

Australian Share Fund Performance

To 30 April 2009	1 Month	3 Months	1 Year	2 Years (pa)	3 Years (pa)	4 Years (pa)	Inception (pa)
Fund Return (Gross)	5.73%	12.04%	-21.25%	-11.02%	-1.35%	9.79%	12.50%
S&P/ASX300 Accumulation Index	5.70%	9.03%	-28.99%	-18.24%	-6.44%	3.10%	6.08%
Out/Underperformance	0.02%	3.01%	7.74%	7.21%	5.09%	6.69%	6.42%

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

OVERVIEW

April saw the equity market rally a further 5.7% (S&P ASX 300 Accumulation Index) which extended the current rise to 14.2% over the past two months. Global markets saw even stronger returns of 7.3% in the Dow Jones, 8.1% in London and 8.9% in Japan. The global nature of the recovery demonstrates the contagion affect of the financial crisis and the unparalleled level of cooperation by governments of the major countries/economies in fighting the downturn.

Small companies have recovered most quickly but that is largely because they were the most heavily sold off. In terms of market sector performance the April gains were much more diversified compared with recent months with all sectors improving. The rises were between 12.0% (Consumer Discretionary) and 3.7% (Financials).

As expected economic news continued to be weak but investors absorbed the news as the profit reporting season was not as dire as some predicted and the global banking sector appeared to stabilise. Although the Australian unemployment rate rose to 5.7% (its highest level since 2003) and retail sales fell 2.0% other indicators were more positive with consumer confidence improving to 92.7 points - the highest level for over 12 months. Also interest rates declined again to 3.0%. Overall the rate of decline across a large number of forward looking indicators has slowed considerably.

Swine flu was another development in April and poses a risk for global markets and in particular the transport sector. While it has the potential to impact economic activity its scale is not yet clear and hopefully will be contained.

The increased risk appetite of investors extended to currencies with the Aussie dollar rising from US\$68.7c to US\$73.7c. Commodity prices also rose with copper up 11.9%, nickel up 22.3% and aluminium up 4.8%. Oil rose by a more marginal 1.4% but gold fell by 3.3% as its position as a safe haven in uncertain times reduced in relative importance.

The Bellwether Partners Australian Share Fund (ASF) performed well during the month, marginally outperforming a strong market.

OUTLOOK

Sentiment is critical to any market and clearly sentiment towards investing in shares has improved dramatically. This is based on several factors: economies are still in a fragile state but there is a broad belief that the worst is over; banks are likely to survive and improved fluency in capital flows is emerging; emerging growth economies such as China have taken strong steps to ensure they will continue to grow and prosper (particularly important to Australia); hedge funds closing offshore short positions have caused massive buying but they are probably still "net short" which is market supportive; dividends are under some pressure but are still relatively high particularly when compared to cash rates.

There remains a robust debate about whether this is a "bear market rally" although there seems to be consensus that the market low was in early March. With a 21% improvement in the index since then it would not surprise if a moderate retracement occurred. This would not affect our medium to longer term view however that current prices represent good long term value.

POSITIVE CONTRIBUTORS
Macquarie Group Limited (MQG)
Portfolio Contribution +0.52%

Macquarie followed up their March rise of 59.3% with another 23.8% rise in April. Stronger equity markets and apparent stabilisation of the global banking environment helped. Importantly though Macquarie reported their annual profit result at month end. It was accepted positively by the market, as it was in line with expectations, despite being 52% lower than last year. Also at month end the group successfully raised \$540m from an issue to institutional investors at \$27.00 per share. A similarly priced offering is also being made to retail shareholders. Funds raised will be used to further strengthen the balance sheet. Early in the month the group committed US\$150m to a new Infrastructure fund in India in conjunction with the State Bank of India.

Westfarmers Limited (WES)
Portfolio Contribution +0.45%

Westfarmers rose 20.1% during April as investors responded well to an operational briefing day that highlighted improving sales momentum within ex-Coles Group businesses. Coles Food and Liquor business reported sales growth of a healthy 6.6% for the March quarter. The Westfarmers coal business also announced the conclusion of coal price negotiations for the Curragh mine. Although prices are down just over 50% this was widely anticipated after the very large rises last year and the slowdown in the Chinese economy.

RIO Tinto Limited (RIO)
Portfolio Contribution +0.32%

RIO improved by 13.9% during the month. The deal with the Chinese mining/investment house Chinalco is the main focus of investor interest in RIO at present and will be until the RIO balance sheet weakness is resolved - either through the Chinalco deal proceeding or another option such as a large capital raising is pursued. On the operational front, the RIO quarterly production report didn't provide any surprises. The growing confidence that China will be one of the first economies to recover (and there is some evidence that this is occurring) is supporting RIO and the resources sector generally.

NEGATIVE CONTRIBUTORS
Brambles Limited (BXB)*
Portfolio Contribution -0.20%

Brambles was a strong improver during April with the stock rising 23.3%. That rise however followed a fall of 32% in February and a flat March. The weakness was based on concerns about loss of market share in the US business. The April bounce was supported by the overall improvement in market sentiment and the solid contribution of the main CHEP business.

Newcrest Mining Limited (NCM)
Portfolio Contribution -0.16%

Newcrest fell by 8.5% in April as most gold companies followed the volatile gold price down. Gold was down 3.3%. Newcrest reported solid quarterly production and added a positive note in laying out impressive plans for organic growth.

Origin Energy Limited (ORG)*
Portfolio Contribution -0.16%

Origin moved 10.1% higher during the month after the Queensland Government declared its proposed coal seam gas (CSG) joint venture significant. Origin also announced it has agreed to acquire 100% of an additional CSG permit from Pangaea for \$660m. Origin's production results for the March quarter were also released - they were slightly lower than consensus due to lower seasonal gas demand from the Otway Gas Project.

Top Five Holdings: 30 April 2009

Stock	Fund (%)	B/Mark (%)
BHP Billiton Limited (BHP)	14.91%	13.34%
Westpac Banking Corporation (WBC)	10.31%	6.67%
National Australia Bank Limited (NAB)	6.85%	4.72%
Telstra Corporation Limited (TLS)	6.37%	4.15%
Woolworths Limited (WOW)	5.67%	3.91%
Top Five	44.11%	-
Other Stocks	52.50%	-
Cash	3.39%	-
Total	100.00%	-

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

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