

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

January 2009

Unit Price: 31 January 2009

NAV Price	0.8561
Buy Price	0.8591
Sell Price	0.8531

Australian Share Fund Performance

To 31 January 2009	1 Month	3 Months	1 Year	2 Years (pa)	3 Years (pa)	4 Years (pa)	Inception (pa)
Fund Return (Gross)	-4.77%	-9.43%	-30.71%	-12.39%	-2.36%	6.92%	10.39%
S&P/ASX300 Accumulation Index	-4.84%	-10.95%	-34.70%	-18.58%	-6.70%	0.38%	4.39%
Out/Underperformance	0.07%	1.52%	3.99%	6.19%	4.34%	6.54%	6.00%

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

OVERVIEW

January proved to be another disappointing month for the market. After a brief early rally, it succumbed to weakness in international markets. This came particularly from the US where further poor economic data was released including 4th quarter GDP which fell by 3.8%, weak retail sales (which fell for the 6th consecutive month), weak housing starts and unemployment increasing to 7.2%. The S&P/ASX 300 finished the month down 4.8%.

While international economies and market behaviour aren't necessarily indicative of conditions in Australia, we are nevertheless influenced by investor sentiment and attitude towards risk tolerance. In fact the Australian economy did not deteriorate to the extent of the rest of the world, as illustrated by only a 0.1% rise in our unemployment rate to 4.5%. The strong response to the global financial and economic crisis by Governments is continuing and Australia is no exception. The stimulus package before Christmas and proposed further stimulus will certainly assist, while lower interest rates will provide further support. Although the Reserve Bank did not meet in January a further large cut in rates in early February was being factored in by the markets. The RBA subsequently delivered a 1% rate cut.

The various sectors of the Aussie market diverged again with the biggest falls recorded by Consumer Discretionary (Retail), Banks, Industrials and Property Trusts which were all down by more than 9%. Materials held up quite well being down only 1%. Healthcare stood out however with a rise of 6%. Trading volume was light over the holiday period and this can distort price movements over the short term.

During the month Materials were supported by a rise of about 6% in gold, oil and copper. The Aussie dollar lost value, falling 10% against the US\$ and the Yen but only 1.3% against the Euro.

The Bellwether Australian Share Fund (ASF) slightly outperformed for the month and has outperformance over the past year of 4.0%.

OUTLOOK

The immediate focus is on the reporting season. Company results for the half year to December are coming in now and may be considerably weaker than earlier periods. Comments by corporate executives regarding their expectations going forward will be of particular interest given the efforts by the Government and the Reserve Bank to keep the economy from stalling. Over the medium term the key issue is whether increasingly attractive equity valuations are sufficient to encourage a more positive approach by investors in an environment where economic news flow is likely to be poor for some months yet. The key short term risk is a recovery being delayed until 2010. In the longer term we feel that the share market represents a significant opportunity at current levels and eventually will be supported by renewed growth in global economies and especially in Asia (China predominately) from which Australia is advantageously placed.

POSITIVE CONTRIBUTORS
Commonwealth Bank of Australia Limited (CBA)*
Portfolio Contribution +0.44%

CBA shares fell 6.9% during the month. While not the worst performing bank this month, CBA managed to underperform the market for yet another month. There was no major news flow from the company in January. As CBA is not held in the portfolio, we benefited from this fall.

Origin Energy (ORG)*
Portfolio Contribution +0.22%

Origin declined 13.2% over the month and was one of the worst performers in the energy sector. Origin reported its quarterly production report for the December quarter. The other major news item related to their 51.36% investment in the New Zealand listed company, Contact Energy. The news from Contact Energy amounted to earnings guidance being revised downwards. As ORG is not held in the portfolio, we benefited from this large fall.

CSL Limited (CSL)
Portfolio Contribution +0.22%

CSL gained 11.3% during the month. CSL's main plasma competitor, Baxter, reported a strong fourth quarter result and a positive outlook statement. This news was taken as a positive for CSL as well.

NEGATIVE CONTRIBUTORS
Leighton Holdings (LEI)
Portfolio Contribution -0.75%

Leighton Holding's share price ended the month 39.4% lower after the company downgraded FY09 guidance during the month. Leighton sees the performance of its operating companies to show continued strength with the exception of its Leighton Properties division.

ASX Limited (ASX)
Portfolio Contribution -0.46%

ASX fell 18.5% over the month after it reported lower seasonally adjusted trading volumes. An offsetting positive for the company is its revenue stream relating to secondary raisings which have been plentiful over the last couple of months and may continue further into 2009.

David Jones Limited (DJS)
Portfolio Contribution -0.38%

David Jones fell 27.0% over the month after it reported that FY09 and FY10 NPAT guidance will now see growth of 0-5% instead of a previously announced 5-10%. This announcement came in the wake of Access Economics revising down its outlook for the Australian economy. David Jones uses Access Economics' projections for its macroeconomic assessments but still believes the fundamental structure of the company is in excellent shape.

Top Five Holdings: 31 January 2009

Stock	Fund (%)	B/Mark (%)
BHP Billiton Limited (BHP)	15.67%	13.43%
Westpac Banking Corporation (WBC)	8.93%	5.90%
Telstra Corporation Limited (TLS)	8.36%	5.20%
Woolworths Limited (WOW)	7.35%	4.45%
National Australia Bank Limited (NAB)	6.42%	4.71%
Top Five	46.73%	-
Other Stocks	48.70%	-
Cash	4.57%	-
Total	100.00%	-

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

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