

Key Details

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Fund Inception	11 August 2004
Benchmark	S&P/ASX 300 Accumulation Index
Number of Stocks Held	28

BELLWETHER PARTNERS LIMITED

Australian Share Fund

July 2010

Unit Price: 31 July 2010

NAV Price	1.1108
Buy Price	1.1147
Sell Price	1.1069

Bellwether Partners Australian Share Fund Performance

To 31 July 2010	1 Month	3 Months	1 Year	2 Years (pa)	3 Years (pa)	5 Years (pa)	Inception (pa)
Fund Return (Gross)	4.18%	-7.37%	7.52%	2.87%	-1.80%	9.36%	13.68%
S&P/ASX 300 Accumulation Index	4.48%	-5.96%	10.04%	-0.64%	-6.05%	4.86%	8.71%
Out/Underperformance	-0.30%	-1.41%	-2.52%	3.51%	4.25%	4.50%	4.96%

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

OVERVIEW

July turned in a solid month's positive return with the S&P/ASX 300 rising 4.5%. This was below global markets which returned 5.8%. The strong July return from the Australian market has brought the market back to near level over the past 5 months after drifting between March and June. Again there was a fair degree of variance between sectors with Industrials (+7.1%) and Financials (+6.4%) performing best and only Information Technology (-2.8%) and Telecoms (-0.6%) showing a negative return. Materials and Energy also put in another solid month with rises of 4.9% and 4.0% respectively.

The key drivers in July were more about an absence of any major negative news flow while the company and economic news was subdued but mildly positive. Global credit markets improved and the risk of China slowing dramatically abated. The US reporting season was relatively strong and early indications were that the Australian reporting season was unlikely to bring forward any major problems. Merger and acquisition activity continued as a supportive theme in the market with several bids being made at the mid size company level. The Australian Wheat Board and Graincorp agreed to merge.

In Australia the election was set for 21st August and while the campaign has been fairly low key, the two major parties have not embarked on a wholesale spending spree as both agree that the deficit (as mild as it is in international terms) must be reduced. Other economic news included interest rates being left unchanged at 4.5% after the consumer price index rose less than anticipated, employment growth continued to be positive and the Australian dollar was strong, rising by 6.8% to reach 90.42c against the US dollar. Commodity prices were generally very strong with

the London Metals Index up by 11.5%. Gold fell by 4.9% as its status as a "safe haven" asset was reduced as investor risk appetite improved. In the soft commodity space we saw wheat rise very strongly by 37.7%, as severe drought in Russia devastated wheat crops while the Australian weather pattern improved dramatically with better rains than have been seen for over a decade.

The Bellwether Australian Share Fund rose by 4.2% in July.

OUTLOOK

Our sharemarket remains attractive on a valuation basis with the immediate key issue being the 2010 financial year results and particularly the outlook comments made by companies about 2011. Domestic orientated stocks look to have a favorable operating environment in which to operate while exporters will continue to be impacted by global economic activity. The resource companies reliance on growth in China (and India is becoming more important also) will persist. Although the Chinese administration has taken action to slow lending and hence slow the economy over the past few months we are unlikely to see any major deterioration in their demand for our basic materials.

The Australian election is unlikely to have any significant impact on economic activity, the sharemarket or interest rates as policy announcements, so far at least, have been quite restrained.

POSITIVE CONTRIBUTORS
OZ Minerals Limited (OZL)
Portfolio Contribution +0.38%

OZ Minerals rose by 28.1%, outperforming the Materials sector which increased by 4.9%. OZ Minerals purchased a 19% stake in Sandfire Resources NL, this is a strategic investment providing exposure to Sanfire's Doolgunna project in WA. The Board of Directors also approved an underground mine to complement the open pit operations at Prominent Hill, the higher grade ore from underground is expected to contribute an average of 25,000t of copper and 12,000oz of gold production per annum. Oz Minerals also released their quarterly report for 30 June 2010, with copper production on schedule, while gold production was higher than expected.

Westpac Bank (WBC)
Portfolio Contribution +0.27%

Westpac increased by 13.0%, outperforming the Financials sector which rose by 6.4%. The major banks performed strongly after the results of the EU bank's stress tests were announced, with only 7 out of 91 banks failing to meet the 6% Tier 1 ratio pass rate. These results exceeded expectations, providing the market with further transparency and easing fears that Westpac may find it difficult to meet its term funding requirements.

Whitehaven Coal Limited (WHC)
Portfolio Contribution +0.20%

Whitehaven increased by 12.9% in July, outperforming the Energy sector which rose by 4.0%. Whitehaven released a solid 30 June 2010 quarterly report with saleable coal production of 1.006 million tonnes (Mt) for the quarter up 2% on the previous corresponding period. Saleable coal production of 3.933 Mt for FY 2010 was up 20% over FY 2009. Whitehaven also announced that it received approval from the NSW Minister for Planning for Narrabri Project Stage Two. The Narrabri Mine when in full production is expected to produce approximately 6mt p.a. of low ash, high energy, low sulphur thermal and PCI coal for the export market.

NEGATIVE CONTRIBUTORS
ANZ Bank Limited (ANZ)*
Portfolio Contribution -0.35%

ANZ rose by 6.7%, outperforming the Financials sector which increased by 6.4%. ANZ underperformed the other major banks, as there was market speculation that it would bid for the Korean Exchange Bank. As we do not hold ANZ, it detracted from performance, however our holdings in the other three major banks (WBC, NAB, CBA) more than offset this.

Wesfarmers Limited (WES)*
Portfolio Contribution -0.27%

Wesfarmers released their fourth quarter and full year retail sales results during July. Coles food and liquor sales for the fourth quarter were \$5.9bn, up 4.2%, with comparable food and liquor store sales growth of 4.2%, beating expectations. Bunnings and Kmart both had solid results, while Target struggled. Wesfarmers rose by 8.5% outperforming the Consumer Staples sector which increased by 1.8%.

Computershare Limited (CPU)
Portfolio Contribution -0.10%

Computershare fell by 4.7% in July, underperforming the IT sector which lost 2.8%. Computershare was sold down in July over concerns about their upcoming result and FY11 guidance, as volatile global conditions and management's conservatism could result in a weak FY11 outlook. The strong AUD was also a detractor for the stock.

Top Five Holdings: 31 July 2010

Stock	Fund (%)	B/Mark (%)
BHP Billiton Limited (BHP)	12.44%	12.49%
Commonwealth Bank of Australia (CBA)	10.06%	7.55%
Westpac Banking Corporation (WBC)	8.96%	6.65%
National Australia Bank Limited (NAB)	6.98%	4.97%
Woolworths Limited (WOW)	4.65%	2.97%
Top Five	43.08%	-
Other Stocks	55.22%	-
Cash	1.70%	-
Total	100.00%	-

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