

Key Details

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Fund Inception	11 August 2004
Benchmark	S&P/ASX 300 Accumulation Index
Number of Stocks Held	24

BELLWETHER PARTNERS LIMITED
Australian Share Fund
June 2009
Unit Price: 30 June 2009

NAV Price	1.0180
Buy Price	1.0216
Sell Price	1.0144

Australian Share Fund Performance

To 30 June 2009	1 Month	3 Months	1 Year	2 Years (pa)	3 Years (pa)	4 Years (pa)	Inception (pa)
Fund Return (Gross)	4.91%	12.69%	-11.42%	-9.79%	0.10%	8.54%	13.53%
S&P/ASX300 Accumulation Index	3.96%	11.49%	-20.34%	-17.06%	-3.86%	2.46%	7.04%
Out/Underperformance	0.95%	1.20%	8.92%	7.27%	3.96%	6.08%	6.50%

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

OVERVIEW

June saw another step towards "normality" in global share markets with the Australian market being up by 4.0% while global markets were steady. The rise in Australia marks the fourth month of rises, which is the longest run of monthly positive returns since 2007. With each positive month the scepticism with which investors have viewed the improvement in economic data and the equity market rally to date dissipates further. The financial year however will still be remembered for being one of the most volatile ever and the fall of 36% over last September to November will certainly be etched in our memories for some time to come. Despite a strong rally of about 27% since March the Australian market still finished 20.3% down over the year. 1982 and 1974 were the only worse years since WW2.

The key event in June was the massive capital raising by RIO and the disintegration of their deal with Chinalco. The relationship between Australian companies and Chinese companies is expected to be tested by the RIO decision. While some "green shoots" are appearing in forward looking economic trends, the World Bank downgraded its forecast for the global economy from -1.7% to -2.9%. This weighed on growth stocks and sparked a rotation into some of the more defensive sectors of the market. Healthcare, Financial and Telecommunication sectors outperformed while Utilities, Materials and Resources lagged.

Domestic economic data continued to show signs of improvement with consumer sentiment rising 12.7%, the second largest monthly rise on record. Motor vehicle sales rose slightly and building approvals exceeded market

expectations. The RBA kept interest rates on hold at 3.0% although the Banks caused some political wrath when they increased lending rates marginally on the basis of ongoing higher funding costs. The Aussie dollar remained firm at around 80 US cents and 57 Euro cents. Oil and Gold moved in different directions in June with Oil being up 5.0% while Gold was down 5.0%.

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

OUTLOOK

Encouraging economic news and improved market stability auger well for the next year. The recovery in global growth is unlikely to be as strong as we saw over the years leading up to 2007 but nevertheless it seems that growth will again emerge, although there are still doubts over the short term. Higher lending activity at the corporate and personal level is required to really stimulate growth but banks are being cautious and households are tending to save rather than spend at present. With the Australian market still below 4000 (although it touched that level briefly in June) there remains good value in many stocks on historic measures, such as profits and dividends. As has been the case for the past couple of years, stock picking is vital as the recovery will be inconsistent and companies with strong management and a strong balance sheet will prevail. The Bellwether team will continue to be alert to the most favourable opportunities.



POSITIVE CONTRIBUTORS

David Jones Limited (DJS)

Portfolio Contribution +0.52%

David Jones rose 26.0% during the month. Improving sales trends in May/June has seen the company increase its FY09 profit guidance from 0-5% to 8-12%. DJS also confirmed its FY10 growth forecast. Several government stimulus payments and lower mortgage rates have driven retail sales strongly.

JB Hi-Fi Limited (JBH)

Portfolio Contribution +0.40%

JB-HiFi also benefited from the improved retail environment. Consumer confidence moved to the critical level of 100 indicating a move to optimism from pessimism and that flowed through to investor sentiment. These two factors also translated into higher retail sales and JB-HiFi upgraded its profit guidance for FY09 from \$87m to \$92m.

Macquarie Group Limited (MQG)

Portfolio Contribution +0.39%

"Diversified Financials" enjoyed a very strong month rising 15.0%. Macquarie Group outperformed that by improving 23.5%. MQG raised \$669m during June and investors reacted positively to the improved balance sheet result. Remuneration changes were also put on hold at the "millionaires factory" including a \$500m issue of shares to staff as part of the remuneration change.

NEGATIVE CONTRIBUTORS

Commonwealth Bank of Australia Limited (CBA)*

Portfolio Contribution -0.67%

The Banks had a good month rising 7.3% with CBA the standout rising 11.0%. The ASF has a solid exposure to Banks but did not hold CBA during June. The RBA left rates unchanged at 3.0% in June but CBA increased borrowing rates by 0.10% to 5.74%. Investors supported the relatively insignificant change but the media and government reaction was quite hostile.

Toll Holdings Limited (TOL)

Portfolio Contribution -0.28%

Toll was weaker by 11.2% in June as the market was cautious about it meeting its profit guidance levels. Nevertheless recent data suggests that declines in global and regional freight volumes are beginning to moderate. Toll remains optimistic and actually announced a series of new business opportunities and undertook further allied acquisitions.

Fortescue Metals Group Limited (FMG)*

Portfolio Contribution -0.15%

Bulk commodities performed well in June but the key driver of Fortescue's 44.7% rise was the Chinese reaction to the collapse of the Chinalco/RIO deal and their concern about the increased dominance of the proposed RIO/BHP tie up in the production of joint Pilbara iron ore assets. The market perceived that the Chinese may increase purchases from alternate suppliers such as Fortescue in Australia and Vale in Brazil.

Top Five Holdings: 30 June 2009

Stock	Fund (%)	B/Mark (%)
BHP Billiton Limited (BHP)	15.00%	12.91%
Westpac Banking Corporation (WBC)	9.27%	6.53%
National Australia Bank Limited (NAB)	6.68%	4.77%
Telstra Corporation Limited (TLS)	5.80%	3.92%
ANZ Banking Group Limited (ANZ)	5.51%	4.26%
Top Five	42.27%	-
Other Stocks	55.41%	-
Cash	2.32%	-
Total	100.00%	-

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

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