

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

June 2010

Unit Price: 30 June 2010 (Pre Distribution)

NAV Price	1.0918
Buy Price	1.0956
Sell Price	1.0880

Bellwether Partners Australian Share Fund Performance

To 30 June 2010	1 Month	3 Months	1 Year	2 Years (pa)	3 Years (pa)	5 Years (pa)	Inception (pa)
Fund Return (Gross)	-3.00%	-12.75%	10.91%	-0.85%	-3.35%	9.02%	13.10%
S&P/ASX 300 Accumulation Index	-2.65%	-11.20%	13.05%	-5.10%	-8.05%	4.49%	8.04%
Out/Underperformance	-0.35%	-1.55%	-2.14%	4.25%	4.70%	4.53%	5.06%

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

OVERVIEW

June was another soft month with the S&P/ASX 300 drifting down 2.6%. Over the financial year the market rose by a healthy 13.1% although that was after a fairly bumpy ride. The market rose by 27.3% between July 2009 and March 2010. Since March however concerns about the strength of the global economic recovery combined with extremely high Sovereign debt levels and fears of a slowdown in China have seen the market retrace much of the first half gains. It was a similar picture with global markets rising 11.5% over the year despite falling by 6.9% in the 2nd half.

There was a high divergence across industry sectors in June, Telecoms stood out with a 9.2% rise, Utilities and Staples showed small rises while each of the other sectors were down with the worst results coming from Industrials, Financials and Discretionary. Over the year most sectors rose between 8%-20% but Energy -3.4%, Healthcare +2.5%, and Telecoms +1.4% were laggards.

Partly due the RSPT we saw a dramatic change in leadership with Julia Gillard replacing Kevin Rudd and the RSPT replaced with the more sensible and more moderate Materials Resources Rent Tax (MRRT). It is hoped (and expected) that the new arrangements which are endorsed by some of the large mining companies will resolve any underlying doubts about the stability of Australia as a place to undertake substantial projects and to provide high levels of loan support. This is critical to the Australian banks which finance their lending books heavily from offshore.

The communications industry saw stabilisation with Telstra and the NBN signing a non-binding Heads of Agreement for Telstra's copper network and associated infrastructure being sold into the NBN for around \$11b.

Economic data was mixed in June. Housing Finance and consumer confidence were softer while the unemployment rate fell by 0.2% to 5.2%. A 4.8% increase in the minimum wage was granted from 1st July 2010. GDP increased by 0.5% in the March quarter and the Reserve Bank left interest rates unchanged at 4.5%. The AUD rebounded slightly, finishing the month at 84.7c, up 0.4c.

Gold and Oil were up about 2.2% in June while metals were weaker with the London Metals Index falling 5.5%, primarily due to the slower growth coming out of China.

The Bellwether Partners Australian Share Fund fell by 3.0% while the S&P/ASX 300 Index fell by 2.6%.

OUTLOOK

The Australian economic, political and market environment remains robust enough to support the current market level and many commentators are expecting the 2nd half of the calendar year to provide a solid return of 5%-10%. The global economic recovery however will remain the major driver of the Australian, and other markets. The US economy is central to the recovery and after the early stages of the recovery seen earlier this year, investors are now focusing on the up coming reporting season. Asia remains in growth mode and with a considerably lower Euro, some European countries are experiencing better than expected conditions trading into Asia. International investors are expected to return to investing in Australia now that the risk of Government intervention, perhaps even on a retrospective basis, has been reduced. Of course all investors will be watching the lead-up period to an election over the next few months with interest but that is not expected to inhibit interest in Australian assets.

POSITIVE CONTRIBUTORS
ANZ Bank Limited (ANZ)*
Portfolio Contribution +0.17%

ANZ fell by 3.1%, despite outperforming the Financials sector which fell by 5.4%, it underperformed the S&P/ASX 300 Accumulation Index. As we did not hold ANZ in the portfolio, it contributed positively to the portfolio. ANZ completed its acquisition of the Royal Bank of Scotland's (RBS) retail, commercial and private banking businesses in Indonesia, which was the final stage of the acquisition of selected RBS businesses in six Asian countries.

Westfield Group (WDC)*
Portfolio Contribution +0.11%

Westfield fell by 4.4%, underperforming the Property sector which fell by 1.1%. Again, as we did not hold Westfield in the portfolio, it contributed positively to the portfolio. While there was no major company-specific news during the month, in early June, Westfield held an Australian Portfolio development presentation highlighting future domestic opportunities for the business mainly focusing on Sydney's CBD.

Amcor Limited (AMC)
Portfolio Contribution +0.08%

Amcor increased by 3.9% in June, outperforming the Materials sector which fell by 1.0%. In June Amcor announced an agreement to purchase the assets of Ball Plastics Packing Americas from Ball Corporation for US\$280m. This represents 4 times the last 12 months acquired EBITDA of US\$70m, and 3.1 time post synergies. The business has five plants in North America and sales of approximately US\$600m.

NEGATIVE CONTRIBUTORS
Brambles Limited (BXB)
Portfolio Contribution -0.25%

Brambles fell by 17.9%, underperforming the Industrials sector which fell by 7.0%. Brambles announced that ConAgra, one of CHEP USA's biggest customers, is switching most of its volumes to a competitor, iGPS (supplier of plastic pallets). It is expected the transition will occur over the FY11. This contract amounts to less than 1% of Brambles' total sales revenue and since the introduction of their Better Everyday program in October 2009, CHEP USA has won contracts with combined annualized volume greater than that of the contracts it has lost, including ConAgra.

Macquarie Group Limited (MQG)
Portfolio Contribution -0.20%

Macquarie underperformed the Financials sector as they provided an update on their earnings outlook, stating that market conditions are increasing uncertain, making short-term forecasting difficult. Macquarie believes the market conditions are adversely impacting some their business activity levels. Macquarie fell by 14.3% compared with the Financials sector fall of 5.4%.

Westpac Bank (WBC)
Portfolio Contribution -0.16%

Westpac also underperformed the Financials index falling 7.5% in June. The banking sector underperformed the market as concerns reappeared in June regarding funding. This appeared to hurt Westpac more than the other big banks. There was no major company-specific news released during the month.

Top Five Holdings: 30 June 2010

Stock	Fund (%)	B/Mark (%)
BHP Billiton Limited (BHP)	12.09%	12.25%
Commonwealth Bank of Australia (CBA)	9.64%	7.31%
Westpac Banking Corporation (WBC)	8.22%	6.13%
National Australia Bank Limited (NAB)	6.70%	4.79%
Woolworths Limited (WOW)	5.31%	3.25%
Top Five	41.96%	-
Other Stocks	55.89%	-
Cash	2.16%	-
Total	100.00%	-

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