

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

March 2009

Unit Price: 31 March 2009

NAV Price	0.9054
Buy Price	0.9086
Sell Price	0.9022

Australian Share Fund Performance

To 31 March 2009	1 Month	3 Months	1 Year	2 Years (pa)	3 Years (pa)	4 Years (pa)	Inception (pa)
Fund Return (Gross)	7.38%	0.91%	-21.07%	-12.27%	-2.61%	7.32%	11.39%
S&P/ASX300 Accumulation Index	8.07%	-1.85%	-29.80%	-19.29%	-7.37%	0.87%	4.93%
Out/Underperformance	-0.69%	2.76%	8.73%	7.02%	4.76%	6.45%	6.46%

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

OVERVIEW

March saw equity markets experience a long awaited bounce. In fact the bounce was a very healthy 8.1% for the ASX/S&P 300 index which is the best monthly rise since 1993. Other global markets also enjoyed strong rallies in March with the MSCI World index up 7.2%, Dow up 7.7%, Japan up 7.1% and the UK up 2.5%.

Investor sentiment has been very negative for many months and with good cause given the financial crisis and the resultant economic malaise. Concerted efforts by all major Governments to pour cash into the system and keep economic activity from deteriorating even further have been welcomed and arguably successful. There is growing belief that the recessionary conditions prevailing in many countries will turn by year end.

That has allowed investors to accept more risk in their portfolios at both the asset allocation level, where a higher weighting to equities has occurred, as well as within portfolios where a higher weighting to cyclicals over defensive stocks has occurred. This in turn caused an unusually high variation in sector returns with the best sectors being IT 21.0%, Industrials 15.3%, Banks 15.0%, Consumer Discretionary 12.9% and Materials 9.4%. The defensives which underperformed were Healthcare -7.1%, Telecoms -4.8% and Consumer Staples -0.6%

Other economic/market related news included:
 - interest rates were left on hold at 3.25% by the RBA at their March meeting
 - the AUD benefited from investors risk appetite and increased by US\$ 4.8c to US\$ 68.7c.

- gold fell as it's role as a hedge against central bank money printing declined in relative importance
- copper rose by 17.43% and
- oil rose by 12.5%; both on the basis of anticipated better economic activity over coming months
- residential building approvals (mainly apartments) improved although building activity remained sluggish.

The Bellwether Partners Australian Share Fund (ASF) performed creditably given the dramatic change in market conditions and the switch in preferred sectors from defensive to cyclical stocks. The Fund returned a positive 7.38% for March which is slightly under the index but the Fund has outperformed the index by 276 basis points over the quarter.

OUTLOOK

While we have believed strongly that the market had been oversold this bounce makes short term forecasting more difficult. We still believe the market is cheap on a 2 year (and probably one year) basis but there is still the possibility that this is a "bear market rally". Most bear markets over history have seen strong rallies in the order of 20% or more and they can last a few months. Many investors were underexposed to equities and particularly cyclical equities. March saw extensive rebalancing of portfolios to go at least some way towards having an increased cyclical exposure. For the March improvement to be maintained, however, we need to see at least stabilisation in the outlook for corporate earnings and signs that economic data is becoming "less bad".

POSITIVE CONTRIBUTORS
Macquarie Group Limited (MQG)
Portfolio Contribution +0.70%

Macquarie rose 59.3% over the month after recovering February's losses and mimicking significant gains in offshore peers, who gave positive earnings commentary on calendar year to date performance. During March, MCG (a Macquarie managed fund) received a bid by the Canada Pension Plan Investment Board at approximately book value. The market reacted positively to this across the suite of Macquarie funds.

Westpac Banking Corporation (WBC)
Portfolio Contribution +0.44%

Westpac shares increased 13.0% over the month. News released by the company over the month included the successful completion of its raising in the SPS II offer, which was over subscribed and ended up raising \$908m.

RIO Tinto Limited (RIO)
Portfolio Contribution +0.44%

RIO Tinto gained 19.7% during the month. Rio Tinto along with the rest of the resources sector rallied strongly in March. Commodity prices strengthened over the month with aluminium up 6% and copper up 14%.

NEGATIVE CONTRIBUTORS
Commonwealth Bank of Australia Limited (CBA)*
Portfolio Contribution -0.96%

CBA shares rose 16.5% during the month after announcing a successful raising through its SPP. Other news from the company included an announcement regarding job cuts of 400 at the recently acquired BankWest.

CSL Limited (CSL)
Portfolio Contribution -0.28%

CSL fell 10.6% over the month. Concerns regarding increases in global plasma collections and a shift in the market from defensive stocks to cyclicals affected the share price.

Origin Energy Limited (ORG)*
Portfolio Contribution -0.18%

Origin rose 10.9% over the month. The energy sector benefited from an increase in the oil price of 12.5% after evidence of further OPEC production cuts and signs that US oil demand may pick up along with the improving economic outlook. This was despite rising crude inventories in the US. As Origin is not held in the portfolio we did not benefit from its strong performance over the month.

Top Five Holdings: 31 March 2009

Stock	Fund (%)	B/Mark (%)
BHP Billiton Limited (BHP)	15.34%	13.58%
Westpac Banking Corporation (WBC)	10.65%	7.04%
National Australia Bank Limited (NAB)	6.98%	4.89%
Telstra Corporation Limited (TLS)	6.08%	4.25%
Woolworths Limited (WOW)	5.87%	3.88%
Top Five	44.92%	-
Other Stocks	51.54%	-
Cash	3.54%	-
Total	100.00%	-

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

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