

Key Details

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Fund Inception	11 August 2004
Benchmark	S&P/ASX 300 Accumulation Index
Number of Stocks Held	29

BELLWETHER PARTNERS LIMITED

Australian Share Fund

March 2010

Unit Price: 31 March 2010

NAV Price	1.2553
Buy Price	1.2597
Sell Price	1.2509

Bellwether Partners Australian Share Fund Performance

To 31 March 2010	1 Month	3 Months	1 Year	2 Years (pa)	3 Years (pa)	5 Years (pa)	Inception (pa)
Fund Return (Gross)	5.98%	1.29%	43.35%	6.37%	3.33%	13.71%	16.50%
S&P/ASX 300 Accumulation Index	5.74%	1.25%	41.94%	-0.18%	-2.58%	8.00%	10.72%
Out/Underperformance	0.24%	0.04%	1.41%	6.55%	5.91%	5.71%	5.78%

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

OVERVIEW

March was a strong month for the Australian equity market, following on from a solid February, with the S&P/ASX 300 rising by 5.7%. This was the largest monthly gain since September 2009, with February and March recovering January's losses. Global markets (MSCI World ex Australia) rose by 6.3%, which was slightly above the Australian market. Global macroeconomic factors were the major focus during the month with the majority of US economic data released during the month supporting the recovery. There still are concerns continuing on from previous months regarding sovereign debt risk and a China real estate bubble.

The major market sectors performed strongly over the month, with all sectors except for Property posting positive returns. Energy was the strongest sector increasing by 9.4%, Materials also performed well increasing by 8.6%. Property was the worst performing sector falling slightly, followed by Telecoms which increased by 0.4%.

Commodity prices continued their strong performance in March, following on from a solid February. Nickel rose by 18.3%, Aluminium up by 9.1%, and Copper increased by 8.3%. Gold dropped \$4.35 to finish at US\$1,113 and Oil was particularly strong rising 4.7% to US\$83.2.

Key economic indicators were strong in March, while the Reserve Bank's decision to increase interest rates by 25bp to 4.00% was expected by the market. GDP showed strong growth across the economy, expanding by 0.9% (+2.7% yoy). Despite interest rates increasing by 1.00% since October, consumer sentiment remained robust, and house prices still managed to increase by 11.8% for the 12 months to January. The Australian dollar was 2.5% higher to US 91.8c and 3.2% higher to EUR 65.7c.

The Bellwether Partners Australian Share Fund rose by 6.0%, outperforming the market's strong 5.7% positive return.

OUTLOOK

Markets have rebounded strongly over February and March from the dip in January, to finish the quarter in positive territory. Many observers believe the market is now at about "fair value" however there is an underlying difference of view looking forward. The major overseas equity markets reached post GFC highs, indicating that investors are becoming increasingly optimistic on the recovery potential towards the later half of 2010 and into 2011. Investors have consequently been increasing their exposure to cyclical risk, switching out of defensives.

The US economy appears to have bottomed, as US macroeconomic data released during March shows signs of improvement, with solid Consumer Confidence, Personal Spending, Retail Sales, and Industrial Production figures. However, the key concerns remain China, and sovereign debt risk. Several market observers have speculated that there is a real estate bubble in the Chinese economy, with property prices soaring in key cities. Despite these concerns, many believe that there are plenty of supporting factors to protect China, such as rising family incomes and pent-up demand for housing. Greece's sovereign debt concerns will likely see a short-term fix, with Greece required to raise EUR€11bn by the end of May to cover debts that will mature then. It will likely be sourced via debt issuance in the US and Asia, for which a "road show" has already been announced, and a likely EU bailout package.

POSITIVE CONTRIBUTORS
Macarthur Coal Limited (MCC)
Portfolio Contribution +0.58%

Macarthur Coal increased by 38.7% in March. Macarthur received a non-binding indicative takeover proposal from Peabody Energy Corporation for \$13 per share late in the month, valuing the company at \$3.3 billion. Macarthur rejected the offer, believing that Peabody's offer undervalued the company and was not in the best interests of shareholders. MCC share rose by 16.2% on the day of the announcement.

Seek Limited (SEK)
Portfolio Contribution +0.25%

Seek followed on from a strong February, rising by 13.6% in March. Supporting Seek in March was strong momentum following their strong results announced in late February, solid February ABS labour force numbers, showing that job gains are about 26.6k per month, and ANZ's February internet jobs ads rose by 19.6%.

Rio Tinto Limited (RIO)
Portfolio Contribution +0.22%

Rio rose by 11.2% during March, outperforming a very strong Materials sector which returned 8.6%. Commodities prices, in particular bulk commodities, rose substantially during the month with the RBA Base Metal Index increasing by 8.5%. The market also reacted favourably to the miners transitioning to short-term sales contracts. Currently BHP has settled with many of its Asian iron ore customers, RIO is expected to follow suit.

NEGATIVE CONTRIBUTORS
ANZ Bank Limited (ANZ)*
Portfolio Contribution -0.51%

ANZ was up 9.6% in March, outperforming the financials sector which rose 5.5%. ANZ announced that they received in-principle approval for a foreign bank licence from the Reserve Bank of India. ANZ also received regulatory approvals for their acquisition of the Royal Bank of Scotland businesses in Hong Kong, Singapore and Taiwan.

Santos Limited (STO)*
Portfolio Contribution -0.13%

Santos rose by 13.1%, outperforming a strong Energy sector which rose 9.4% in March. Oil was strong, rising by 4.7%, and takeover speculation following Shell/PetroChina's offer for Arrow Energy (see below) helped the sector. Santos announced the sale of their working interest in Evans Shoal to Magellan Petroleum, who will pay up to \$200m.

Arrow Energy Limited (AOE)*
Portfolio Contribution -0.10%

Arrow Energy rose by 51.5% in March. This was primarily due to Arrow receiving a revised takeover offer from a Shell/PetroChina Joint Venture, following a planned demerger. The proposal, which Arrow's board have unanimously recommended, would see shareholders receive \$4.70 cash and a share in Dart Energy, a new entity comprised of Arrow's international businesses. Arrow's share rose by 46.8% on the day of the announcement.

Top Five Holdings: 31 March 2010

Stock	Fund (%)	B/Mark (%)
BHP Billiton Limited (BHP)	12.95%	12.56%
Westpac Banking Corporation (WBC)	9.77%	7.11%
Commonwealth Bank Of Australia (CBA)	9.43%	7.41%
National Australia Bank Limited (NAB)	6.15%	5.01%
Rio Tinto Limited (RIO)	4.91%	2.93%
Top Five	43.21%	-
Other Stocks	54.99%	-
Cash	1.81%	-
Total	100.00%	-

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