

Key Details

| | |
|---------------------------|---|
| Investment Manager | Bellwether Partners Limited ASFL: 238460 Level 9, 63 Exhibition Street Melbourne Victoria 3000 |
| Contact | Ph: 61 (0)3 96610888 Email: mail@bellwether.com.au Web: www.bellwether.com.au |
| Fund Inception | 11 August 2004 |
| Benchmark | S&P/ASX 300 Accumulation Index |
| No. Stocks Held | 29 |

BELLWETHER PARTNERS LIMITED

Australian Share Fund

September 2007

Unit Price: 28 September 2007

| | |
|-------------------|----------|
| NAV Price | \$1.5343 |
| Buy Price | \$1.5397 |
| Sell Price | \$1.5289 |

Australian Share Fund Performance

| To September 2007 | 1 Month | 3 Months | 1 Year | 2 Years (pa) | 3 Years (pa) | Inception (pa) |
|--|---------|----------|--------|--------------|--------------|----------------|
| Fund Return (Gross) | 7.05% | 9.28% | 39.88% | 26.67% | 33.08% | 33.91% |
| S&P/ASX300 Accumulation Index | 5.58% | 5.72% | 32.70% | 24.07% | 26.58% | 27.79% |
| Out/Underperformance | 1.47% | 3.55% | 7.17% | 2.60% | 6.50% | 6.12% |

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

OVERVIEW

The Australian equity market consolidated its strong recovery from the early August correction with another solid return in September. The market was up 5.58% for the month and has risen a very healthy 32.7% for the year to 30 September 2007. The August correction saw a fall of 15% from top to bottom and while corrections of that magnitude have been relatively common (there have been 12 in the past 16 years) it is the speed of the recovery that has been exceptional. The "normal" recovery time to the previous top has been around 3 to 5 months, but it took only 6 weeks to recover from the August setback. That resilience was supported by last month's solid profit reporting season and the recognition that Australian financial institutions have little sub-prime debt exposure. Australia's position in the growing Asian region and continuing strong cash flows also played a role.

September saw an increase in gold and oil prices and the renewed focus on these sectors caused them to again outperform the overall market. The Telecommunications, Consumer Staples and Information Technology sectors underperformed the broader market. The Australian economy remained firm with GDP increasing 0.9% quarter on quarter for June and 4.3% for the year. The Australian dollar rose against the greenback but to a lesser extent against other currencies. Interest rates remained steady after the 0.25% rise in August.

While the reasons for the correction due to the sub-prime debt issues are not yet fully resolved, and there is still some uncertainty about the extent to which institutions will be affected, the strong leadership shown by the world central banks has calmed the market. In particular, the 0.50% cut

in US interest rates by the Fed has buoyed investors. The outlook for the US economy suggests some slowing in growth although the majority of economists do not expect a recession. Asian economies remain strong which supports the Australian economy and stock market.

The Bellwether Partners Australian Share Fund returned 7.05% in September, outperforming the benchmark S&P/ASX300 Accumulation Index by 1.47%. The Fund's concentrated portfolio of high conviction stocks again showed the merits of the Bellwether process. Over a longer period, which is really more relevant, the Fund has also performed admirably with returns in excess of 6% above the market over 1 year, 3 years and since inception.

At the end of September, the Fund held 29 stocks with major holdings remaining in the Resources and Financial sectors. Stocks with high market liquidity and strong forecast profit outlooks are preferable to mid cap companies when the market is facing an uncertain economic outlook.

OUTLOOK

How long can the good times last? As always there are clouds on the horizon but we believe the outlook remains very positive. The main concerns are the slowing US economy and the uncertainty concerning the sub-prime debt issues. However, the factors supporting further good gains from equities should not be forgotten. These include: strong corporate profits and abundant cash flow; "fair" valuations in historical terms; high investor confidence; and the world (and particularly Australia) not being as reliant on a strong US economy as has been the case in the past.

POSITIVE CONTRIBUTORS
BHP Billiton Limited (BHP)
Portfolio Contribution +2.17%

While the BHP “story” is now well known, investors are nevertheless becoming more comfortable with the idea that commodity markets are likely to remain strong for some time. The US is not as influential as it previously has been in these respects and with the strong growth now being experienced in Asia, further price rises are expected to occur in bulk commodities (coal) and there is also upside potential for copper and oil. Coupled with the major upgrade to ore reserves at Olympic Dam and the 0.50% reduction in US interest rates, the BHP share price appreciated by 16.8% during the month.

RIO Tinto Limited (RIO)
Portfolio Contribution +0.67%

Along with BHP, RIO also enjoyed an exceptionally strong September with a share price rise of 15.7%. The reasons were broadly the same as that for BHP with the exception of the Olympic Dam upgrade. Global commodity stocks performed well in September but the Australian leaders are outperforming, in part, because of their close geographic proximity to the growth opportunities in Asia. This is especially the case for China which continues to defy predictions of a slowdown in its rate of economic growth.

Leighton Holdings (LEI)
Portfolio Contribution +0.61%

LEI had a buoyant month with a 17.4% share price rise supported by the announcement of several new contracts in Australia, the Middle East (notably Dubai) and Asia. The company is enjoying the growth of developing countries where their engineering services are in high demand. Profit for the financial year to June 2007 was up 63% to \$450m.

NEGATIVE CONTRIBUTORS
Australian Infrastructure Fund (AIX)
Portfolio Contribution -0.15%

AIX reached all time highs in late August and early September despite no real news flow on the stock. The decline of 7.1% over September still left the company up approximately 50% for the past year and 13% ahead of the index. We continue to view the company favourably, in particular because of its relatively lower risk profile due to its “clip the ticket” type business model. The Fund’s exposure to AIX was reduced during September however.

QBE Insurance Group (QBE)
Portfolio Contribution -0.06%

QBE declined a modest 1.4% in September after a 12 month rise of 39%. Defensive stocks were not favoured as much as cyclicals by investors as confidence improved following the August correction and the subsequent action taken by central banks to support markets and global economies. Speculation that QBE might be interested in acquiring IAG put some pressure on the price. Exposure to QBE has been reduced over the past quarter, locking in the 12 month gain.

David Jones Limited (DJS)
Portfolio Contribution -0.06%

DJS has also come off its recent tops by a marginal 1.4% after a strong 12 month period when its share price appreciated by approximately 45%. The DJS FY07 result was released during the month with a strong profit rise of 35%. This was in line with consensus broker estimates and company guidance.

Top Ten Holdings

| Stock | Fund (%) | B/Mark (%) |
|-------------------------------|----------|------------|
| BHP Billiton (BHP) | 12.74 | 11.01 |
| Westpac Banking (WBC) | 6.70 | 3.96 |
| National Australia Bank (NAB) | 6.66 | 4.88 |
| Woolworths Limited (WOW) | 4.83 | 2.70 |
| Rio Tinto Limited (RIO) | 4.74 | 2.29 |
| Australia & NZ Bank (ANZ) | 4.59 | 4.13 |
| CSL Limited (CSL) | 4.29 | 1.48 |
| Worley Parsons (WOR) | 3.92 | 0.53 |
| St George Bank Limited (SGB) | 3.91 | 1.40 |
| QBE Insurance Group (QBE) | 3.80 | 2.11 |
| Top Ten | 56.18 | - |
| Other Stocks | 41.32 | - |
| Cash | 2.50 | - |
| Total | 100.00 | - |

This fund is issued by Bellwether Partners Limited, AFS Licence 238460. This document provides general information only and is not financial product advice. It does not take into account your individual objectives, financial situation or needs. An Information Memorandum (IM) for the Bellwether Partners Australian Share Fund is available at www.bellwether.com.au or by contacting Bellwether on (03) 96610888. You should read the relevant IM and assess whether the information in it is appropriate for you, and consider talking to a financial adviser before making an investment decision. Past performance is no indication of future performance. Any information used in this publication that was taken from other sources is believed to be accurate at the time of publication. However, subject to any contrary provision in any applicable law, neither Bellwether Partners Limited nor any of its related parties, their employees or directors, provides any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it