



BELLWETHER PARTNERS LIMITED
OFFSHORE STRATEGIES FUND

Australian Equities
Long/Short Portfolio

Performance Report
February 2007

Portfolio Strategy	Australian Long/Short Equities
Fund Objective	To achieve a positive return over a rolling one-year period, primarily from taking long and short positions in listed Australian companies.
Investor Profile	Non-Australian resident investors only
Inception	12 July 2005
Domicile	Grand Cayman, Cayman Islands
Investment Advisor	Bellwether Partners Limited ASFL: 238460
Prime Broker/Custodian	Deutsche Bank AG, London Branch
Administrator	HSBC Institutional Trust Services (Asia) Limited
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Registered Office	P.O. Box 908 GT George Town Grand Cayman Cayman Islands

PORTFOLIO SUMMARY as at 28 February 2007

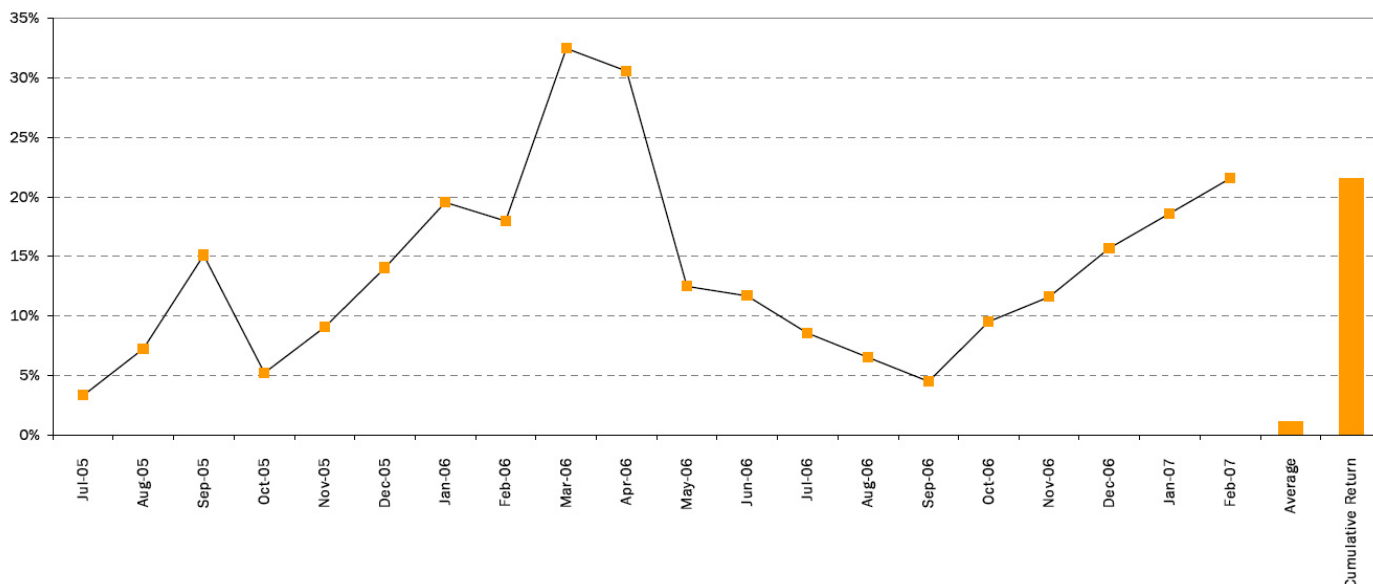
Gross NAV Unit Price	130.42
Monthly Return	2.48%
Return from Inception*	21.56%
Total Cash as % of NAV	9.43%
Total Long Positions	28
Total Short Positions	2
Gross Long Exposure	90.43%
Gross Short Exposure	-0.55%
Futures Exposure	-
Net Exposure	89.89%

* Compounded Return (geometric)

MONTHLY PERFORMANCE (After Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	2.53%	2.48%											5.01%
2006	4.79%	-1.31%	12.30%	-1.42%	-13.86%	-0.72%	-2.79%	-1.89%	-1.88%	4.80%	1.90%	3.67%	
2005	-	-	-	-	-	-	3.29%	3.80%	7.35%	-8.60%	3.66%	4.59%	

MONTHLY RETURNS (After Fees)





CONTRIBUTION TO TOTAL RETURN by Sector (GICS): February 2007



PERFORMANCE CONTRIBUTIONS

Top	Contribution (%)	Position
WOR	1.40%	Long
LEI	1.14%	Long
WOW	0.42%	Long
MTN	0.29%	Long
CSL	0.25%	Long

Bottom	Contribution (%)	Position
PTF	-0.53%	Long
GPT	-0.25%	Long
CAB	-0.21%	Long
TOL	-0.20%	Long
NXS	-0.18%	Long

OVERVIEW

The Australian equity market ended February in positive territory despite a shaky close on the last two trading days of the month as falls in global markets spooked retail and institutional investors alike. A\$34 billion of value was stripped in one day from what had previously been a big month, driven by the company reporting season.

The local sell off was triggered after the Dow Jones Industrials average posted its largest point decline since the September 11 attacks and China's Shanghai SE Composite Index had its biggest fall in a decade as the government warned it would clamp down on illegal share market investments amid concerns that valuations were stretched. Local investors reacted strongly on fears that the falls were a signal that the Chinese growth phenomenon was cooling.

The 1H07 profit reporting season was a key driver of early month gains, with overall results finishing well above market expectations. Industrials and Resources both posted increases (NPAT up 16% and 44% on pcp respectively), reflecting the continued benefit of higher commodity prices coupled with robust demand. Service based companies leveraged to the growth areas of the economy showed earnings strength, particularly in infrastructure, mining and financial services.

Over the month Consumer Staples (+6.3%), Telecommunications (+3.9%) and Materials (+3.7%) sectors outperformed while Utilities (-1.5%), Property Trusts (-0.5%) and Industrials (0.1%) lagged.

The Bellwether Partners Offshore Strategies Fund performed strongly in February, returning 2.48% (Gross), outperforming the market (0.86% above the S&P/ASX 300 index). This is a particularly pleasing result given the wider market sell down on the last two trading days of the month. The investment team limited losses effectively through analysis of anticipated reporting season results at the stock level. Within the portfolio, Bellwether held 5 of the 10 best performing stocks in the S&P/ASX 100 universe over the month; Leighton Holdings, Worley Parsons, Woolworths, Computershare and CSL Limited.

OUTLOOK

We expect the market to be unsettled in the early part of March as investors digest the 'reality check' of late February and wait for either a bounce or evidence of a sustained correction. Bellwether views the losses as short term given the strength of reporting season results and earnings forecasts into 2008. Nevertheless, we anticipate some movement into defensive sectors during the month and expect the M&A and speculative gains of recent months to cool as investors seek quality companies with solid businesses and reliable and growing earnings streams.

The health of the US economy continues to be a major theme into 2Q 07; if US growth falters and trends into a recession, the knock-on effect will be felt through local commodity prices and may trigger a longer term correction. Depending on the performance of global equities, the outlook for March may be interesting as March traditionally has been a high volume month in terms of value and number of trades. In addition, March is also one of the big months for cash inflows as dividends are reinvested.

A number of large buyback schemes currently underway and attractive superannuation rules are also expected to see funds available to the equities market in coming months.

Increased market volatility as exhibited at the end of February is not unusual in equity markets from time to time and serves as a useful reminder for investors to have a well structured and risk managed investment strategy.



TOP PERFORMERS

(1) Worley Parsons Limited +1.40% (WOR)

Worley Parsons' share price rose 28.4% during February; in addition the energy company paid a 28c dividend entitlement. A 53% rise in half year profit combined with the announced acquisition of the Colt Companies in Canada generated a strong appetite for WOR within the market. The company is emerging as a global player in the energy drilling and development sector, where strong profit growth is expected for some years to come. WOR has climbed steadily in our Q1 model in recent months and is well within the first quartile of ranked stocks.

(2) Leighton Holdings Limited +1.14% (LEI)

Leighton Holdings surprised the market with its strong 2H06 result during the month, prompting a 41.4% jump in the project development and contracting group's share price. Speculation of a joint Macquarie/Leighton takeover offer for Alinta Ltd also strengthened LEI although management has refused to confirm that talks are taking place. Leighton's order book rose to \$20.1bn compared to \$16.0bn as at June 2006.

(3) Woolworths Limited +0.42% (WOW)

Woolworths gained 14.5% over the month after releasing a strong interim profit for the period ending 31 Dec 06 and upgrading guidance for FY07 NPAT to between 20 and 24%. WOW's strong management credentials and dynamic business plan are driving profit growth and provide an interesting contrast to the current performance of rival Coles Group (CGJ). Woolworths was one of the few stocks in the portfolio to hold its price level on February 28, a day when markets fell sharply.

BOTTOM PERFORMERS

(1) Patties Foods Limited -0.53% (PFL)

Recently listed Patties Foods was treated harshly by the market in February, losing 17.1% after announcing trading results for 2H06 that failed to meet earnings expectations. The owner of the Four'n'Twenty brand attributed the fall in their net profits to unseasonably warm weather at the close of 2006 and an unprecedented level of competitor discounting.

(2) GPT Group Limited -0.25% (GPT)

GPT Group dropped 7.7% in February, exhibiting a higher level of volatility than is expected from a leading property trust. Newsflow during the month was generally positive, with distribution growth due to reach their 4 to 5% target in coming years. Some brokers however reduced forward estimates to a lower level of sustainable earnings growth which dragged the share price downward. GPT was the highest ranking property stock in Bellwether's Quant model for February.

(3) Cabcharge Australia Limited -0.21% (CAB)

Cabcharge closed 0.3% up in February despite losing 9.5% over the last two trading days. The portfolio took a position in CAB intra month following a strong reporting result; their negative performance attributable to profit taking and the downward direction of the market at month end. CAB's 2H06 result included a strong profit outlook on higher valuations for the group's Westbus business. Cabcharge continues to rank well within the top 50 of Bellwether's Quant model.