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
Investment Advisor Contact	Level 9, 63 Exhibition Street Melbourne Victoria 3000 AUSTRALIA Phone: (+613) 9661 0888 Fax: (+613) 9661 0898 Email: mail@bellwether.com.au Website: www.bellwether.com.au
Registered Office	P.O. Box 908 GT George Town Grand Cayman Cayman Islands

BELLWETHER PARTNERS LIMITED

OFFSHORE STRATEGIES FUND

Australian Equities Long/Short Portfolio

Performance Report January 2007

PORTFOLIO SUMMARY as at 31 January 2007

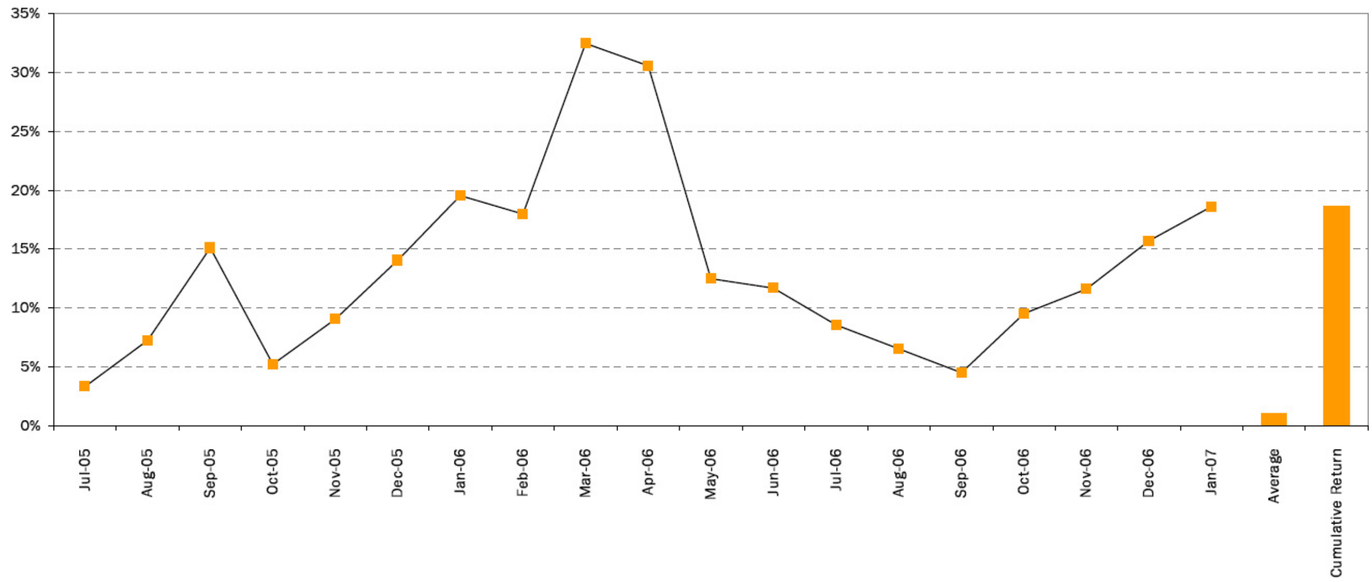
Gross NAV Unit Price	124.12
Monthly Return	2.53%
Return from Inception*	18.62%
Total Cash as % of NAV	2.38%
Total Long Positions	29
Total Short Positions	2
Gross Long Exposure	102%
Gross Short Exposure	3%
Futures Exposure	-
Net Exposure	99%

* Compounded Return (geometric)

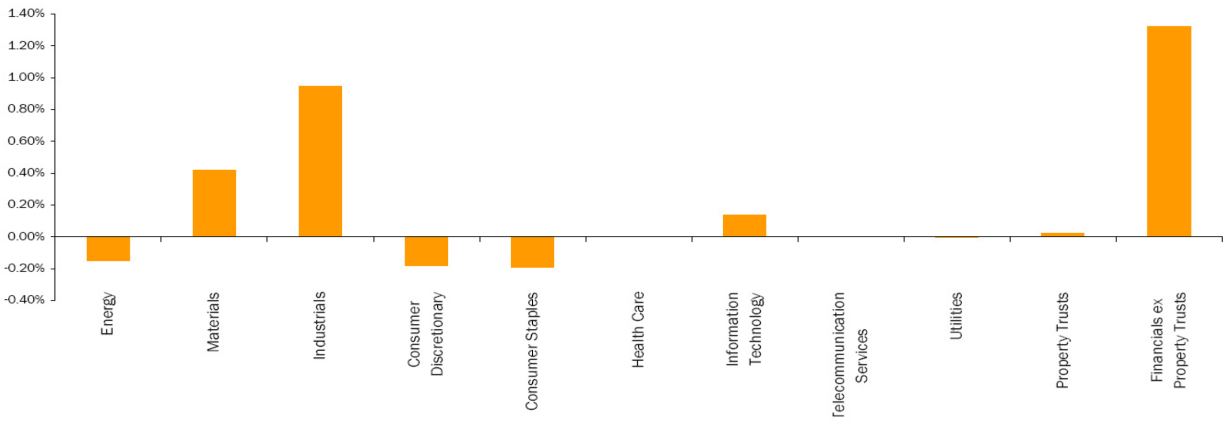
MONTHLY PERFORMANCE (After Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	2.53%												2.53%
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): January 2007



PERFORMANCE CONTRIBUTIONS

Top	Contribution (%)	Position
MTN	**0.55%**	**Long**
TOL	**0.47%**	**Long**
QBE	**0.33%**	**Long**
NWS	**0.29%**	**Long**
LEI	**0.24%**	**Long**

Bottom	Contribution (%)	Position
NCM	**-0.54%**	**Long**
PBL	**-0.38%**	**Long**
NXS	**-0.16%**	**Long**
ZFX	**-0.15%**	**Long**
JBH	**-0.09%**	**Long**

OVERVIEW

The Australian equity market again achieved record highs in January. Traditionally a seasonally strong period for the sharemarket, the month was dominated by volatility in base metals prices which continued to trend downward, negatively impacted by the reweighting of the Dow Jones AIG and Goldman Sachs commodity indices relative to the spot market. Nickel and zinc were hardest hit, experiencing significant price weakness as the market was surprised by the de-weightings of what had been among the strongest performing commodities over 2006.

Metals volatility drew investor focus in the early part of the month as institutional investors shorted commodities, leading to price falls across the Materials sector. Sentiment turned bullish mid-month generating a recovery in most resource stocks and wider gains that pushed the market to close with a solid result. Utilities (+6.3%), Information Technology (+3.2%) and Industrials (+2.5%) outperformed while Energy (-3.0%), Materials (-1.7%) and Consumer Staples (-1.7%) lagged.

M&A newsflow continues to underpin the market with notable activity being the rumoured takeover of CSR by a private fund, a third party approach to Multiplex and a planned merger of Symbion (SYB) and Primary Health Care (PRY), initiated as a defensive move by PRY.

Inflationary pressures eased in January while employment growth remained strong. The release of December quarter CPI figures during the month reinforced a growing belief in the market that the RBA would hold domestic interest rates steady for an extended period following last year's series of rate hikes. Oil prices declined in the first half of the month, only to recover in the latter half to end down approximately US$2.00/bbl for the month. Gold prices remained firm, buoyed by growing Asian demand and diversification of Central Bank reserves. The AUD fell from recent highs, ending the month at 77.3 cents.

The Bellwether Partners Offshore Strategies Fund returned 2.53%, outperforming the S&P/ASX 300 Accumulation index by 0.64%. Key positions in the materials sector suffered from commodity price swings early in the month, while stock specific factors and profit taking saw historically strong contributors such as PBL strip fund returns. A key detractor at month end was the Fund's holding in Newcrest Mining, which disappointed the market with its production results. Our highest ranking gold stock, the position stripped 54bps from performance at a time when gold was rallying, making the losses a double blow. An overweight exposure to Marathon Resources in the same sector (+58bps) mitigated these losses, leading to an overall return of 0.42% for Materials.

OUTLOOK

Into February we see the equity market gaining further stimulus from the upcoming reporting season. Given the record highs set in January and valuations that are starting to look stretched, the reporting season may fail to produce expected earnings upgrades; stocks which fall into this category may be punished by the market. More than any other period, stock specfic issues are key drivers during the reporting season.

The RBA held rates steady at its early February meeting as inflationary pressures continue to ease. We expect interest rate sensitive stocks to benefit, and investors move back into Consumer Discretionary.

Early in the month the US based metals trading hedge fund Red Kite reported a 30% loss arising from the commodities index re-weightings which further unsettled metals prices. We expect this instability to dampen commodities prices in the very short term, particularly zinc and copper. Given the non-fundamental trigger for the price slump we anticipate a recovery during the course of the month as the market resettles. Economic conditions in China remain supportive of solid global economic growth in 2007 and therefore positive in the longer term for commodities trade with Australian based resource companies.

TOP PERFORMERS

(1) Marathon Resources +0.55% (MTN)

Marathon continued its recent share price surge in January, rising 51.35% by month end. A favourable quarterly activities statement pushed the uranium miner higher mid month with the company stating that significant high grade deposits of uranium had been intersected in its WA Mt Gee deposit. The Fund's Long position in MTN is an outcome of rigorous qualitative assessment that has generated significant returns for the fund over the medium term.

(2) Toll Holdings +0.47% (TOL)

Toll Holdings hovered at record price levels in January, gaining 14.7% by month end as investors reacted favourably to a planned group demerger. Final approval by the ACCC will see the company split into separate infrastructure and services groups. TOL's ranking in our Quantitative model climbed in January, reinforcing what has been a long term and rewarding position for the Fund.

(3) QBE Insurance +0.33% (QBE)

QBE announced its acquisition of US Winterthur for US$1.7bn during the month, only weeks after securing US based financial group Praetorian. Investors reacted positively to the insurer's growth strategy, pushing the share price to a 6.8% gain at month end. Analyst forecasts for QBE are positive given buoyant conditions in the insurance sector and increasing earnings outlooks for FY 07 and FY08. The insurance group's ranking climbed dramatically in our Quant model over January.

BOTTOM PERFORMERS

(1) Newcrest Mining -0.54% (NCM)

Newcrest Mining's share price was slashed 20.7% by month end after the gold miner announced further production and reserve downgrades at its troubled Telfer mine. Analysts were stunned by the magnitude of the production guidance downgrade, from a target of 780,000 ounces of gold to 675,000-700,000 ounces for FY07. Newcrest chief executive Ian Smith also warned investors that a review of the Telfer reserve model could see the estimate of gold contained in the mine cut by between 1.6 million and 3.6 million ounces. The Fund exited its position in NCM intra month.

(2) Publishing and Broadcasting Limited -0.38% (PBL)

Publishing and Broadcasting Limited lost 8.1% in January on the back of tough local trading conditions; the television advertising market was down 1% and the revenue share of the Nine Network fell in the six months to December 2006. PBL's gaming arm generated speculation late in the month, the media giant emerging as a possible contender for the takeover of Tabcorp. Despite a poor January, PBL has been a good performer for the Fund to date. The fund continues to hold an overweight position in ancipation of a recovery in February.

(3) Nexus Energy Limited -0.16% (NXS)

Nexus Energy closed -3.53% lower at month end. Oil prices (WTI) declined 4.4% over the month in an otherwise quiet month for the stock as investors awaited the results from the NXS Crux 2 appraisal well.