



BELLWETHER PARTNERS LIMITED
OFFSHORE STRATEGIES FUND

Australian Equities
Long/Short Portfolio

Performance Report
March 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
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

PORTFOLIO SUMMARY as at 31 March 2007

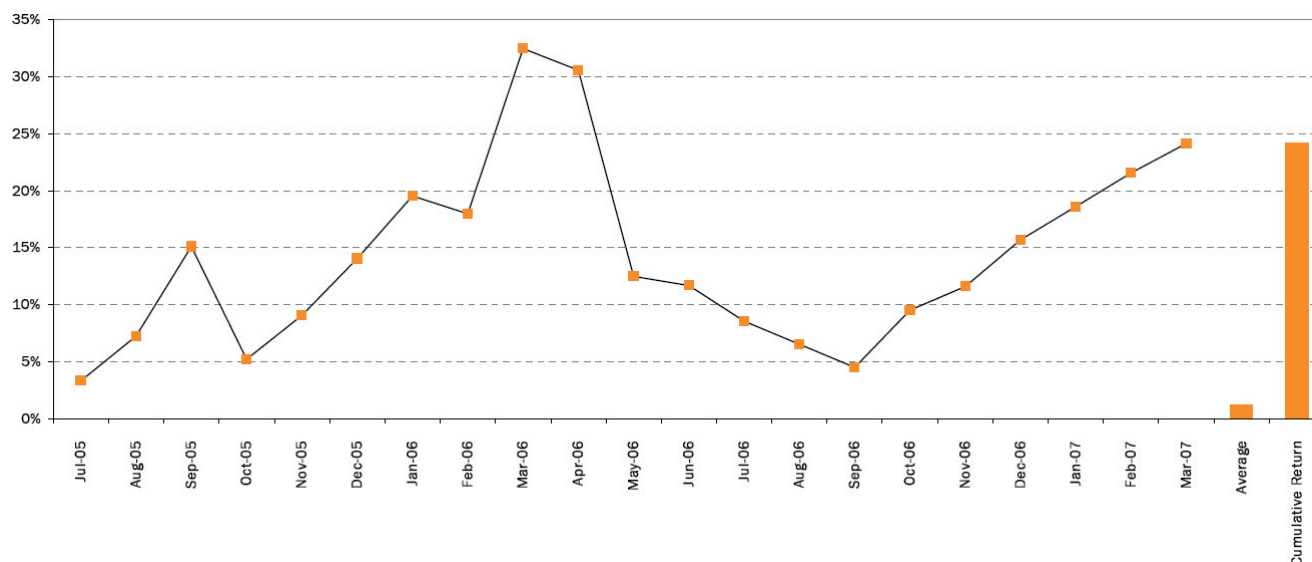
Gross NAV Unit Price	133.18
Monthly Return	2.11%
Return from Inception*	24.13%
Total Cash as % of NAV	0.16%
Total Long Positions	33
Total Short Positions	2
Gross Long Exposure	105.02%
Gross Short Exposure	-5.78%
Futures Exposure	-
Net Exposure	99.23%

* Compounded Return (geometric)

MONTHLY PERFORMANCE (After Fees)

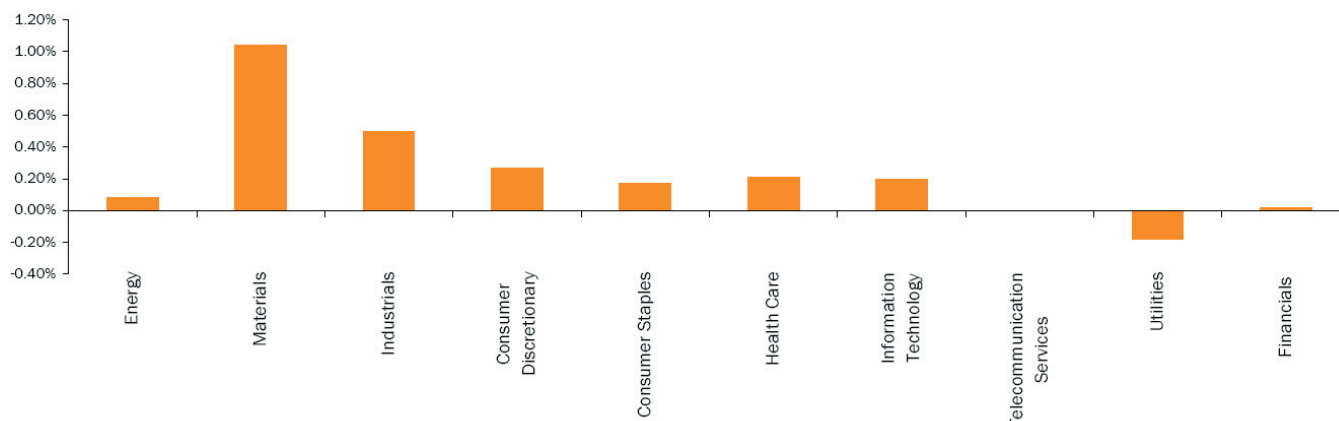
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	2.53%	2.48%	2.11%										7.12%
2006	4.79%	-1.31%	12.30%	-1.42%	-13.86%	-0.72%	-2.79%	-1.89%	-1.88%	4.80%	1.90%	3.67%	
2005	-	-	-	-	-	-	3.29%	3.80%	7.35%	-8.60%	3.66%	4.59%	

MONTHLY RETURNS (After Fees)





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



PERFORMANCE CONTRIBUTIONS

Top	Contribution (%)	Position
BHP	0.79%	Long
WBC	0.27%	Long
JBM	0.24%	Long
CSL	0.20%	Long
CPU	0.19%	Long

Bottom	Contribution (%)	Position
SGP	-0.21%	Long
BBI	-0.17%	Long
JHX	-0.15%	Long/Short
GPT	-0.12%	Long
ORG	-0.11%	Long

OVERVIEW

The Australian equity market opened erratically in March with the continuation of the sell off experienced at the end of February. Good performers from February's reporting season suffered through profit taking early in the month, while gold failed to play its usual role as a market haven as large funds liquidated their positions. Uncertainty around the health of the US economy and volatility in global markets drove the correction, amplified by the market's shift in focus away from reporting season results. The market recovered mid month to close in positive territory, although signs of volatility and erratic trading appear likely to persist into April.

Traditional high risk sectors (Information Technology +11.3% and Materials +6.3%) performed strongly in March, driven by continuously buoyant mining stocks. Increasing speculation of a domestic interest rate rise flooded the market, placing downward pressure on traditionally defensive sectors (Property Trusts -4.0%, Financials +0.7% and Utilities +1.8%). A revision to media ownership laws late in the month saw extensive gains (Consumer Discretionary +4.4%) throughout the media sub sector on the last trading day of the month.

The Bellwether Partners Offshore Strategies Fund posted a solid absolute return of 2.11% in March. In response to early month volatility, the team adopted a defensive but fully invested position. Despite our positive view on the market its extreme volatility demanded protective positioning, particularly given the constrained nature of the portfolio relative. Internal historical analysis confirmed that high risk sectors (ie Materials) trend toward underperformance in negative months; it was therefore deemed imprudent to increase the Fund's exposure to these stocks. Conversely, our analysis revealed that Financials outperform in negative markets and for that reason the team increased the Fund's tilt toward financials.

The team are confident that the portfolio was managed responsibly and in accordance with Bellwether's disciplined process through this period of market uncertainty with a view to limiting risk exposure and preserving capital.

OUTLOOK

Market expectations of a domestic interest rate rise were elevated heading into the Reserve Bank's April meeting, despite the central bank's historical reluctance to move rates during an election year. The RBA surprised the market by leaving rates untouched, but increasing inflationary signals indicate that a rate rise is possible in 2007.

The economic outlook is clouded by conflicting signals; the A\$ is hitting decade highs which is likely to reduce inflationary pressures through increased import activity. On the other hand, rising petrol prices are likely to mitigate any benefits. An interest rate rise is likely to have a net negative effect on the economy and financial markets.

Inflationary fears can have the effect of dampening the performance of defensive, yield based stocks, while often being a positive driver for commodity based stocks; we remain however aware that any escalation of the Sub-Prime mortgage problems in the US could lead to widespread selling in commodities and commodity related stocks and provide for opportunistic shorts.

We see no immediate signs of this type of downturn with the Materials sector continuing to perform strongly in March. The China/India demand story has been strong enough for the market to ignore issues arising from the US to date, assisted by the positive influence of European economic strength.

Fund strategy has been somewhat neutralised in the face of market volatility; we continue to focus on stock specific factors, beginning with those companies which rank well within the Q1 universe and demonstrate strong fundamental valuations.



TOP PERFORMERS

(1) BHP Billiton Limited +0.79% (BHP)

BHP Billiton rose 10.2% over March on the back of increasing confidence in the outlook for iron ore and the announcement of approved expansion in the Pilbara. The mining giant also completed its A\$43.5m off-market buyback during the month; due to strong demand a scale back of tenders was required. The fund increased its exposure to BHP intra month after deweighting in late February triggered by volatile trading conditions.

(2) Westpac Banking Corporation +0.27% (WBC)

Westpac gained 3.49% by month end despite downward pressures in the defensive sectors of the market. A long term holding for the fund, Westpac is ranked within the top quartile of our Quant model and is exhibiting a strong turnaround score. WBC registered a rise in customer satisfaction over the three months to February, up 1.8% to 69.8% while market leader ANZ's consumer satisfaction levels remained flat.

(3) Jubilee Mines NL +0.24% (JBM)

Jubilee Mines rose 6.8% in March as M&A activity drove commodity producers higher across the sector following the announcement of Xstrata's US\$4b takeover offer for LionOre. A consistently strong nickel price also generated strong gains for Jubilee. The Fund purchased JBM early in the month, capturing gains before significantly deweighting at month end, given Jubilee's linkage with the port of Esperance in WA. Evidence of lead and nickel deposits in the town's water supply generated negative news flow for the miner, which export predominantly out of Esperance's Port. The Fund moved into MRE as preferred exposure to nickel.

BOTTOM PERFORMERS

(1) Stockland -0.18% (SGP)

Stockland Group also fell in March, dragged down 5.56% by sectoral under performance despite positive newsflow late in the month. Stockland's takeover offer received overwhelming approval of UK based Halladale Group's shareholders during March, the first acquisition of SGP's offshore expansion strategy. The Fund deweighted its position early in the month on market expectation of an interest rate rise in either April or May, making dividend yields of the housing developer less attractive.

(2) Babcock & Brown Infrastructure Group -0.17% (BBI)

Babcock and Brown Infrastructure declined 4.9%, closing lower after the completion of a placement to institutional investors at a discounted price. Proceeds of the issue will be used partly for a US\$2.2 billion acquisition of NorthWestern energy in the US. BBI is a Qualitative addition to the Fund's portfolio and our preferred exposure to the utilities sector.

(3) James Hardie Industries N.V -0.15% (JHX)

James Hardie fell 12.2% over the month as concerns over an economic slowdown in the US generated by weak housing data weighed particularly heavily on Australia construction firms with exposure to US markets. Also contributing to the share price slump were 10-year highs reached by the Australian dollar intra month, sparking fears for offshore earnings as the relative value of Australian imports decreases. The Fund switched from a Long holding to Short JHX intra month on signals of increasingly negative investor sentiment.