

**Key Facts**

<b>Portfolio Strategy</b>	Australian Long/Short Equities
<b>Fund Objective</b>	To achieve a positive return over a rolling one year period, from taking long and short positions in listed Australian companies.
<b>Investor Profile</b>	<b>Non Australian resident investors only</b>
<b>Inception</b>	12 July 2005
<b>Domicile</b>	Grand Cayman, Cayman Islands
<b>Investment Advisor</b>	Bellwether Partners Limited AFSL: 238460
<b>Prime Broker/Custodian</b>	Deutsche Bank AG, London
<b>Administrator</b>	Kingsway Taitz Fund Administration Pty Ltd
<b>Investment Advisor Contact</b>	Level 9, 63 Exhibition Street Melbourne Vic 3000 Australia Phone: 61 3 96610888 Fax: 61 3 96610898 Email: mail@bellwether.com.au Website: www.bellwether.com.au
<b>Registered Office</b>	P.O. Box 908 GT, George Town, Grand Cayman, Cayman Islands

**BELLWETHER PARTNERS LIMITED**  
**Offshore Strategies Fund**

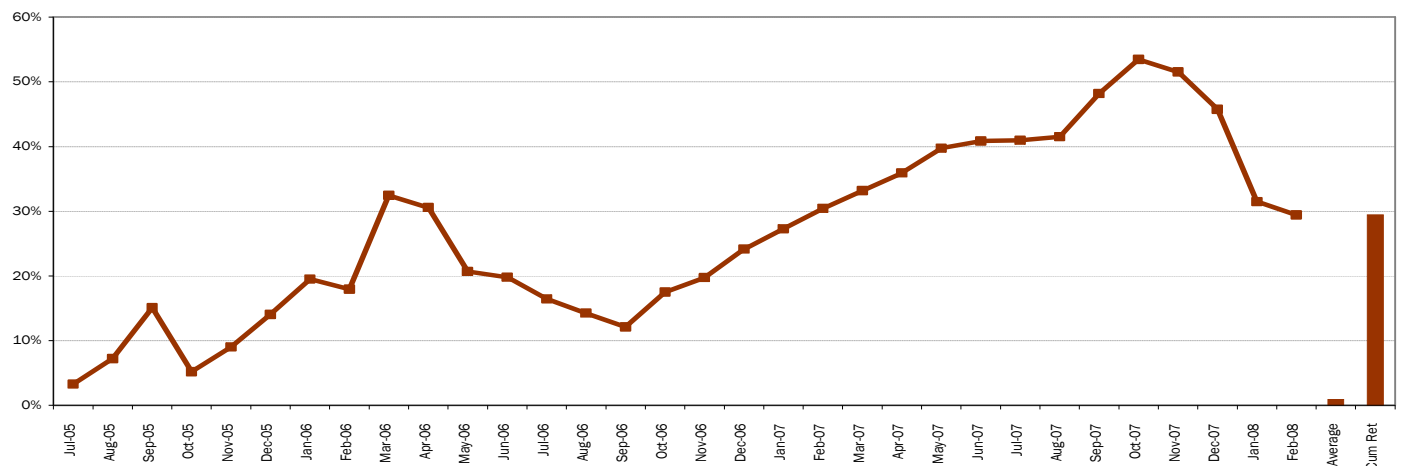
# Australian Equities Long/Short Portfolio

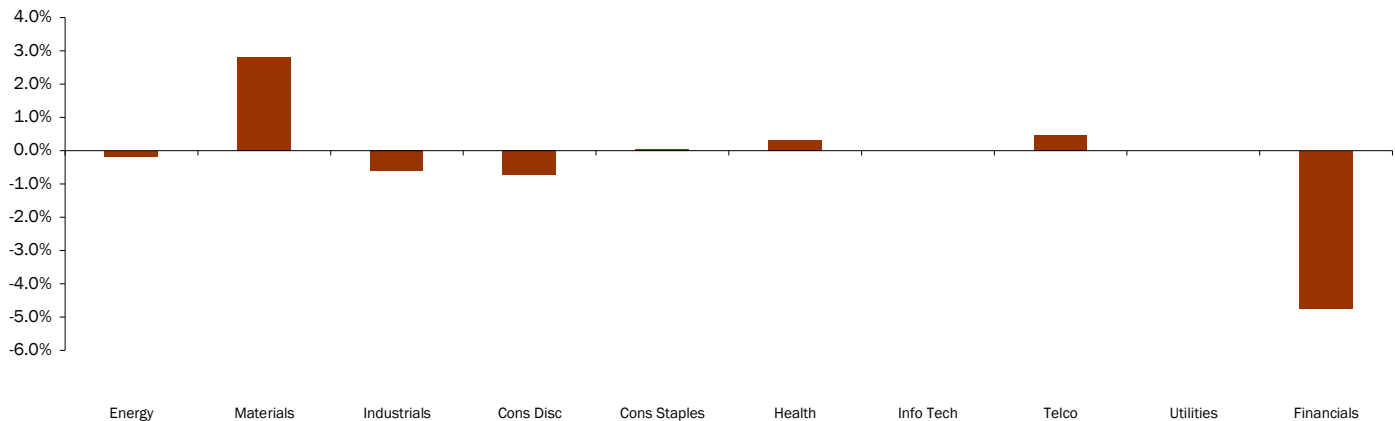
**Performance Report: February 2008**
**Portfolio Summary: 29 February 2008**

<b>Gross NAV Unit Price</b>	128.73
<b>Monthly Return</b>	-1.56%
<b>Return from Inception</b>	29.19%
<b>Total Cash as % of NAV</b>	7.10%
<b>Total Long Positions</b>	29
<b>Total Short Positions</b>	-
<b>Gross Long Exposure</b>	92.91%
<b>Gross Short Exposure</b>	-
<b>Futures Exposure</b>	-
<b>Net Exposure</b>	92.91%

**Monthly Performance (After Fees)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2008</b>	-9.78%	-1.56%										
<b>2007</b>	2.53%	2.48%	2.11%	2.05%	2.80%	0.80%	0.09%	0.39%	4.70%	3.58%	-1.26%	-3.83%
<b>2006</b>	4.79%	-1.31%	12.30%	-1.42%	-7.58%	-0.72%	-2.79%	-1.89%	-1.88%	4.80%	1.90%	3.67%
<b>2005</b>							3.29%	3.80%	7.35%	-8.60%	3.66%	4.59%

**Monthly Returns (After Fees)**


**Contribution to Total Return by GICS Sector: February 2008****Overview**

February was dominated by two themes; company reporting season and continued market volatility. The S&P/ASX300 Accumulation Index finished the month only slightly lower (falling by 0.7%) but this hid an unusual amount of market volatility. For example, there were five days in February 2008 (out of 21 trading days) where the absolute change in the S&P/ASX300 index was greater than 2%. Historically, this is a high number. In 2007 there was only one day in February when the absolute change in this index was greater than 2%, and in February 2006 there were none. It is a reflection of the volatility being experienced in the markets at the moment that a daily movement of 1% is considered run of the mill. The Financials Sector is bearing the impact of this volatility more than the other sectors; the financials component of the S&P/ASX300 was down 11.8% for the month, and there were eleven days in the month where the absolute change in the financials index was greater than 2%.

Reporting season was generally strong for the industrial stocks with Net Profit After Tax (NPAT) increasing by over 10% on average; however, the season was weaker for the resource stocks with NPAT falling by around 3% on average. The results generated were stronger than expected despite the currently downcast market sentiment.

On the economic front, the Reserve Bank of Australia (RBA) increased official interest rates by another 0.25% to bring the cash rate up to 7.00%. This was the third increase in rates since August 2007. The RBA was rather hawkish in its statement suggesting additional rate rises may be necessary to bring inflation back to within its 2% to 3% target band. The unemployment rate in February fell to a

33 year low of just 4.1%, while wages growth came in at 4.2%, which is a pretty good outcome considering the sustained period of very high employment. The Australian dollar finished the month at a high of 93.06 US cents, well above its January closing value of 89.58 US cents; although this strong rise is more about the US dollar falling than the Australian dollar rising.

The Bellwether Offshore Strategies Fund lost 1.56% in February. While this performance is disappointing, the long term (and more important) performance of the Fund is still very encouraging and we expect this long term good performance to continue into the future.

**Outlook**

Our outlook for the market remains similar to the one we had in January, with the volatility in global markets remaining a key theme for coming months. Negative factors for the market are the slowing US economy, a strong Australian dollar, decreased access to credit and the continued fallout from the subprime debacle that still dominates news flow out of the US. On the positive side, the pullback in the market has now moved many stocks into very good value territory indeed, and we anticipate taking advantage of this as sentiment improves by increasing our holding in selected stocks and sectors. Caution, of course, is warranted at all times and the continued uncertainty and volatility suggests a defensive stance is appropriate until we judge conditions have sufficiently improved.

**Top 5 Performance Contributors**

	Contribution (%)	Position
BHP	0.95	Long
RIO	0.70	Long
LGL	0.48	Long
TLSCA	0.45	Long
OXR	0.45	Long

**Top 5 Performance Detractors**

	Contribution (%)	Position
NAB	-1.13	Long
QBE	-0.76	Long
ANZ	-0.73	Long
WBC	-0.72	Long
JBH	-0.57	Long

**Positive Contributors**
**BHP Billiton Limited (BHP)**

**Portfolio Contribution** +0.95%

The BHP Billiton share price was up 6.8% in February. The big news item for BHP during the month was the formal offer by BHP for all of the shares in its rival, RIO Tinto. BHP are offering 3.4 BHP shares for every one RIO share. This represents a 45% premium to the RIO share price before the approach was made. The market has greeted the offer with warm enthusiasm, after having to wait for the offer to be made after a long period of anticipation.

**RIO Tinto Limited (RIO)**

**Portfolio Contribution** +0.70%

The RIO Tinto share price rose by 11.4% during February. As would be expected for a company of its size, there was a substantial amount of news flow for RIO during the month, but the most important item for the company was the announcement of the details of the attempted BHP takeover of the company.

**Lihir Gold Limited (LGL)**

**Portfolio Contribution** +0.48%

The Lihir Gold share price rose by nearly 17% in the month of February. This was a very good performance when the broader market was negative. Lihir released its full year report towards the end of the month and this was well received. The strong gold price was a driver for the good results. This is the second month in a row where Lihir has been a top three performer for the Fund.

**Negative Contributors**
**National Australia Bank Limited (NAB)**

**Portfolio Contribution** -1.13%

National Australia Bank had a very ordinary February with its share price falling by 16.6% during the month. This fall was largely in line with that experienced by the financial stocks in general. The fallout from the US subprime market and its impacts on credit availability continued to be felt by the domestic financial institutions. NAB had its Annual General Meeting in February.

**QBE Insurance Group Limited (QBE)**

**Portfolio Contribution** -0.76%

The QBE share price fell by 18.8% in February. QBE reported its full year results to December 2007 late in the month, and unfortunately these were not taken very well by the market despite NPAT increasing by 30%, the insurance profit increasing by 27% and earnings per share increasing by 25%. We are strong believers in the strength of the insurance operations conducted by QBE and we consider the stock a "core" holding in the Fund.

**ANZ Banking Group Limited (ANZ)**

**Portfolio Contribution** -0.73%

The ANZ share price fell by 15.4% in February; a fall that was very similar to that experienced by National Australia Bank. The conditions faced by ANZ were also very similar to those faced by NAB. Early in the month, ANZ announced it would be increasing the interest rate on its variable rate mortgage products by 0.25%, following the lift in official interest rates by the RBA.