

Key Facts

Portfolio Strategy	Australian Long/Short Equities
Fund Objective	To achieve a positive return over a rolling one year period, 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 AFSL: 238460
Prime Broker/Custodian	Deutsche Bank AG, London
Administrator	Kingsway Taitz Fund Administration Pty Ltd
Investment Advisor Contact	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
Registered Office	P.O. Box 908 GT, George Town, Grand Cayman, Cayman Islands

BELLWETHER PARTNERS LIMITED
Offshore Strategies Fund

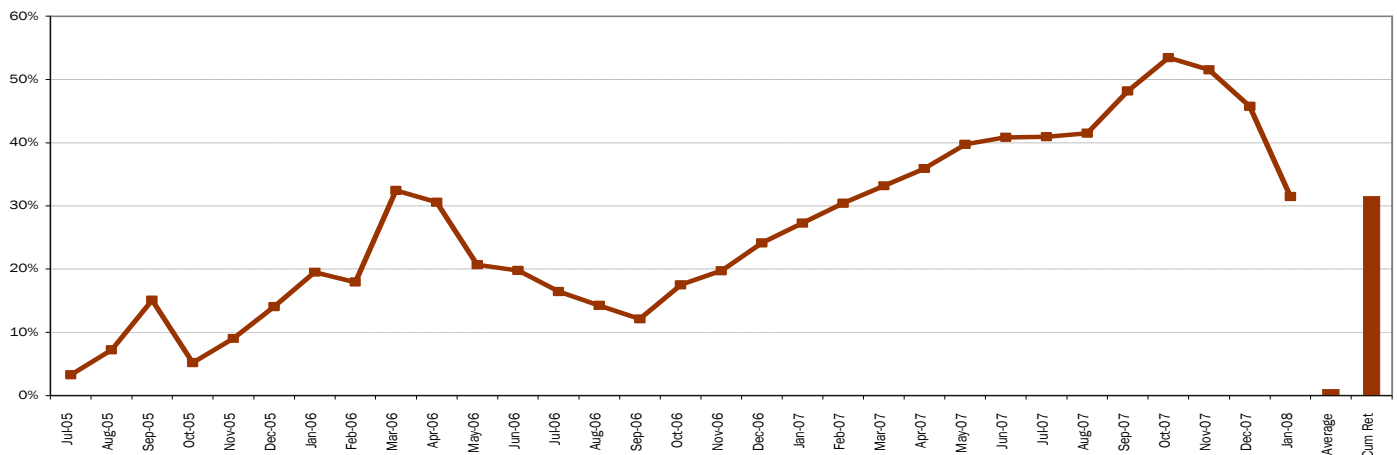
Australian Equities Long/Short Portfolio

Performance Report: January 2008
Portfolio Summary: 31 January 2008

Gross NAV Unit Price	130.75
Monthly Return	-9.78%
Return from Inception	31.24%
Total Cash as % of NAV	3.37%
Total Long Positions	30
Total Short Positions	-
Gross Long Exposure	96.63%
Gross Short Exposure	-
Futures Exposure	-
Net Exposure	96.63%

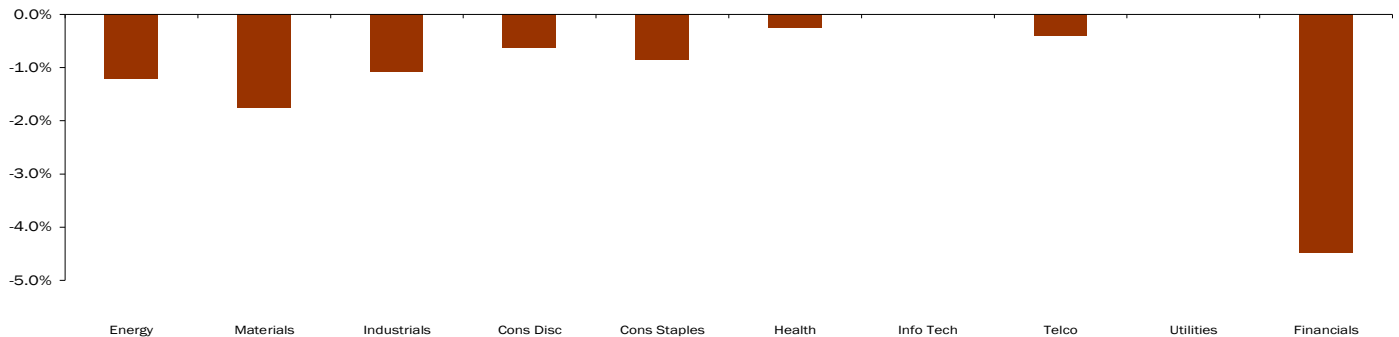
Monthly Performance (After Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	-9.78%											
2007	2.53%	2.48%	2.11%	2.05%	2.80%	0.80%	0.09%	0.39%	4.70%	3.58%	-1.26%	-3.83%
2006	4.79%	-1.31%	12.30%	-1.42%	-7.58%	-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 GICS Sector: January 2008



Overview

January was a bleak month for the Australian stock market, as it was for global markets in general. The S&P/ASX300 Accumulation Index lost 11.00% of its value by the end of the month. Midway through the month, the Australian market had a 12 day losing streak, its worst run since January 1982. Both day to day and intraday volatility were unusually high during the month. At one point, on 22 January, the index was down 18.30% month to date, after falling an amazing 7.12% on the day. The big fall in January caps off a dismal 3 months for the Australian market with falls of 2.64% in December and 2.89% in November.

The key driver for all of this negative performance is the increasing likelihood of a US recession during 2008. These recessionary fears, in turn, are driven by the subprime meltdown in the US. This has immediate implications for consumer spending and financial institutions directly exposed to this segment of the home loan market, and indirect implications for all other sectors in the economy. The US troubles led to the US Federal Reserve implementing an “emergency” interest rate cut of 75bp in between meetings of the FOMC, before cutting another 50bp the week after as part of a scheduled FOMC meeting. Cutting official interest rates by 1.25% in the space of one week is a pretty good indicator that the US Federal Reserve considers circumstances to be potentially grave. The cash rate in the US is currently a stimulating 3.0%.

Global market sentiment was already negative when the news of another rogue trader, this time at Societe General in France, allegedly committed the largest corporate fraud in financial history. This only added another shade of grey to the gloomy conditions. In terms of the Australian market,

the Property and Financial sectors were the worst performers for the month, while Healthcare was the best, but even this sector was down over 5% for the month.

The Bellwether Offshore Strategies Fund (OSF) reported a loss of 9.78% in January. Given the brutal conditions experienced in the month this was a good outcome and represents an outperformance of 1.22% above the S&P/ASX300 Accumulation Index. This is a clear indicator of the quality of the Bellwether research and investment process. The portfolio is well placed to ride through the current turbulence due to a defensive stance taken with an overweighting to the healthcare sector and a reduction in exposure to the property stocks. We of course maintain our conviction that our portfolio is well balanced and will continue to perform well relative to the market.

Outlook

The Bellwether team believe the fundamentals for the Australian economy and the Australian market are still strong. Data on retail sales, employment and building approvals released during January all suggest the economy is strong. On the downside, recent consumer price inflation is at a level that suggests more interest rate rises are necessary. The recent price correction has pushed the stock market into better value territory using the commonly used price to earnings ratio. There are risks on the other hand of course, and these encompass issues such as the cost and availability of credit, the fallout from a slowing US economy and the impacts of a rising Australian dollar, especially if the domestic interest rate rises continue.

Top 5 Performance Contributors

	Contribution (%)	Position
LGL	0.07%	Long
NUF	0.07%	Long
CMJ	0.03%	Long
DJS	0.01%	Long
SGP	-0.02%	Long

Top 5 Performance Detractors

	Contribution (%)	Position
WOR	-1.09%	Long
BHP	-0.93%	Long
WOW	-0.86%	Long
QBE	-0.69%	Long
WBC	-0.64%	Long

Positive Contributors
Lihir Gold Limited (LGL)

Portfolio Contribution +0.07%

Despite the negative market conditions in January, the Lihir Gold share price had a positive move yielding a 3.0% return for the month. This was a very good performance and was due to some positive news flow for the stock, which included the reopening of the Lihir Ballart Gold Mine and the release of their Fourth Quarter Production Report which showed a record level of gold production for the quarter.

Nufarm Limited (NUF)

Portfolio Contribution +0.07%

Nufarm had an even better January than Lihir, with its share price increasing by 5.2% over the month. Apart from some explanatory details concerning a recent acquisition in Brazil, there was no major news flow for the stock however. It would seem that no news was good news in January.

Consolidated Media Holdings Limited (CMJ)

Portfolio Contribution +0.03%

The Consolidated Media Holdings share price rose by 6.2% in January. This positive performance was due to a takeover proposal from a consortium including a major shareholder of Consolidated Media, Consolidated Press Holdings, and Illyria, the private company of James Murdoch.

Negative Contributors
WorleyParsons Limited (WOR)

Portfolio Contribution -1.09%

January was not a good month for WorleyParsons with its share price falling by 24.5%. This was despite some positive news for the stock with the announcements being made of two new services contracts being awarded. WorleyParsons has been a phenomenal performer for the Fund over the past few years and we believe the stock will continue to perform well going forward.

BHP Billiton Limited (BHP)

Portfolio Contribution -0.93%

The BHP Billiton share price fell 7.7% in January, and while in isolation this sounds like a large fall, the BHP share price actually outperformed the broader market by a comfortable 3.3% over the month. Being a very large company, there was a lot of news flow for BHP during the month.

Woolworths Limited (WOW)

Portfolio Contribution -0.86%

The Woolworths share price fell 15.3% during the month. In terms of overall consumer exposure we believe the fund is well balanced with Woolworths capturing one end of the retailing spectrum and David Jones capturing the other end. We have a strong conviction in Woolworths and we are comfortable with our current exposure.