

BELLWETHER PARTNERS LIMITED
Offshore Strategies Fund

Australian Equities Long/Short Portfolio

Performance Report: September 2007
Key Facts

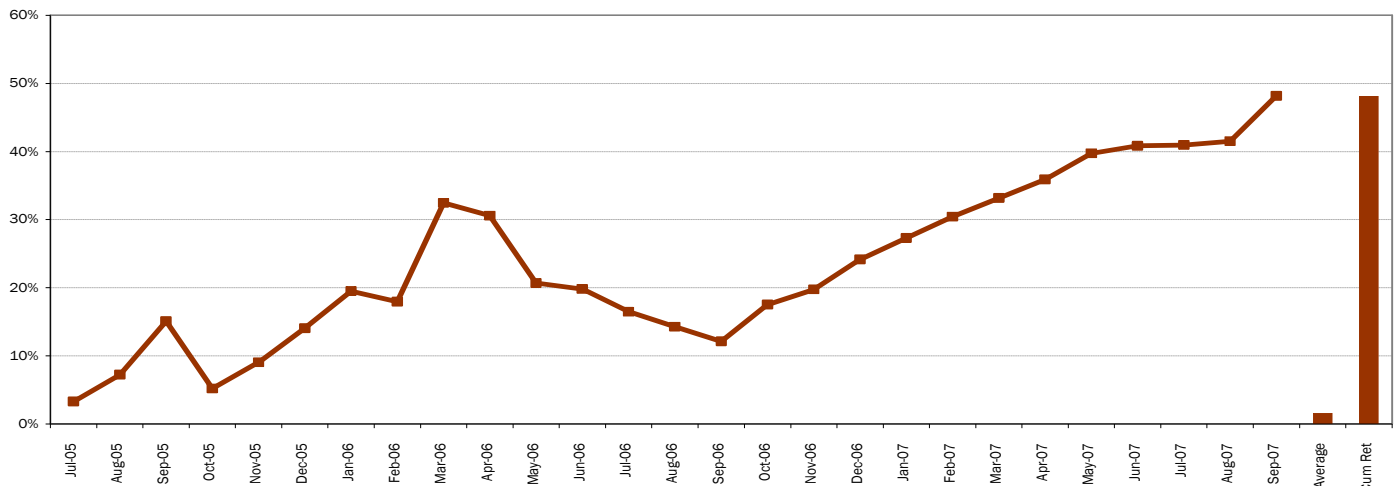
Portfolio Strategy	Australian Long/Short Equities
Fund Objective	To achieve a positive return over a rolling one year period, from taking long and short positions in listed Australian companies.
Investor Profile	Non Australian resident investors only
Inception	12 July 2005
Domicile	Grand Cayman, Cayman 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

Portfolio Summary: 28 September 2007

Gross NAV Unit Price	148.26
Monthly Return	4.70%
Return from Inception	48.16%
Total Cash as % of NAV	1.95%
Total Long Positions	29
Total Short Positions	-
Gross Long Exposure	98.05%
Gross Short Exposure	0.00%
Futures Exposure	-
Net Exposure	98.05%

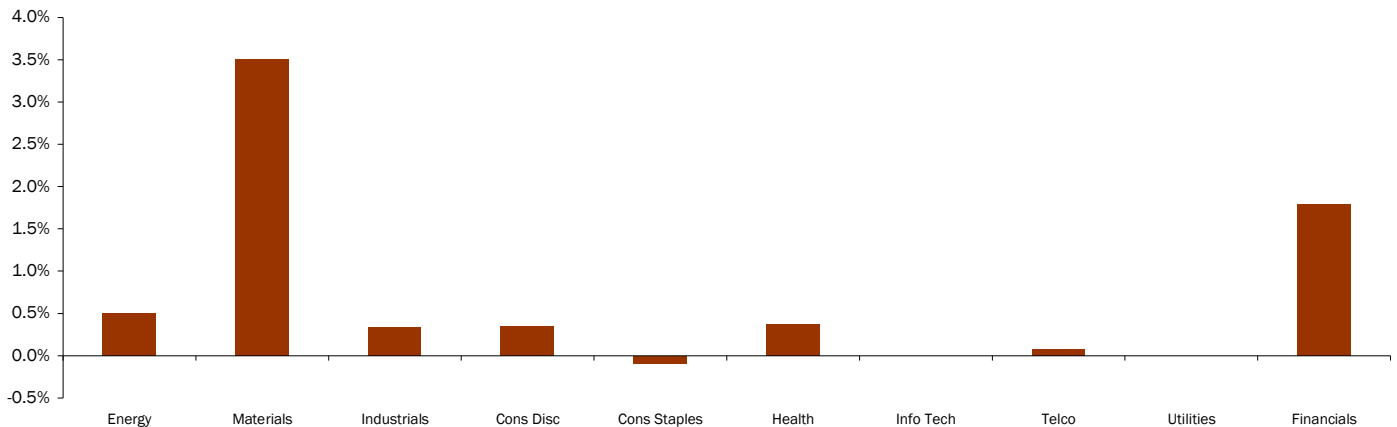
Monthly Performance (After Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	2.53%	2.48%	2.11%	2.05%	2.80%	0.80%	0.09%	0.39%	4.70%			
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: September 2007



Overview

The Australian equity market consolidated its strong recovery from the early August correction with another solid return in September. The market was up 5.6% for the month and has risen a very healthy 32.7% for the year to 30 September 2007. The August correction saw a fall of 15% from top to bottom and while corrections of that magnitude have been relatively common (there have been 12 in the past 16 years) it is the speed of the recovery that has been exceptional. The “normal” recovery time to the previous top has been around 3 to 5 months, but it took only 6 weeks to recover from the August setback. That resilience was supported by last month's solid profit reporting season and the recognition that Australian financial institutions have little subprime debt exposure. Australia's position in the growing Asian region and continuing strong cash flows also played a role.

While the reasons for the correction due to the subprime debt issues are not yet fully resolved, and there is still some uncertainty about the extent to which institutions will be affected, the strong leadership shown by the world central banks has calmed the market. In particular, the 0.50% cut in US interest rates by the Fed has buoyed investors. The outlook for the US economy suggests some slowing in growth although the majority of economists do not expect a recession. Asian economies remain strong which supports the Australian economy and stock market.

The Bellwether Offshore Strategies Fund returned 4.70% in September. The Fund's concentrated portfolio of high conviction stocks again showed the merits of the Bellwether process.

Outlook

How long can the good times last? As always there are clouds on the horizon but we believe the outlook remains very positive. The main concerns are the slowing US economy and the uncertainty concerning the sub-prime debt issues. However, the factors supporting further good gains from equities should not be forgotten. These include: strong corporate profits and abundant cash flow; “fair” valuations in historical terms; high investor confidence; and the world (and particularly Australia) not being as reliant on a strong US economy as has been the case in the past.

Top 5 Performance Contributors

	Contribution (%)	Position
BHP	2.06	Long
RIO	0.64	Long
LGL	0.54	Long
LEI	0.48	Long
MBL	0.47	Long

Top 5 Performance Detractors

	Contribution (%)	Position
PPX	-0.18	Long
AIX	-0.17	Long
QBE	-0.07	Long
TOL	-0.06	Long
TGR	-0.05	Long

Positive Contributors
BHP Billiton Limited (BHP)

Portfolio Contribution +2.06%

While the BHP “story” is now well known, investors are nevertheless becoming more comfortable with the idea that commodity markets are likely to remain strong for some time. The US is not as influential as it previously has been in these respects and with the strong growth now being experienced in Asia, further price rises are expected to occur in bulk commodities (coal) and there is also upside potential for copper and oil. Coupled with the major upgrade to ore reserves at Olympic Dam and the 0.50% reduction in US interest rates, the BHP share price appreciated by 16.8% during the month.

Rio Tinto Limited (RIO)

Portfolio Contribution +0.64%

Along with BHP, RIO also enjoyed an exceptionally strong September with a share price rise of 15.7%. The reasons were broadly the same as that for BHP with the exception of the Olympic Dam upgrade. Global commodity stocks performed well in September but the Australian leaders are outperforming, in part, because of their close geographic proximity to the growth opportunities in Asia. This is especially the case for China which continues to defy predictions of a slowdown in its rate of economic growth.

Lihir Gold Limited (LGL)

Portfolio Contribution +0.54%

Lihir also had an exceptionally strong month, with the share price gaining over 28%. LGL announced during the month that it has commenced trading on the Toronto Stock Exchange. The continued run up in the gold price is also a factor driving the share price up.

Negative Contributors
Paperlinx Limited (PPX)

Portfolio Contribution -0.18%

Paperlinx did not have a good month, with the share price losing over 10% during September. The stock did pay a dividend of six cents during the month, which explains part of the fall.

Australian Infrastructure Fund (AIX)

Portfolio Contribution -0.17%

AIX reached all time highs in late August and early September despite no real news flow on the stock. The decline of 7.1% over September still left the company up approximately 50% for the past year and 13% ahead of the index. We continue to view the company favourably, in particular because of its relatively lower risk profile due to its “clip the ticket” type business model. The Fund’s exposure to AIX was reduced during September however.

QBE Insurance Group (QBE)

Portfolio Contribution -0.07%

QBE declined a modest 1.4% in September after a 12 month rise of 39%. Defensive stocks were not favoured as much as cyclicals by investors as confidence improved following the August correction and the subsequent action taken by central banks to support markets and global economies. Speculation that QBE might be interested in acquiring IAG put some pressure on the price. Exposure to QBE has been reduced over the past quarter, locking in the 12 month gain.