



BELLWETHER PARTNERS LIMITED
OFFSHORE STRATEGIES FUND

Australian Equities
Long/Short Portfolio

Performance Report
April 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 30 April 2007

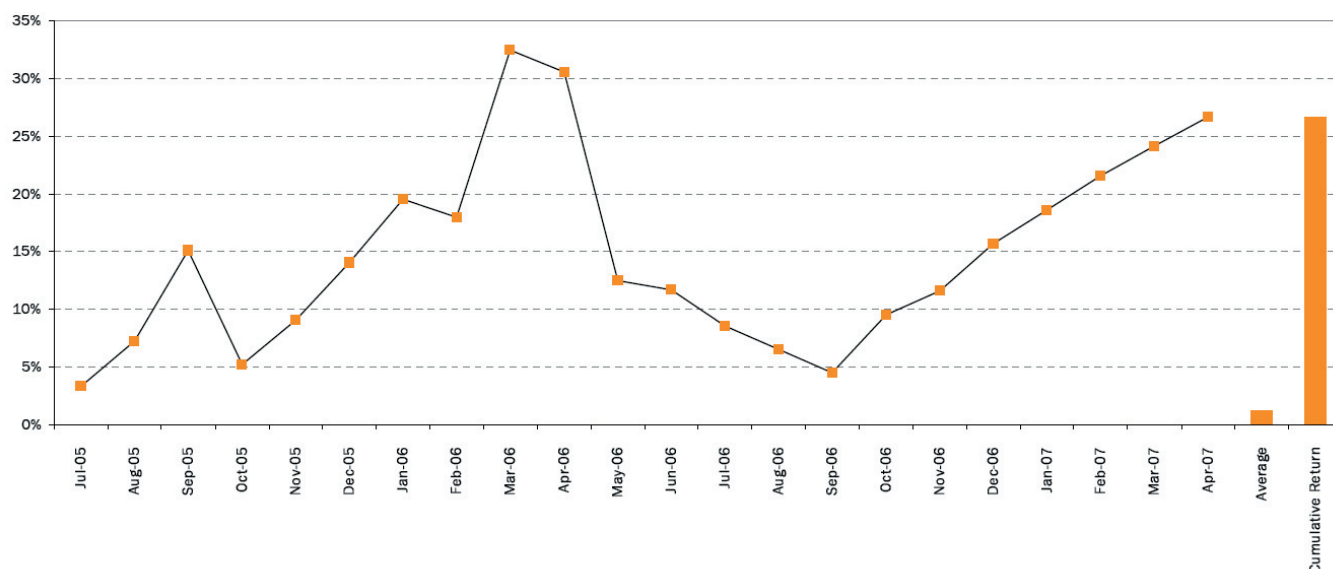
| | |
|-------------------------------|---------|
| Gross NAV Unit Price | 135.90 |
| Monthly Return | 2.04% |
| Return from Inception* | 26.66% |
| Total Cash as % of NAV | 26.73% |
| Total Long Positions | 32 |
| Total Short Positions | 4 |
| Gross Long Exposure | 103.98% |
| Gross Short Exposure | -3.98% |
| Futures Exposure | - |
| Net Exposure | 100% |

* Compounded Return (geometric)

MONTHLY PERFORMANCE (After Fees)

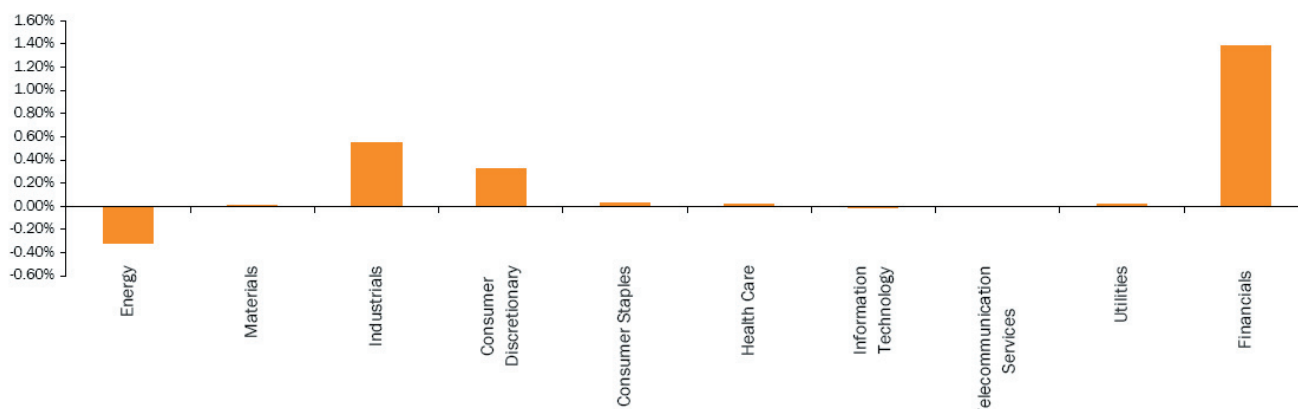
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------|-------|--------|--------|--------|---------|--------|--------|--------|--------|--------|-------|-------|-------|
| 2007 | 2.53% | 2.48% | 2.11% | 2.04% | | | | | | | | | 9.15% |
| 2006 | 4.79% | -1.31% | 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): April 2007



PERFORMANCE CONTRIBUTIONS

| Top | Contribution (%) | Position |
|------------|------------------|-------------|
| NAB | 0.53% | Long |
| MTN | 0.27% | Long |
| SGP | 0.26% | Long |
| ANZ | 0.19% | Long |
| JBH | 0.18% | Long |

| Bottom | Contribution (%) | Position |
|------------|------------------|--------------|
| JHX | -0.27% | Short |
| ERA | -0.23% | Long |
| CPU | -0.12% | Long |
| BHP | -0.09% | Long |
| MCG | -0.09% | Long |

OVERVIEW

The Australian share market was again buoyant in April, driven by a stronger than expected US reporting season and the Reserve Bank's decision not to raise domestic interest rates early in the month. A degree of uncertainty was evident throughout the month with investors cautious ahead of the March quarter CPI announcement. Once the CPI result was delivered, benign inflation data generated a spike in markets before profit-takers moved in, stripping value from Banks and the Materials sector.

Market focus moved away from interest rate concerns in April as inflationary pressures subsided, settling instead on the continued appreciation of the \$A. The local currency pushed above the 83 cent level during the month, setting a 17 year high. Investors became increasingly concerned that the currency is impacting on equity returns, particularly for those companies with offshore earnings exposure. This did however create a market for opportunistic shorting.

Domestic economic signals during the month were strong, with February retail sales and building approvals showing increases well in excess of expectations. In addition, the labour market remains tight with unemployment rates at 4.5%.

The M&A themes of recent months continued into April with takeover targets ORI and MPR generating runs within the materials and property trusts sectors respectively. Consumer Discretionary (+0.73%), Financials (+0.65%) and Property Trusts (+0.61%) outperformed as interest rate fears eased, while Information Technology (-2.75%), Telecommunications (-2.53%) and Healthcare (-2.43%) lagged.

The Bellwether Partners Offshore Strategies Fund returned a solid absolute return of 2.04% (gross) in April. Gains generated by takeover targets Orica and Coles that boosted the indices were sacrificed by the Fund as neither stock is currently favoured by our processes. Key positions in the Financials sector were however rewarded, particularly NAB.

OUTLOOK

Domestic currency concerns are likely to play an increasingly visible role in market direction as we enter company guidance season; one major stock (ALL) having already downgraded guidance due to currency issues. Importers can be expected to benefit from a rising \$A, while companies with offshore earnings exposure will be hurt. A rising currency is also attracting overseas funds into the domestic equity market, contributing to the high turnover and volatility that played out in April.

Offshore events remain, as ever, significant to the direction of the Australian market. Fortunately, the Sub-Prime situation in the US did not escalate in April, leaving a global commodity price meltdown less likely than appeared last month. In the absence of poor offshore leads, large cap Materials, Banks and high growth Industrials appear attractive, with Property Trusts (viewed as expensive versus bond yields) and other Industrials (historically high valuations) less so.

The Reserve Bank's statement on monetary policy in the first days of May has nullified the likelihood of an interest rate rise in 2007; the market deeming a rise after Q2 CPI data in August as too politically inflammatory in an election year.

Domestic superannuation changes are likely to boost the market in May, offsetting what is historically a sluggish period for equities. Until June 30, the Australian government has created a window of opportunity for individuals to contribute up to A\$1m in undeducted (after-tax) contributions to super and we expect to see significant inflows into Australian shares up to this deadline. The delivery of the Federal budget early in May further reinforced governmental focus on superannuation.



TOP PERFORMERS

(1) National Australia Bank Limited +0.53% (NAB)

NAB was a leading market contributor in April, gaining 7.4% by month end. The bank was buoyed by investors adopting a defensive strategy ahead of the March quarter's CPI announcement and on expectations of static interest rates through the balance of 2007. The Fund retains an overweight long position in NAB into the bank earnings reporting season.

(2) Marathon Resources Limited +0.27% (MTN)

Bellwether's overweight long position in Marathon delivered value in April. Add to our portfolio as an outcome of our Qualitative analysis (Q2), Marathon gained a brawny 49.74% in April as drilling at its flagship Mt Gee uranium deposit in South Australia drew to a close. Widely believed to be one of the biggest undeveloped uranium deposits in Australia, investors reacted positively to news that Mt Gee's drilling analysis will be released as soon as practicable.

(3) Stockland +0.26% (SGP)

Stockland posted a solid 5.8% return over the month as the Property Trust sector rallied in reaction to the Reserve Bank's decision to keep domestic interest rates on hold. SGP continues to rank highly in our Quantitative model and remains a long term holding for the Fund.

BOTTOM PERFORMERS

(1) James Hardie Industries NV -0.27% (JHX)

The Fund's short position in James Hardie (JHX) detracted value over the month as growing takeover speculation inflated their share price. Given the negative outlook for the US housing market, James Hardie's profit growth is likely to slow, furthering their (to date) 13 percent slump in the 2007 calendar year.

(2) Energy Resources of Australia Limited -0.26% (ERA)

Uranium miner ERA was pushed 9.3% lower after production at its Ranger mine was interrupted by heavy rains. The mine lost 300 tonnes of uranium production in March when it was forced to shut down its processing plant for two weeks. Based on analyst projections of ERA's 2008 revenues, the flooding could cost the company close to \$200 million in lost sales.

(3) Computershare Limited -0.12%

Computershare dipped 3.7% over month, another Australian based company with depleted revenue as a consequence of the appreciating \$A. Given that offshore expansion is a key driver of their business strategy, nearly three quarters of CPU's assets are invested in foreign markets. The Fund continues to hold CPU.