

BELLWETHER PARTNERS LIMITED
Offshore Strategies Fund

Australian Equities Long/Short Portfolio

Performance Report: August 2008
Key Facts

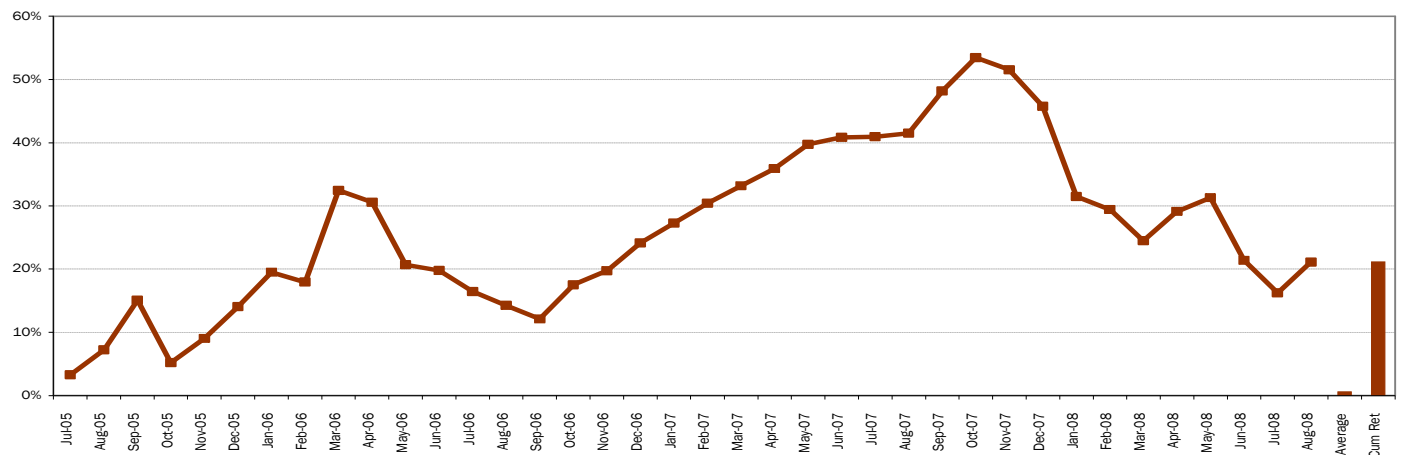
Portfolio Strategy	Australian Long/Short Equities
Fund Objective	To achieve a positive return over a rolling one year period, from taking long and short positions in listed Australian companies.
Investor Profile	Non Australian resident investors only
Inception	12 July 2005
Domicile	Grand Cayman, Cayman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

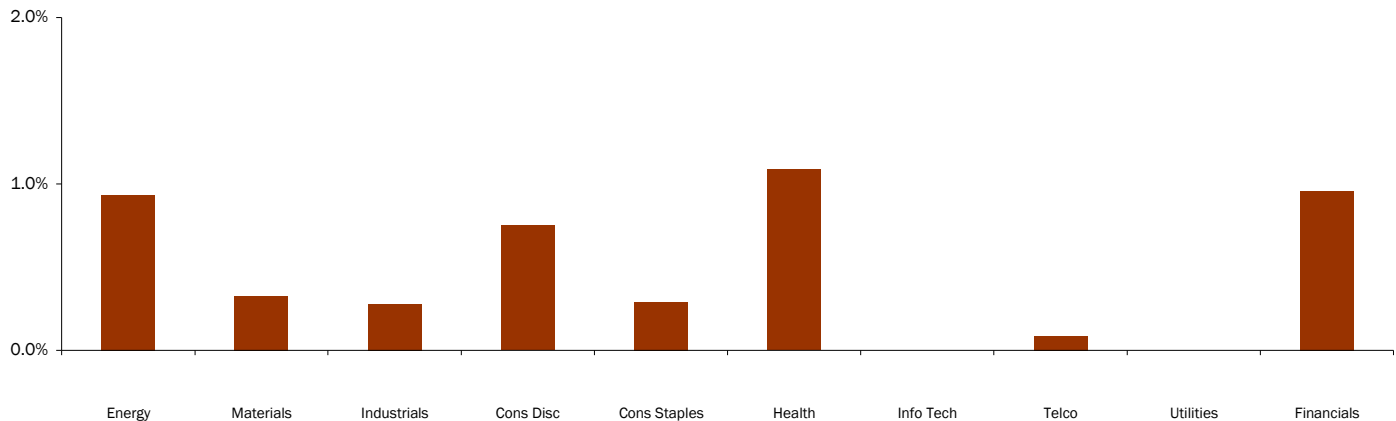
Portfolio Summary: 31 August 2008

Gross NAV Unit Price	120.61
Monthly Return	4.19%
Return from Inception	20.92%
Total Cash as % of NAV	3.20%
Total Long Positions	27
Total Short Positions	-
Gross Long Exposure	96.80%
Gross Short Exposure	0.00%
Futures Exposure	-
Net Exposure	96.80%

Monthly Performance (After Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	-9.78%	-1.56%	-3.80%	3.71%	1.69%	-7.56%	-4.22%	4.19%				
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: August 2008****Overview**

The S&P/ASX300 Accumulation Index generated a return of 4.04% for August 2008. This is the third positive month for the index out of the 10 months since November 2007. The good August performance coincided with reporting season, suggesting there were no systematic negative surprises. The Index has now fallen a substantial 16.81% for the calendar year to the end of August and an even more substantial 22.21% from its peak attained on 1 November 2007. The volume of shares traded on the Australian Stock Exchange over the month was unusually low, although the volume was not as light as it has been on the New York Stock Exchange, which had five consecutive trading sessions that saw new record low daily trading volumes for the year. Shell shock from those year to date performance numbers and investors hanging back to see if the August uptick is the start of better things to come are key reasons behind these low activity levels. In addition, China closing down some of its considerable production capacity because of the Olympic Games had a dampening effect not just on commodities but also on global stock markets.

The most important theme on the domestic front during the month was reporting season, which was reasonably strong and surprisingly resilient given the weakening domestic and international economic environment. On average, Net Profit after Tax (NPAT) was up 16% for the large cap industrial stocks and up 8% for the banks, but down 5% for the small cap industrials. Resource stocks had a good reporting season with their NPAT increasing by 41%.

Another positive factor for the market during August was the increasingly strong expectation that the Reserve Bank of Australia (RBA) would cut interest rates by 0.25% at their next board meeting in the first week of September. Some commentators were even suggesting a 0.50% cut, although these calls cooled in the later stages of the month. Talks of interest rate cuts, a slowing domestic economy and a strengthening US dollar wreaked severe carnage on the Australian dollar, which started the month at 94.22 US cents and finished at 85.79 US cents; a fall of 8.95%.

The Bellwether Offshore Strategies Fund (OSF) had yet another outstanding month. The OSF returned 4.19% for August, while the S&P/ASX300 Accumulation Index returned only 4.04%.

Outlook

The Australian stock market remains in attractive valuation territory and the present time represents an excellent buying opportunity, especially for optimists with long term horizons. However, the pessimists with short term horizons would argue these valuations rely on future earnings and there is some risk of earnings downgrades because of a weakening domestic and international economy. At Bellwether, we sit firmly in the long term optimist camp and believe the current circumstances present a rare opportunity to establish and consolidate positions in quality companies at bargain basement prices.

Top 5 Performance Contributors

	Contribution (%)	Position
CSL	1.09	Long
WBC	0.66	Long
BHP	0.63	Long
WOW	0.60	Long
WPL	0.57	Long

Top 5 Performance Detractors

	Contribution (%)	Position
MQG	-0.55	Long
WES	-0.31	Long
LGL	-0.28	Long
MIG	-0.25	Long
OZL	-0.10	Long

Positive Contributors
CSL Limited (CSL)

Portfolio Contribution +1.09%

The CSL share price rose 18.64% in August. CSL released their full year result for 2008, which was broadly in line with market expectations. Other news flow for CSL was positive, with the announcement that the acquisition of another plasma manufacturer, Talecris, had been finalized for a cash consideration of US\$3.1 billion. The deal will have quite an effect on the global plasma market with the number of providers now being reduced to just four.

Westpac Banking Corporation (WBC)

Portfolio Contribution +0.66%

Westpac had a good month with its share price rising by 9.28% in August. Westpac released a market update that included an updated guidance on their FY08 result. Also, the Australian Competition and Consumer Commission (ACCC) granted approval for Westpac to merge with St George.

BHP Billiton Limited (BHP)

Portfolio Contribution +0.63%

The BHP Billiton share price for August was up 4.26%. This was despite some fairly negative sentiment in the sector during the month. BHP released their June period results in August, and these were reasonably well received by the market.

Negative Contributors
Macquarie Group Limited (MQG)

Portfolio Contribution -0.55%

Macquarie had an ordinary August with a share price fall of 14.37%. While there was a substantial amount of news flow for the stock during the month, there was nothing material enough to really justify the price fall. Negative sentiment in the finance sector was the main driver of this poor performance.

Wesfarmers Limited (WES)

Portfolio Contribution -0.31%

The Wesfarmers share price fell 10.44% in August. The company reported their FY08 result during the month and this disappointed the market. Record high coal prices helped the Coal Division report a good result, but higher than expected interest expense dragged the overall result down.

Lihir Gold Limited (LGL)

Portfolio Contribution -0.28%

The Lihir Gold share price fell 12.13% in August. This was largely due to the company reporting a result that disappointed the market with EBITDA not meeting expectations and a cash flow number that was considered poor. The gold price also fell during the month, which didn't help Lihir. Gold started August at around \$US910 an ounce and finished it at the \$US833 level, after dipping to an intra-month low of \$US788.