

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

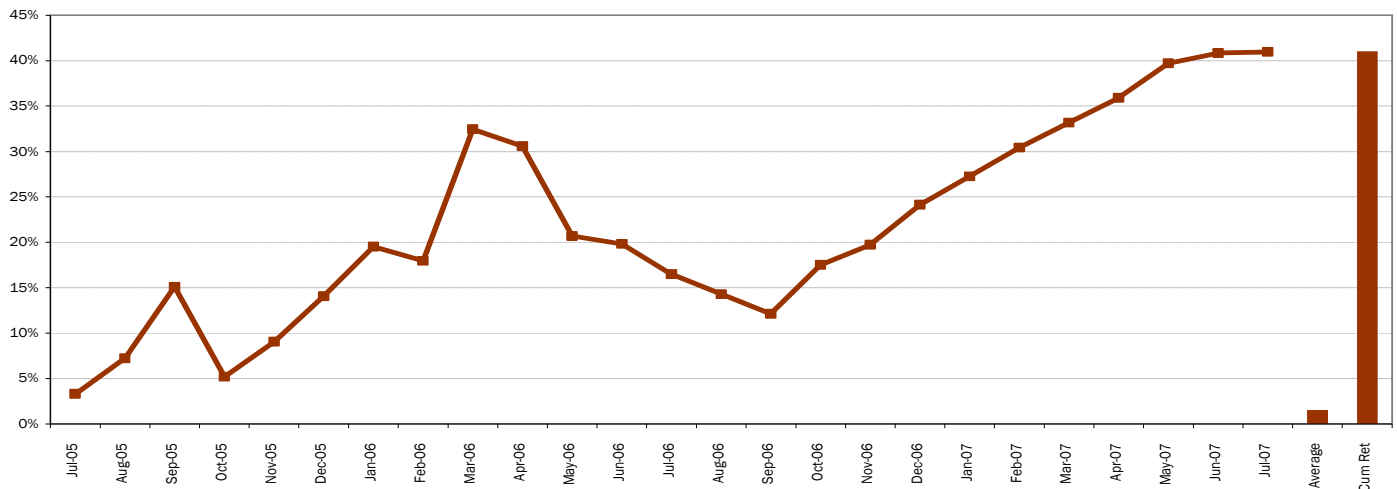
Australian Equities Long/Short Portfolio

Performance Report: July 2007
Portfolio Summary: 31 July 2007

| | |
|-------------------------------|--------|
| Gross NAV Unit Price | 140.99 |
| Monthly Return | 0.09% |
| Return from Inception | 40.72% |
| Total Cash as % of NAV | 7.92% |
| Total Long Positions | 31 |
| Total Short Positions | 1 |
| Gross Long Exposure | 92.08% |
| Gross Short Exposure | 1.86% |
| Futures Exposure | - |
| Net Exposure | 90.22% |

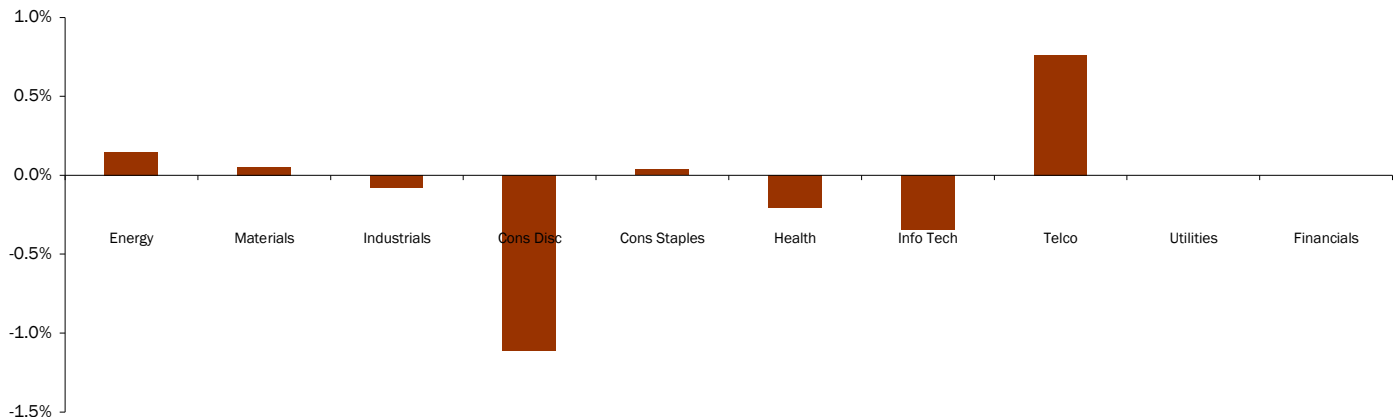
Monthly Performance (After Fees)

| | 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% | | | | | |
| 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: July 2007



Overview

The Australian equity market took a hit in late July, dragging the key indices down from their intra month highs. The benchmark S&P/ASX 300 closed 2.04% lower as ongoing deterioration in the US sub-prime debt market and housing concerns finally filtered through to the Australian market after heavy devaluations in the Dow Jones Index. Sharp falls in the last days of the month triggered a wide scale selloff in the Australian market, particularly in the Resources Sector, while other sectors with overseas exposure also suffered. Only one sector gained value during the month; Materials was up 1.2%. Healthcare (0.0%) and Telecoms (-0.1%) remained steady while Information Technology (-8.9%), Property Trusts (-4.6%) and Industrials (-4.3%) also lagged.

Economic data remained a market focus in July following the much anticipated delivery of the CPI, which suggested that a domestic interest rate rise was imminent. Retail sales and employment data were softer than expected, while private sector credit growth and housing finance remained strong. M&A activities diminished in July, although there were a small number of significant bids announced with the Wesfarmers' offer for Coles Group and RIO's move to take over Canada's Alcan Ltd.

The Bellwether Partners Offshore Strategies Fund adopted a defensive position as early as June. Consequently, the Fund had reduced exposure to the sectors that bore the brunt of the US housing fallout. This positioning enabled the Fund to close the month with a positive return of 0.09%; an exceptional performance given the market was down over 2%.

Outlook

Analysts remain positive about the health of Australia's economy despite the US sub-prime concerns, with the Chinese building boom insulating the domestic market. Together with India and Brazil, China accounted for 70% of global growth in 2006. The mortgage defaults fuelling US economic concerns are also less likely to unfold in Australia, with Treasurer Peter Costello meeting with Chief Executives of the major Banks during July to ensure that Australian lending standards remain stringent.

An imminent domestic interest rate rise was increasingly priced into the market after the RBA left rates on hold in early July. The consensus expectation was met on August 8, with an increase of 0.25% bringing the cash rate to 6.5%. Recent volatility in equity markets was not enough to defer a rise; with acceleration in demand for credit and retail spending as well as the ongoing tightness of the labour market noted as reasons for the rise. The increased second quarter CPI result (0.9%, up from 0.5% in the first quarter of 2007) made this move almost inevitable, no matter how politically inflammatory it may be in an election year.

An element of caution remains in the market, but the upcoming Company Reporting season should see a return to stability with earnings numbers expected to be solid across the board. Outlook comments will, however, attract particular interest and no doubt influence share prices. We believe that the Fund is well positioned going into reporting season, with three portfolio holdings (JBH, LEI and DJS) already announcing profit upgrades.

Top 5 Performance Contributors

| | Contribution (%) | Position |
|-----|------------------|----------|
| BHP | 0.62 | Long |
| JBH | 0.23 | Long |
| OXR | 0.21 | Long |
| WBC | 0.12 | Long |
| TGR | 0.11 | Long |

Top 5 Performance Detractors

| | Contribution (%) | Position |
|-----|------------------|----------|
| NAB | -0.46 | Long |
| CPU | -0.35 | Long |
| RIO | -0.16 | Long |
| WDC | -0.16 | Long |
| ANZ | -0.15 | Long |

Positive Contributors
BHP Billiton Limited (BHP)

Portfolio Contribution +0.62%

BHP Billiton was a strong performer in July, gaining 5.6% as the market digested news of competitor RIO's \$44 billion bid for aluminium producer Alcan. BHP also delivered strong quarterly production results, with coking coal production exceeding expectations. BHP retains a solid top quartile rank in our Quantitative model.

JB Hi-Fi Limited (JBH)

Portfolio Contribution +0.23%

JB Hi-Fi was buoyed by positive business confidence and consumer spending in July, and was up 9.1% by month end. The music discounter experienced a sharp rise in its share price despite falls elsewhere in the market. A significant portfolio overweight to JBH was rewarded as the strong AUD continued to favour importers.

Oxiana Limited (OXR)

Portfolio Contribution +0.21%

Oxiana's share price rose 5.7% as speculation rose that a \$US525 million bank facility signaled that the miner was on the acquisition trail. Comments from management assigned the funds to funding OXR's Prominent Hill gold and copper mine in SA, but also suggested that the company was looking at "organic growth, acquisitions and various other things".

Negative Contributors
National Australia Bank Limited (NAB)

Portfolio Contribution -0.46%

NAB lost 6.5% in July as concerns over lending conditions in the US took their toll on the big banks domestically. NAB's UK operations were scrutinised during the month, with a profit growth of 15% expected to be delivered from that business segment for FY07.

Computershare Limited (CPU)

Portfolio Contribution -0.35%

Computershare was given an 11.5% haircut in July as currency pressure and the group's exposure to the US was deemed to be a negative by investors. The impact of the strong Australian dollar is also expected to flow through to the upcoming company reporting season for companies such as CPU who are heavily invested in the US market.

RIO Tinto Limited (RIO)

Portfolio Contribution -0.16%

Rio had a disappointing month losing 5.78%. The market did not greet the bid for Alcan with much enthusiasm. We are however, still very positive on Rio and its positioning in regards to long term growth in the BRIC countries and buoyant commodity prices.