

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

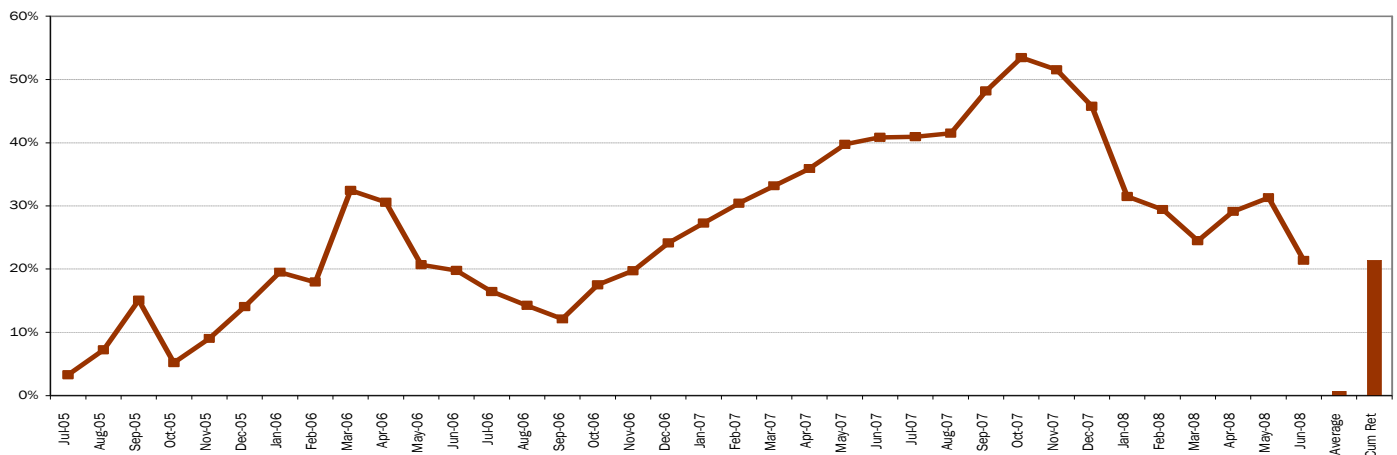
Australian Equities Long/Short Portfolio

Performance Report: June 2008
Portfolio Summary: 30 June 2008

Gross NAV Unit Price	121.09
Monthly Return	-7.56%
Return from Inception	21.17%
Total Cash as % of NAV	9.96%
Total Long Positions	29
Total Short Positions	2
Gross Long Exposure	93.96%
Gross Short Exposure	3.92%
Futures Exposure	-
Net Exposure	90.04%

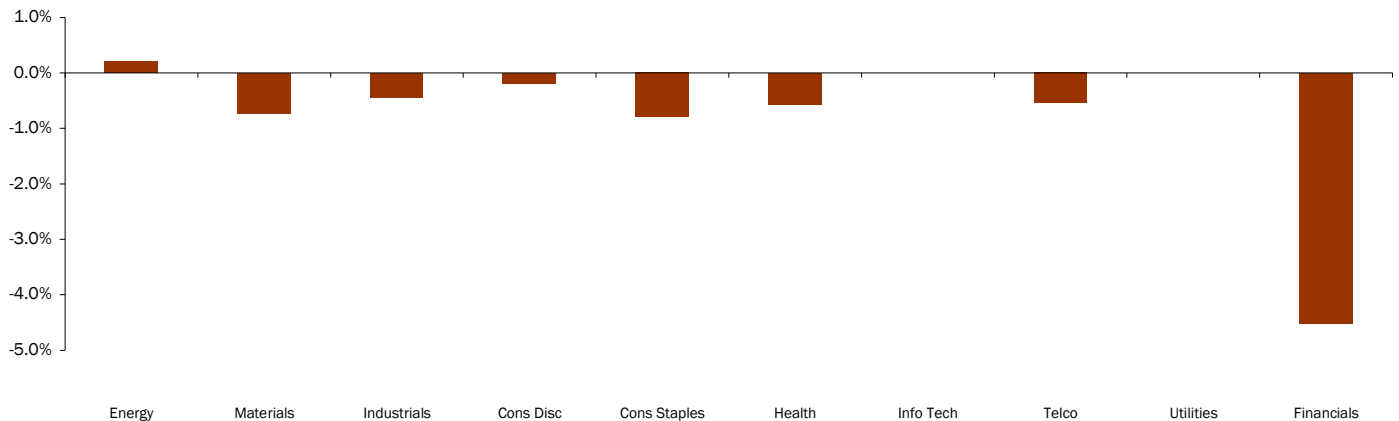
Monthly Performance (After Fees)

	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%						
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: June 2008



Overview

June brought a gloomy end to the 2007/08 financial year for the Australian stock market. Not only was the key benchmark, the S&P/ASX300 Accumulation Index, down a depressing 7.57% for the month, but worse, it was down 13.67% for the full financial year. This poor return ended a remarkable period of financial year performance for the Australian market with the S&P/ASX300 returning more than 20% for each of the four consecutive financial years to 2006/07. The last negative return for a year before this was 2002/03, although this was a fall of only 1.61%, which would now be viewed as quite modest. More recently, the S&P/ASX300 Accumulation Index has now fallen 21.54% from its peak attained on 1 November 2007, “officially” moving the Australian market into bear market territory.

On the domestic economic front, retail sales, building approvals and credit growth data were released during the month, with all of these suggesting the Australian economy is indeed slowing under the weight of the recent RBA interest rate increases. Despite this, the RBA is still concerned about inflation and wants to see demand slow further. The RBA board decided to keep interest rates on hold at their meeting early in the month. Employment fell for the first time in 19 months, although the unemployment rate remained at 4.3%. A surprisingly good GDP number for 1Q08 was the only positive release with 3.6% year on year growth. The Australian dollar finished the month at 95.86 US cents, which is slightly higher than where it started.

On the international front, the US financial services sector continued its dramatic readjustment to the current poor credit market conditions with broker and rating agency downgrades of US banks and monoline bond insurers

forming part of the June financial landscape. Reporting season in the US saw many of the large investment banks reporting large write downs and looking for alternative sources of equity to improve their balance sheets. While many commentators are now backing away from their earlier predictions of a US recession, the unemployment rate in the US unexpectedly jumped from 5.0% to 5.5%. High oil prices continue to remain a concern, again increasing to record levels and closing the month at US\$139.96 a barrel. The resulting high petrol prices are having their effect on consumers, with a well followed index of consumer sentiment hitting its lowest level since 1992.

The Bellwether Offshore Strategies Fund (OSF) fell by 7.56% in June, which was largely in line with the fall experienced by the market as a whole.

Outlook

After two consecutive months of positive returns, the Australian stock market fell again in June completely wiping out the good results of those two previous months. Despite earlier positive comments on the outlook of the Australian market, it has continued its period of weakness and has now moved, and solidly remained in, bear market territory. With the market now at near three year lows, equity valuations are becoming ever increasingly attractive. While the market has certainly taken a fall, it is hard to see how domestic conditions in Australia are grave enough to justify such a correction, especially given the relatively good standing of the Australian economy and that multi-decade low unemployment rate.

Top 5 Performance Contributors

	Contribution (%)	Position
LGL	0.25%	Long
JBH	0.16%	Long
ORG	0.09%	Long
BHP	0.07%	Long
WOR	0.06%	Long

Top 5 Performance Detractors

	Contribution (%)	Position
WBC	-1.01%	Long
NAB	-0.98%	Long
SGB	-0.85%	Long
WOW	-0.65%	Long
CSL	-0.56%	Long

Positive Contributors
Lihir Gold Limited (LGL)

Portfolio Contribution +0.25%

Lihir Gold was the best performing of the gold stocks, with its share price rising 10.24% in June. There was no major news released for Lihir during June, but on the last day of May, it was announced that the shareholders of Equigold had approved the proposed merger with Lihir. A strong gold price during the month also helped sentiment in the gold sector.

JB Hi Fi Limited (JBH)

Portfolio Contribution +0.16%

JB Hi Fi had a good month with its share price rising by 7.84% in June. JB announced a profit upgrade to their FY08 results early on in the month. Management now expect a 58% increase on the prior year's NPAT and a 40% increase in sales. The market took the news well.

Origin Energy Limited (ORG)

Portfolio Contribution +0.09%

The Origin Energy share price increased by 3.33% during the month. Origin performed well due to the off market takeover offer made by BG. The offer is at \$15.50 per share in cash. This follows on from Origin's rejection of the earlier BG bid in May. Origin have advised shareholders to take no action in relation to the bid.

Negative Contributors
Westpac Banking Corporation (WBC)

Portfolio Contribution -1.01%

The Westpac share price fell 13.98% in July. This was a milder fall than that of its proposed takeover target, but unlike St George, there was no dividend payment here to soften the blow. There was a significant amount of news flow on the proposed takeover of St George during the month with more details coming out and more commentary on it in the market. The Westpac CEO, Gail Kelly, was in the line up of major CEOs presenting at a financial services conference in Sydney.

National Australia Bank Limited (NAB)

Portfolio Contribution -0.98%

The National Australia Bank had an ordinary June with its share price falling by 15.36%. There was no major news flow for the company during the month, other than an announcement that the acquisition of Great Western Bank in the US had been completed.

St George Bank Limited (SGB)

Portfolio Contribution -0.85%

Some of the gloss of the proposed Westpac takeover of St George came off in June with the St George share price falling 20.78%. As would be expected, there was a reasonable amount of news flow for St George during the month concerning the takeover. Like many of the banks, St George went ex-dividend early in June, explaining part of the share price fall, with the dividend to be paid in early July. The St George CEO made a presentation at the same financial services conference that Westpac presented at.