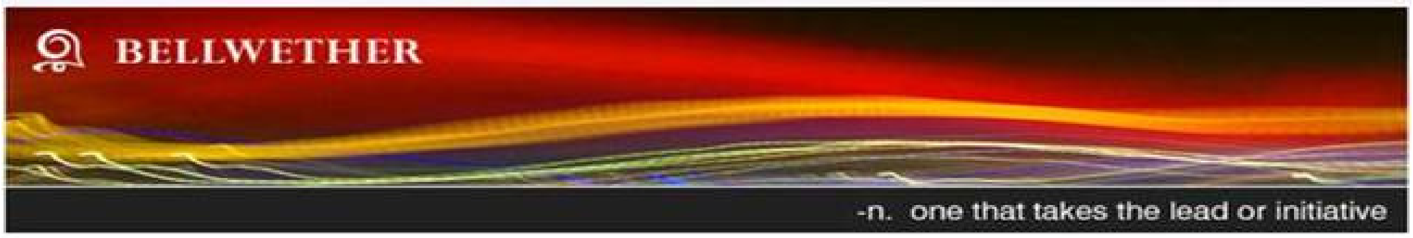


BELLWETHER PARTNERS LIMITED
Offshore Strategies Fund

Australian Equities Long/Short Portfolio

Performance Report: October 2008

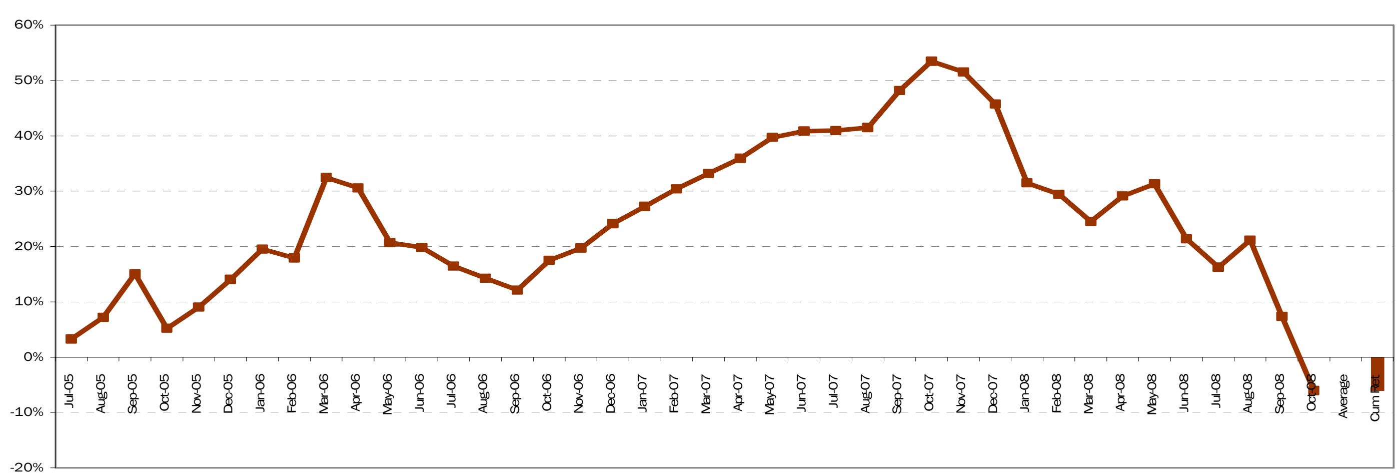
Key Facts	
Portfolio Strategy	Australian Long/Short Equities
Fund Objective	To achieve a positive return over a rolling one year period, from taking long and short positions in listed Australian companies.
Investor Profile	**Non Australian resident investors only**
Inception	12 July 2005
Domicile	Grand 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 October 2008	
Gross NAV Unit Price	76.50
Monthly Return	-12.49%
Return from Inception	-6.20%
Total Cash as % of NAV	1.84%
Total Long Positions	27
Total Short Positions	-
Gross Long Exposure	98.16%
Gross Short Exposure	0.00%
Futures Exposure	-
Net Exposure	98.16%

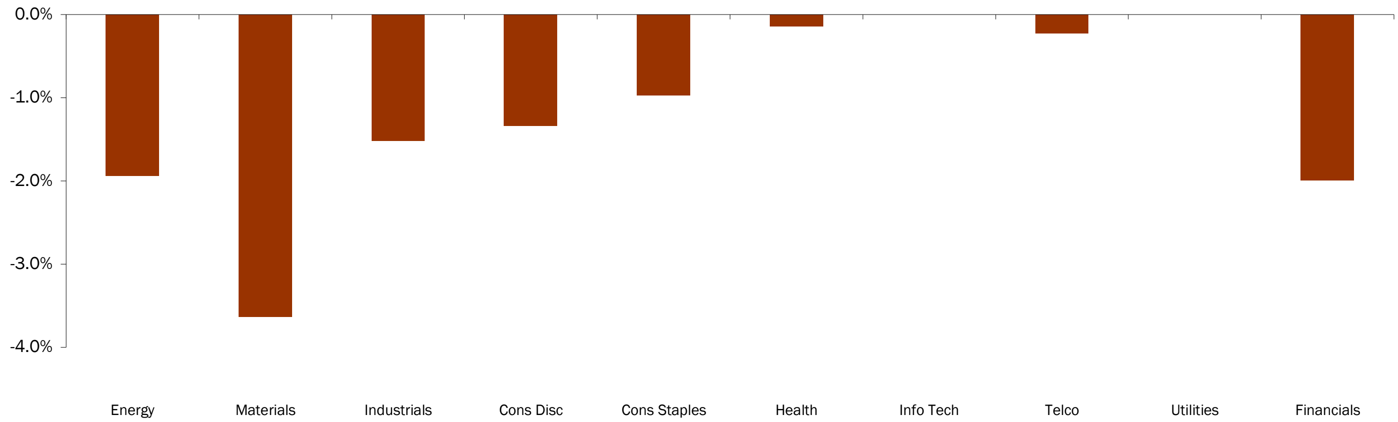
Monthly Performance (After Fees)

	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%	-11.36%	-12.49		
2007	2.52%	2.47%	2.11%	2.03%	2.79%	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%	-2.80%	-1.91%	-1.89%	4.78%	1.89%	3.66%
2005							3.29%	3.80%	7.35%	-8.60%	3.66%	4.59%

Monthly Returns (After Fees)



Contribution to Total Return by GICS Sector: October 2008



Overview

October again proved to be a difficult month for equity markets around the world with the Australian market falling 12.6%, its worst monthly performance since October 1987. While September saw the global financial system under extreme pressure with banks and other institutions failing, the focus of concern in October shifted to the efforts of governments and central banks in their bid to avoid a global recession.

In an unprecedented move the key central banks of Europe and North America (US Federal Reserve, European Central Bank, Bank of England, Bank of Canada, Bank of Sweden and the Swiss National Bank) **cut interest rates in unison** in early October. In addition the US House of Representatives (finally) approved the US$700bn stimulus package and signaled that additional stimulus will be considered as required. Weak economic data coming from the US and Europe indicate that global economies are already either in or on the brink of recession so strong fiscal and monetary stimulus is likely to continue for some time yet.

In Australia, the Reserve Bank reduced interest rates by a full 1% against expectations of a 0.5% fall. The move reflects a switch in emphasis by the bank from fighting inflation, which is still around 5.0% against a target of 2 - 3%, to fighting an oncoming economic slowdown. Australia is better placed than many countries with an economy still showing firm growth but we are not immune to the global problems which are causing a very heavy fall in commodity prices and higher borrowing costs etc for our companies. At the consumer level there is a growing reluctance to spend in the face of market and property value (or wealth) uncertainty, job uncertainty and rising prices. Retail sales are slowing quickly, particularly in New South Wales, as people take a more conservative approach.

In addition to the market falls the A$ has declined further to 66.2c at month end as investors flee to safe haven currencies (the US$ is considered a safe haven currency because of its size and liquidity). The A$ is also affected by the weak commodity prices. Oil and Gold have also been very weak.

While the big picture events are dominating the investment scene right now, sector performance within our market has been generally consistent with the overall trend; i.e., consumer staples fell only 5.8% in October compared with 18.6% by consumer discretionary. Other big losers were Materials (Resources) fell 17.9%, Energy 19.3% and Property Trusts 25.4%. On the other hand "basics" like healthcare fell only 2.8%, Telecoms 2.5% and Utilities 4.4%. Not one sector had a positive return.

The Bellwether Offshore Strategies Fund (OSF) returned a negative 12.49% for the month.

Outlook

The financial "freeze" seems to be gradually thawing but in its wake global economies are slowing rapidly and many are probably already in recession. We expect Australia to avoid a recession. There is now a trade-off between attractive equity valuations on all historic criteria against the risk of lower corporate earnings, commodity price weakness and the implications of the financial crisis. Those companies which have a solid business model, good cash flow and moderate debt will emerge bigger and stronger from this turmoil and we will continue to try and identify those companies. Calling the "bottom" is fraught with danger in a time of such high volatility but at some point current prices will prove be exceptional value.

Top 5 Performance Contributors	Contribution (%)	Position
WOW	0.13%	Long
ASX	-0.02%	Long
WDC	-0.03%	Long
NAB	-0.07%	Long
TLS	–0.07%	Long

Top 5 Performance Detractors	Contribution (%)	Position
WOR	-1.26%	Long
BHP	-1.24%	Long
WES	-1.10%	Long
LEI	-0.98%	Long
JBH	–0.92%	Long

Positive Contributors

Woolworths Limited (WOW)

Portfolio Contribution	+0.13%

The Woolworths share price rose by 2.2% in October. Woolworths announced during the month that it had withdrawn its application in the New Zealand Court of Appeal in relation to its attempted takeover of Warehouse Group Limited. This effectively ends the company's pursuit of this asset.

ASX Limited (ASX)

Portfolio Contribution	-0.02%

ASX was down 0.8% during the month and continues to be a well supported stock despite falling trading volumes and the extension of the short selling ban. ASX also opportunistically increased its stake in IRESS stating that current market conditions presented an attractive opportunity.

Westfield Group Limited (WDC)

Portfolio Contribution	-0.03%

The Westfield share price fell by 1.4% in October which was substantially better than the performance of its sector during the month which experienced a fall of over 25%. As Westfield is the largest stock by far in its sector (nearly half the sector), the performance of Westfield once again showed its superiority when compared to all of its peers in the sector. Westfield also announced the opening of its flagship Westfield London shopping centre in the heart of West London.

Negative Contributors

Worley Parsons Limited (WOR)

Portfolio Contribution	-1.26%

Worley Parsons fell a massive 50.7% during the month. Globally the Energy sector came under sustained pressure from the falling oil price.

BHP Billiton Limited (BHP)

Portfolio Contribution	-1.24%

The BHP Billiton share price fell by a substantial 9.71% during October. This price fall had a dampening effect on the market given its large market weight, being approximately 10% of the S&P/ASX300 Index.

Wesfarmers Limited (WES)

Portfolio Contribution	-1.10%

The Wesfarmers share price fell -24.6% during October with the main factor impacting the stock being negative sentiment towards coal. Wesfarmers held an investor briefing day in October detailing slowing sales in the first quarter. Wesfarmers remain confident in their ability to refinance short-term debt obligations.