

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

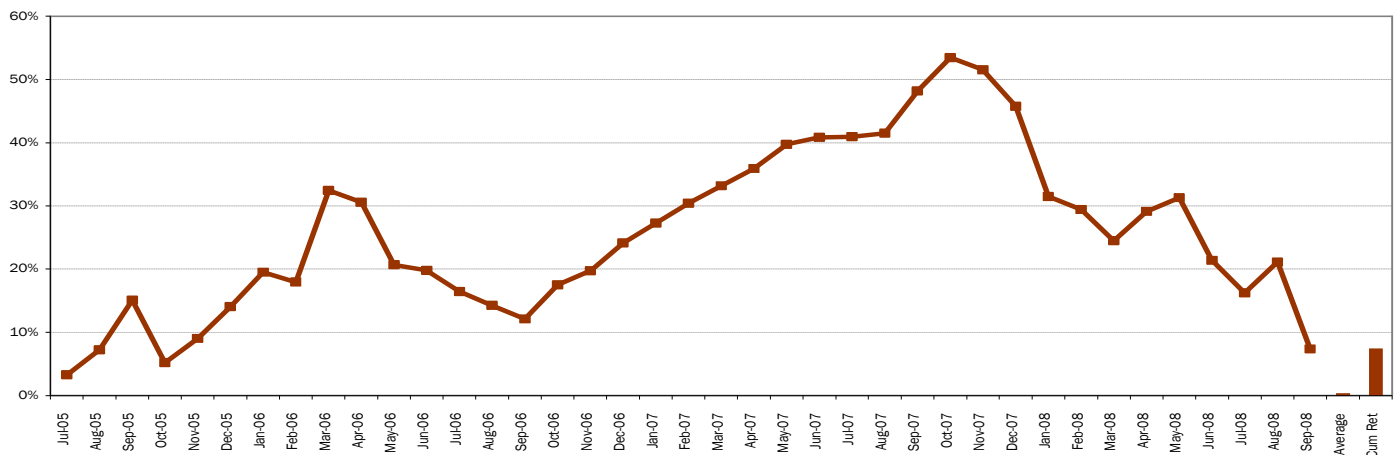
Australian Equities Long/Short Portfolio

Performance Report: September 2008
Portfolio Summary: 30 September 2008

Gross NAV Unit Price	106.93
Monthly Return	-11.36%
Return from Inception	7.19%
Total Cash as % of NAV	7.94%
Total Long Positions	27
Total Short Positions	-
Gross Long Exposure	92.06%
Gross Short Exposure	0.00%
Futures Exposure	-
Net Exposure	92.06%

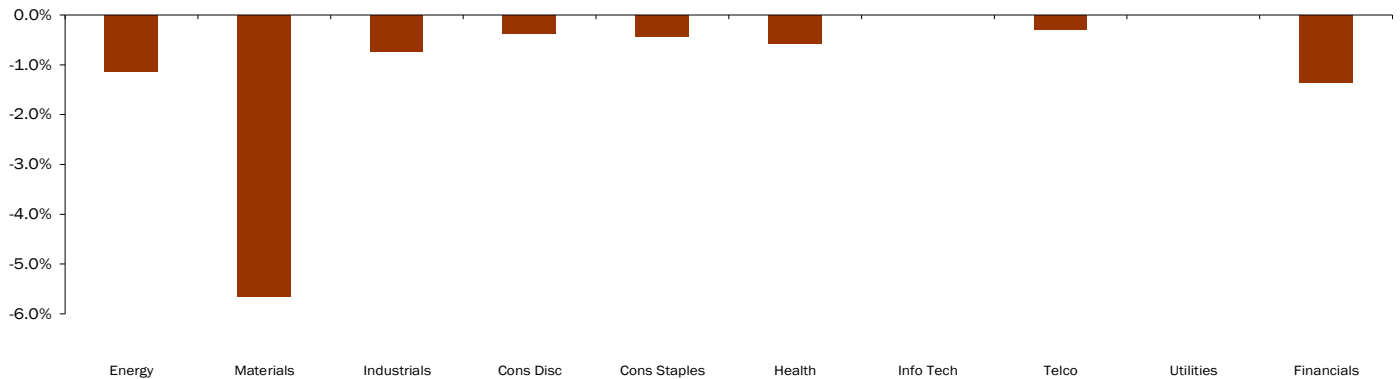
Monthly Performance (After Fees)

	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%			
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: September 2008



Overview

September 2008 proved to be one of the most volatile months so far experienced in the current market correction. The S&P/ASX300 Accumulation Index finished the month 9.94% lower than where it started; and this return includes dividends paid during the month. Remove the effect of these payments and the S&P/ASX300 Index fell 10.52% in September. On a monthly basis, the Accumulation Index has now fallen 29.15% since peaking in October 2007, and has reported a negative return for eight of these past eleven months.

There were many negative factors weighing on the market during the month, many of them unprecedented in scale and implication for the stability of the global financial system. The collapse of a number of large US and European financial institutions led to the proposal of a US Treasury sourced \$US700 billion rescue package to buy nonperforming sub prime mortgage securities. Despite expectations, Congress rejected the first version of this package sending the US, and global stock markets, into deep losses late in the month. Also, the negative impacts of perceived predatory shorting lead to a 30 day ban on short selling in the Australian market, and similar actions in other markets.

On the economics front, the RBA reduced official interest rates by 0.25% early in September, and there is now the strong expectation that this will be followed up with a further cut in October. The unemployment rate came in at 4.1%, which is the second lowest in 34 years and GDP grew by 0.3%, quarter on quarter. The Australian dollar suffered

another month of carnage starting September at 85.79 US cents and finishing at just 79.22 US cents; a fall of 7.66%. The two month fall in the Australian dollar is now at 15.92%. The oil price fell 12.85% but the gold price was up 5.97% at the end of the month, so the news wasn't all bad in the commodities space. On the sector front, Financials ex Property (-1.58%) and Consumer Staples (-3.40%) were the best performers, while Materials (-22.54%), Utilities (-13.13%) and Energy (-13.03%) were the worst performers. The Materials Sector was dragged down by BHP Billiton which suffered a 25.12% fall in its share price.

The Bellwether Offshore Strategies Fund (OSF) generated a return of -11.36% for September. While this return was disappointing, it reflected the tough market conditions facing fund managers in Australian and global equity markets.

Outlook

There would appear to be an increasing number of market commentators making predictions that the market is now at, or at the very least, near its lows. Unfortunately, there were also quite a few calling the lows before September and its approximate 10% fall. A revised version of the bail out plan being passed in the US and any other market stabilizing measures taken are the most important determinants for the direction of equity markets. At Bellwether, we believe that now is a rare opportunity to purchase quality stocks at discount prices as part of a long term investment strategy.

Top 5 Performance Contributors

	Contribution (%)	Position
QBE	0.40%	Long
LGL	0.34%	Long
ANZ	0.15%	Long
MIG	0.08%	Long
DJS	-0.02%	Long

Top 5 Performance Detractors

	Contribution (%)	Position
BHP	-3.48%	Long
RIO	-1.79%	Long
WPL	-0.70%	Long
WBC	-0.65%	Long
LEI	-0.58%	Long

Positive Contributors
QBE Insurance Group Limited (QBE)

Portfolio Contribution +0.40%

The QBE Insurance share price rose by 10.65% in September. This is a remarkable performance considering the market as a whole was down by a similar magnitude for the month. During September, QBE announced that it had no direct, material exposure to some of the large US based financials currently experiencing problems; most notable amongst these being Lehman Brothers, Merrill Lynch and AIG. Also, it would appear that QBE escaped any financial damage from Hurricanes Gustov and Ike that have recently caused property damage in the US.

Lihir Gold Limited (LGL)

Portfolio Contribution +0.34%

Lihir Gold also had a very good month with its share price rising by 17.15% in September, and was in fact the best performing large cap gold stock for the month.

ANZ Banking Group Limited (ANZ)

Portfolio Contribution +0.15%

The ANZ share price rose by 12.88% in September. Given the negative news on the financial sector in the US, this was a very solid performance. On the negative side, ANZ revealed they had an approximate \$US120m exposure to Lehman Brothers.

Negative Contributors
BHP Billiton Limited (BHP)

Portfolio Contribution -3.48%

The BHP Billiton share price fell by a substantial 25.12% during September. This price fall had a dampening effect on the market given its large market weight, being approximately 10% of the S&P/ASX300 Index.

RIO Tinto Limited (RIO)

Portfolio Contribution -1.79%

RIO Tinto lost over a third of its market capitalization during September with its share price falling 33.73%. While there was little in the way of a stock specific reason for this fall, there were a number of negatives weighing on the sector, including softening commodity prices, negative implications of the credit crunch on the demand for raw materials and concerns about economic growth in China slowing down.

Woodside Petroleum Limited (WPL)

Portfolio Contribution -0.70%

The Woodside share price fell 19.11% in September. This was largely due to the falling oil price, which itself was pushed down by fears of an impending global recession.