

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

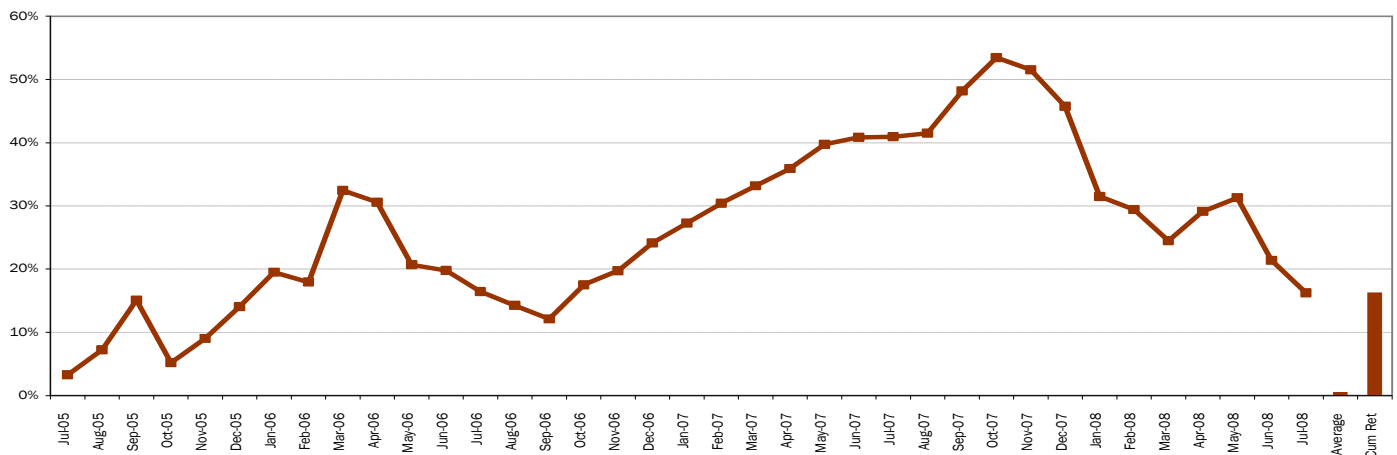
Australian Equities Long/Short Portfolio

Performance Report: July 2008
Portfolio Summary: 31 July 2008

Gross NAV Unit Price	115.73
Monthly Return	-4.22%
Return from Inception	16.05%
Total Cash as % of NAV	6.89%
Total Long Positions	29
Total Short Positions	-
Gross Long Exposure	93.11%
Gross Short Exposure	-
Futures Exposure	-
Net Exposure	93.11%

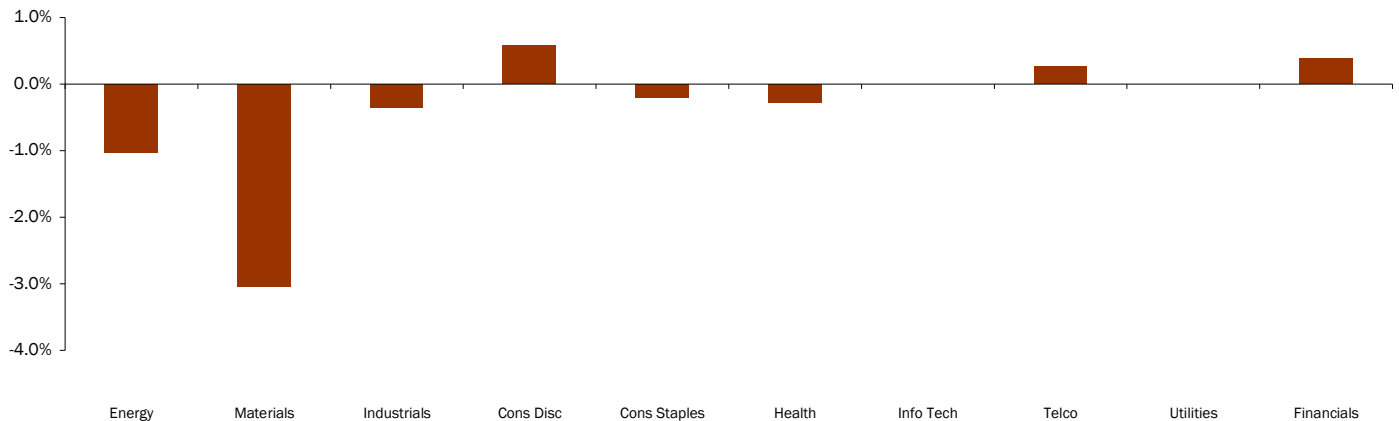
Monthly Performance (After Fees)

	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%					
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: July 2008



Overview

The period of dismal performance in the Australian stock market continued in July, with the S&P/ASX300 Accumulation Index falling 4.69%, although it could have been much worse than this as the index was down 7.71% midway through the month. The Australian market is now down 20.04% calendar year to date, and down 24.40% over the nine month period since the end of October 2007. This well and truly places Australia into a bear market, the requirement of which is a 20% fall from recent highs. This is a remarkable period of negative performance for the Australian market.

However, Australia is not alone in this as 22 of the 23 developed nations included in the MSCI World Index are in a bear market (Canada has managed to escape this fate) and 23 of the 25 developing nations included in the MSCI Emerging Markets Index are also in a bear market (the exceptions here are Jordan and Morocco).

Further financial write-downs in the US and a funding crisis hanging over the US mortgage giants Fannie Mae and Freddie Mac dragged the US and global markets down in the first half of July. The oil price hitting an all time high of \$147 a barrel also affected the markets, as well as the real economy. However, US government action designed to help Fannie and Freddie, a ban on naked short selling and the oil price later falling reversed the negativity in the US market to a large extent, and the S&P500 only fell 0.99% for the month.

On the domestic economic front, the news was mainly negative. Consumer confidence fell 6.7% in July, bringing

the index to its lowest level since January 1992. This is consistent with retail sales falling 1% in June; the expected change was for an increase of 0.2%. A quarterly business conditions survey undertaken by National Australia Bank fell seven points to its lowest level since the fourth quarter of 2001. A release on building approvals for June also showed weaker conditions, especially in NSW where approvals fell to a 44 year low.

The Bellwether Offshore Strategies Fund (OSF) once again performed well in comparison to the market in July. While the OSF fell 4.22%, this represented an outperformance of 0.48% relative to the broader market. This outperformance is actually very significant when considering it is has been obtained in a period when the market as a whole is down.

Outlook

After nine months of extreme volatility in the Australian stock market, domestic equity valuations are now becoming ever increasingly attractive. The key question facing analysts and market observers is how much more attractive they will become before the long awaited upturn in the market begins. Putting to one side the question of when this will actually take place, and the real possibility that the market will experience more falls in the short term, at Bellwether we believe the market now represents an excellent buying opportunity when viewed over a longer term horizon.



Top 5 Performance Contributors

	Contribution (%)	Position
WBC	0.49%	Long
JBH	0.39%	Long
TLS	0.26%	Long
MQG	0.20%	Long
DJS	0.19%	Long

Top 5 Performance Detractors

	Contribution (%)	Position
BHP	-1.43%	Long
WPL	-0.62%	Long
RIO	-0.55%	Long
LEI	-0.51%	Long
LGL	-0.47%	Long

Positive Contributors

Westpac Banking Corporation (WBC)

Portfolio Contribution +0.49%

Despite the overall market falling in July, the Westpac share price rose by a very solid 7.75% during the month. The ASF has a substantial overweight position to Westpac, and so the fund benefited from this stock selection. The main driver for this strong performance was Westpac not announcing an increase in its provisioning for any CDO or bad debt exposure. Also, the ACCC released an initial statement on the proposed takeover of St George Bank, with the only concerns being about the combined platform offering in the wealth management businesses.

JB Hi-Fi Limited (JBH)

Portfolio Contribution +0.39%

JB Hi-Fi had a very good July, with its share price rising by 16.44% during the month. While there were no major news items announced during July, there was a reasonable amount of positive sentiment towards the stock with early rumours that Woolworths might be interested in acquiring the company and the anticipation of another very good full year result (to be released in August).

Telstra Corporation Limited (TLS)

Portfolio Contribution +0.26%

Telstra had a solid month, with its share price rising by 6.13%. There was little news on the company during the month, a slightly unusual occurrence given the size of the company. In a more general sense, there was a reasonable amount of positive sentiment in the telecommunications sector, largely driven by Apple and the launch of its iPhone during the month.

Negative Contributors

BHP Billiton Limited (BHP)

Portfolio Contribution -1.43%

The BHP Billiton share price fell by 9.13% in July. While there was a large number of news announcements concerning BHP operations, as would be expected for a company of its size, none were significant in their own right. There were also some updates and announcements on the proposed RIO Tinto takeover.

Woodside Petroleum Limited (WPL)

Portfolio Contribution -0.62%

The Woodside Petroleum share price fell 20.30% in July. Woodside released their quarterly activity report during the month. This was weaker than many analysts had expected which led to disappointment in the market. The main negative in the report related to a poor exploration drilling result for gas as part of the Pluto LNG development. Woodside also fell in value in line with the falling oil price.

RIO Tinto Limited (RIO)

Portfolio Contribution -0.55%

The RIO Tinto share price fell by 7.54% in July, which is slightly less than its potential acquirer, BHP Billiton. There was a reasonable amount of news flow for RIO during the month. Midway through July, RIO announced an investment of US\$500m for a regional power upgrade in the Pilbara. Later on in the month, RIO released its second quarter 2008 operations review.