



Pengana Global Resources Fund

February 2008 Update

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The Pengana Global Resources Fund provides investors with equity exposure to companies within the global mining, energy, steel, commodities and associated services sectors. The fund is managed out of Melbourne, Australia and uses multiple strategies to profit from inefficiencies in the pricing of companies in its investment universe. Among the strategies utilised by the fund is the ability to be both long and short securities which allows market volatility to be better managed and provides greater flexibility in achieving an absolute return in both rising and falling markets.

Market Review

In February there was further evidence of deterioration for the US economy with data releases revealing weak durable goods orders, falling house prices and declining consumer confidence. The Japanese economy grew at a stronger than expected annualised growth rate of 3.7% during the final quarter of 2007 fuelled by a surge in capital spending and growing exports to emerging countries. The Bank of England cut its benchmark rate by 0.25% to 5.25% in February whilst the European Central Bank chose to keep rates steady. The Reserve Bank of Australia raised rates 0.25% to 7.00% in February.

BHP Billiton formalised a conditional bid for Rio Tinto with an all scrip offer of 3.4 BHP Billiton shares for each Rio Tinto share in early February. Whilst the formal offer for Rio Tinto is on more favourable terms than BHP Billiton's opening salvo of 3 BHP Billiton shares for each Rio Tinto share it may not be enough to secure control of Rio Tinto. The BHP Billiton offer for Rio Tinto was complicated when Shining Prospect, a special purpose vehicle set up by Chinalco and Alcoa, secured a 12% stake in Rio Tinto plc for US\$12 billion prior to BHP Billiton announcing its conditional bid. Xstrata and Vale confirmed they were in negotiations regarding a possible merger between the two companies. However, it is unclear at this stage whether a deal will be done given disagreements between Vale and Xstrata's major shareholder, Glencore, on pricing and marketing agreements for the merged group.

After suffering a decline in January of 12.50% the S&P/ASX 300 Energy Accumulation Index rebounded strongly in February with a gain of 12.51% as the oil price gained 7.06% in Australian dollar terms. The S&P/ASX Metals and Mining Accumulation Index surged 11.12% in February in response to sharply rising base metals and gold prices. Even with an improvement in share prices during February volatility remained high. The S&P/ASX Metals and Mining index rose or fell by greater than 1% on 11 of the 21 trading days during the month. The largest upwards daily move for the index was +3.60% whilst the largest downwards move was -4.76%.

The S&P Metals and Mining Index gained 7.90% in February. In London the FTSE 350 Mining Index surged 13.30% whilst the S&P/TSX Metals and Mining Index appreciated 7.00%. The S&P/ASX 300 Resource Accumulation Index posted a gain of 11.45% for February, outperforming the broader market (S&P ASX 300) which fell 0.67% for the period.

Key contributors to the portfolio's performance during February included OM Holdings (+66%), Equigold (+37.57%), Sally Malay Mining (+29.87%) and Vale (+19.52%).

Fund Performance

Net Returns to 29 th February 2008	Global Resources Fund
1 Month	8.67%
3 Months	0.64%
6 Months¹	19.06%
12 Months¹	49.85%
Since inception¹	49.85%

¹ March 2007 – September 2007: Performance of internal fund seeded by Pengana Capital. Past performance is not a reliable indicator of future performance.



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Commodity price changes for February 2008:

Commodity	US\$ price change	A\$ price change	€ price change
Oil	10.95%	7.06%	8.74%
Gold	5.65%	1.76%	3.44%
Copper	19.11%	15.22%	16.90%
Aluminium	16.76%	12.87%	14.55%
Zinc	13.75%	9.86%	11.54%
Nickel	14.36%	10.47%	12.15%
Lead	23.80%	19.91%	21.59%
Tin	11.08%	7.19%	8.87%

Portfolio Structure

As at the end of the month, the portfolio was structured as below:

Number of Stocks	30
Gross Exposure	73.6%
Net Long Exposure	53.4%
Breakdown by Strategy	Pairs: 21.0% Directional Long/Short: 77.5% Event driven: 1.5%

Top Five Positions

BHP Billiton
Xstrata
Vale
Rio Tinto
Anglo American

Contact Details

For further information, please visit our website at www.pengana.com.au or contact:

Institutional Clients:

Denis Carroll
+61 (0) 2 8524 9974, denis@pengana.com.au

Private Clients:

Juliet Dunworth
+61 (0) 2 8524 9984, juliet@pengana.com.au