



Pengana Global Resources Fund

April 2008 Update

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Pengana Global Resources Fund

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

The Australian equity market recorded its first gain in five months during April. This was despite the market being impacted by liquidations associated with the woes of Opes Prime, Lift Capital, Chimaera Capital and Tricom. The US Housing sector remained a drag on US economic growth and further writedowns were realised by investment banks around the world. The Reserve Bank of Australia adopted a wait-and-see attitude with respect to official interest rates in April whilst the US Federal Reserve again eased the Fed Funds rate by another 0.25%. As at the end of April the US Fed Funds rate stood at just 2.00%.

The Energy Sector was the focal point for corporate activity during April. Australian Worldwide Exploration (AWE) announced a merger with ARC Energy (ARQ) where ARC Energy shareholders will receive 0.30 new AWE ordinary shares and \$0.19 cash for each ARQ share owned. Prior to the merger occurring ARC Energy will de-merge 85% of its Canning Basin assets into a new vehicle, Buru Energy. ARC Energy shareholders will receive an entitlement of 0.425 Buru Energy shares for each ARC Energy share held at zero cost. On 30 April BG Group, a global integrated gas company, approached Origin Energy with a proposal to acquire all of the shares in the company at a cash price of \$14.70 per share. The proposed deal remains subject to shareholder and regulatory approvals and is yet to be endorsed by the Board of Origin Energy. Elsewhere Sinosteel announced on 29 April it had agreed to increase its offer of \$5.60 per share for all of the shares it does not own in Midwest Corporation (MIS) to \$6.38 per share. Midwest Corporation

Directors have unanimously recommended that shareholders accept Sinosteel's revised offer.

Volatility was again a feature of the resources market during April with the S&P/ASX 300 Energy Accumulation Index rebounding strongly from a decline of 2.10% in March to achieve a gain of 10.32% in April. The S&P/ASX Metals and Mining Accumulation Index surged 10.42% during April in response to sustained higher base metals prices, strong bulk commodity prices and ongoing corporate activity in the sector. Despite an overall improvement in share prices during April volatility remained relatively high. The S&P/ASX Metals and Mining index rose or fell by greater than 1% on 14 of the 21 trading days during the month. The largest upwards daily move for the index was +4.35% whilst the largest downwards move was -2.51%.

The S&P Metals and Mining Index gained 7.98% in April. In London the FTSE 350 Mining Index surged 12.23% whilst the S&P/TSX Metals and Mining Index appreciated 6.60%. The S&P/ASX 300 Resource Accumulation Index posted a gain of 10.44% for April, outperforming the broader market (S&P ASX 300) which fell 4.51% for the period.

Key contributors to the portfolio's performance during April included OM Holdings (+38.7%), BHP Billiton plc (+20.4%), Vale (+12.8%) and Sino Gold Mining (-32.93%).

Fund Performance

Net Returns ¹ to 30 April 2008	Global Resources Fund
1 Month	5.29%
3 Months	11.35%
6 Months	0.01%
12 Months	44.07%
Since inception	53.54%

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 April 2008:

Commodity	US\$ price change	A\$ price change	€ price change
Oil	11.71%	8.38%	12.73%
Gold	-5.58%	-8.91%	-4.56%
Copper	1.35%	-1.98%	2.37%
Aluminium	-1.58%	-4.91%	-0.56%
Zinc	-5.59%	-8.92%	-4.57%
Nickel	-7.21%	-10.54%	-6.19%
Lead	-6.68%	-10.01%	-5.66%
Tin	14.56%	11.23%	15.58%

Portfolio Structure

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

Number of Stocks	30
Gross Exposure	102.7%
Net Long Exposure	72.8%
Breakdown by Strategy	Pairs: 25.5% Directional Long/Short: 74.5%

Top Five Positions

BHP Billiton
Xstrata
Vale
Rio Tinto
Anglo American

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