



Pengana Global Resources Fund

August 2008 Update

- Page 1 -

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

During August various releases of economic data confirmed that Japan and the European Union (along with Germany, France and Italy individually) experienced a negative rate of real GDP growth for the second quarter of 2008. Conversely, the US economy grew real GDP by an adjusted annualised rate of 3.3% during the June quarter, up from an original Commerce Department estimate of 1.9%. The improving rate of growth for the US economy can be largely attributed to a buoyant export sector which gained international competitiveness due to the weakness of the US dollar during the first half of 2008. The relative strength of the US economy, despite continued troubles in the banking sector, propelled the price of the US dollar higher against major currencies. Against the Euro the US dollar climbed 5.67% during the month whilst against the Japanese Yen the US dollar appreciated 3.08%. Given the strength of the US dollar it was not surprising to see weakness in the prices of US dollar denominated commodities with many commodities registering losses of greater than 5% in August. With the spectre of inflation disappearing as energy prices fall the prospects for cuts to official interest rates globally have increased substantially.

Domestically, the S&P/ASX Metals and Mining Index ended August relatively unchanged. However, in keeping with highly volatile trading for the year to date the index was down as much as 11% during the month before rallying off its lows to end the month nearly flat. In August the number of trading days in which the S&P/ASX Metals and Mining Index moved

by greater than +/- 1% was 12, with the index moving by greater than +/- 2% on 7 of the month's 21 trading days. The largest daily moves for the month of August were a fall of 6.93% on 5 August and a gain of 4.97% on 12 August.

In August the S&P/ASX 300 Energy Accumulation Index gained 8.74%. The Energy sector was buoyed by constituent companies that announced stellar profit results during the profit reporting season – with record high oil prices for the half year to June 2008 proving a powerful catalyst for growth in revenue and profitability. In contrast, the S&P/ASX 300 Metals and Mining Accumulation Index posted a modest fall of 0.40% for the period. Despite robust profit reports from the two largest companies in the sector, BHP Billiton and Rio Tinto, the outlook for many companies was clouded due to margin contraction. Evidence of higher input costs such as diesel fuel and sulphur as well as the prospect for lower prices received led to a cautious response to profit reports in the sector.

The S&P Metals and Mining Index fell 8.0% in August. In London the FTSE 350 Mining Index ended the month 2.07% lower whilst the S&P/TSX Global Mining Index fell by 5.34%. The S&P/ASX 300 Resource Accumulation Index gained 1.83% for August, underperforming the broader market (S&P ASX 300) which increased 4.04% for the period.

Key contributors to the portfolio's performance during August included Mineral Resources (+14.70%), Equinox Minerals (+9.97%), Xstrata (-15.9%), Vale (-11.6%) and Barrick Gold Corporation (-18%).

Fund Performance

Net Returns to 29 th August 2008	Global Resources Fund
1 Month	-2.00%
3 Months	-5.91%
6 Months	2.39%
12 Months¹	21.90%
Since inception¹	53.43%

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

Pengana Capital Limited
Level 29, 20 Bond Street
Sydney, NSW 2000
ABN 30 103 800 568 AFSL 226566



Pengana Global Resources Fund

August 2008 Update

Commodity price changes for August 2008:

Commodity	US\$ price change	A\$ price change	€ price change
Oil	-6.04%	2.90%	-0.06%
Gold	-9.05%	-0.11%	-3.07%
Copper	-9.09%	-0.15%	-3.11%
Aluminium	-8.40%	0.54%	-2.42%
Zinc	-9.76%	-0.82%	-3.78%
Nickel	8.93%	17.87%	14.91%
Lead	-12.15%	-3.21%	-6.17%
Tin	-11.45%	-2.51%	-5.47%

Top Five Positions

BHP Billiton
Vale
Freeport McMoran Copper & Gold
Rio Tinto
Anglo American

Contact Details

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

Institutional Clients:

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

Private Clients:

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

Portfolio Structure

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

Number of Stocks	27
Gross Exposure	84.5%
Net Long Exposure	65.5%
Breakdown by Strategy	Pairs: 14.30% Directional Long/Short: 85.7%

Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services licence number 226566) is the issuer of units in the Pengana Global Resources Fund (the "Fund"). Only wholesale clients may invest in the Fund. An Information Memorandum for the Fund is available and can be obtained from our distribution team. A person should obtain a copy of the Information Memorandum and should consider the Information Memorandum carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana Capital Ltd and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana Capital Ltd nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund. Past performance is not a reliable indicator of future performance.