

Pengana Global Small Companies Solution Performance Report

August-2006



Fund Information

Style	Multi manager investing in regional small company specialists	Management fee	0.75% per annum
Benchmark	Equally weighted to the 3 major developed regions: North America, Europe including UK, Asia including Japan	Performance fee	10% over benchmark hurdle (net of fees)
		AUM	A\$46.7m
		Inception date	November 2005

Fund Performance (AUD, net of fees)

	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Year
2006 Fund	-0.4%	1.2%	9.2%	-3.7%	-4.9%	0.2%	-5.6%	3.0%					-1.8%
Benchmark	4.0%	0.4%	7.7%	-4.1%	-5.8%	0.0%	-6.8%	2.9%					-2.5%
MSCI World	1.3%	1.7%	5.8%	-3.1%	-2.4%	1.3%	-2.6%	3.1%					4.9%
2005 Fund											5.2%	8.8%	14.5%
Benchmark											4.5%	7.2%	12.0%
MSCI World											4.4%	3.0%	7.5%

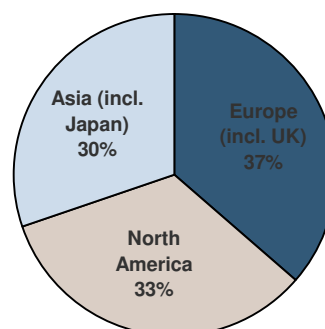
Fund Commentary

The Fund generated a returned 3.0% in August, slightly ahead of its benchmark. The return over the 10 months since the Fund's inception has risen to 12.7% and is a healthy 3.2% above benchmark. This is within our expected out performance of 3 to 5% per annum.

Over the period since the Fund opened in November 2005, the performance of the regional small cap markets has differed significantly. Using index data, the performance of the European market has been by far the strongest with a return of 27%. The US is positive but has only risen 9% while Japan has fallen 7%. This divergence has led to an overweight to Europe in the portfolio and we will consider rebalancing if it nears our +5% tolerance.

The transition to the new European manager was concluded successfully at the start of the month at minimal cost through the use of a full stock transfer.

Fund Allocation



Fund Performance (simulated to October 2005)

Month	Fund	Benchmark	MSCI
2006 ytd	-1.8%	-2.5%	4.9%
2005	36.1%	25.4%	25.4%
2004	26.1%	23.0%	10.2%
2003	12.1%	19.1%	-1.3%
2002	-20.0%	-20.3%	-27.2%
2001	-7.5%	-6.1%	-8.9%
Annualised	6.8%	4.0%	-1.7%
Ann SD	14.6%	14.6%	12.5%

Manager Performance (AUD, net of fees)

Month	Fund	Benchmark	Relative
North America	2.9%	3.4%	-0.5%
Europe	3.2%	3.5%	-0.3%
Asia	2.8%	1.7%	1.1%
Since Inception (November 2005)			
North America	11.0%	8.5%	2.5%
Europe	28.3%	26.7%	1.6%
Asia	1.7%	-6.6%	8.3%

Disclaimer

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North America

Manager	Cortina AM	Cortina generated a return of 2.9% in August, lagging the benchmark by 0.5%. The performance since inception of the Fund remains above benchmark at 11.0% compared to the Russell 2000's return of 8.5%.
Benchmark	Russell 2000	
Fund Allocation	33.2%	
Month return	2.9%	
Benchmark	3.4%	

Top 5 positions

3.7%	C Beyond Inc Com
2.7%	Analogic Corp
2.2%	Unica Corp Com
2.1%	Microstrategy Inc
2.1%	J2 Global Comm Inc

The China story continues to fuel the growth of sectors with significant tangible assets such as Materials, Energy and Industrials. Interest rate sensitive stocks and stocks with predictable growth and dividends have also fared well this year. The major laggard in the US has been the Consumer Discretionary sector. Cortina is not overweight this sector but does maintain an investment as it believes the American consumer was born to do just that: consume. Cortina believes, following numerous company meetings, that the recent slowdown represents them taking their foot off the pedal rather than the start of a sustained period of restraint.

That said, September is typically a poor month for the US stock market. It is the one month in the year where the risk of a negative return is greater than 50%. July and August are generally slow months for transacting business in the northern hemisphere, and this catches up with many companies at the end of the quarter.

Europe (including UK)

Manager	Munros CM	Munros slightly under performed the HSBC Smaller Europe index over the month, generating a return to Australian investors of 3.2%.
Benchmark	HSBC Europe	
Fund Allocation	36.5%	Munros took over custody of the European portfolio from Kempen at the start of August, the assets being transferred in specie to minimise transaction costs. Munros, like Kempen, is an Edinburgh based small cap specialist. It is a boutique with a highly experienced team and a strong pedigree in European small caps.
Month return	3.2%	
Benchmark	3.5%	

Top 5 positions

3.4%	Wessanen
3.2%	Trygvesta
3.1%	Hellenic Exchanges
3.0%	Macintosh Retail
2.8%	Abengoa

As anticipated, Munros has not made significant changes given the team's familiarity with Kempen's portfolio, but it has refreshed the portfolio: cleaning out old legacy positions and introducing some new companies, including a number of micro cap stocks.

Ireland was the strongest country over the month, returning 6.9%, and the Netherlands the weakest, falling 1.3%. Many of the recently acquired stocks performed well, such as The Tanfield Group (+20.4%), Laird (+12.5%), Ramirent (+11.0%) and Abengoa, the Spanish Energy and Telecommunications group, (+12.6%).

Asia (including Japan)

Manager	Sparx AM	The fund's Japanese manager, Sparx, generated another good month's performance relative to its benchmark. It has now outperformed by over 8% since inception in November 2005 and is the Fund's most successful manager thus far.
Benchmark	Topix / Jasdax	
Fund Allocation	30.3%	
Month return	2.8%	
Benchmark	1.7%	

Top 5 positions

5.4%	Bank of Fukuoka Ltd
5.0%	Shoei Company
4.9%	Toyo Tanso Co Ltd
4.9%	Nissay Dowa General
4.7%	Prestige International

During August, exposures to Real Estate and Non-ferrous metals performed well due to strong demand. Machinery and Banks both detracted with the former sold down due to the global slow down and an unexpected interest rate hike adversely affecting the latter. Sparx has reduced its position in Machinery but believes that the fundamentals within the Banking sector remain strong. It continues to accumulate quality businesses with a domestic focus and good growth potential, such as Tokyo Steel and TV Asahi.

Sparx believes that the rebound in August demonstrates the market's improving confidence. In its view, many earnings estimates remain overly conservative and share prices will benefit from upward revisions later in the year. It is however concerned that the dominance of derivative trading on the small cap indexes may lead to a further correction.

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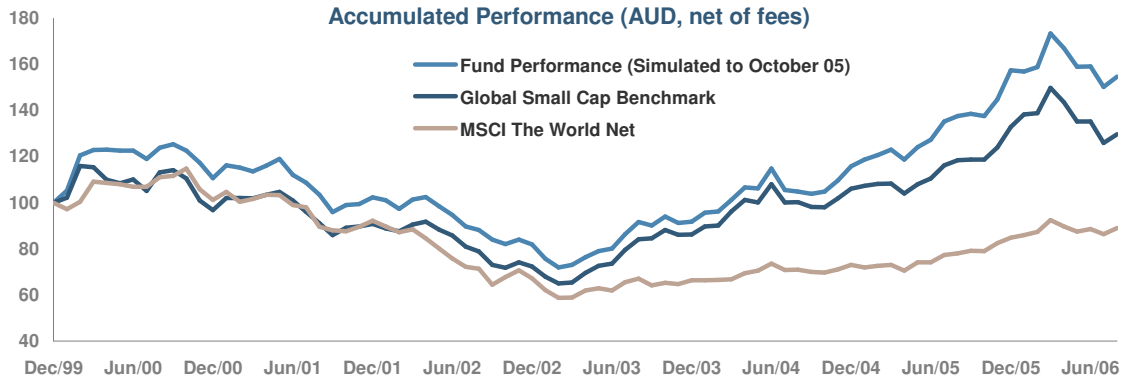
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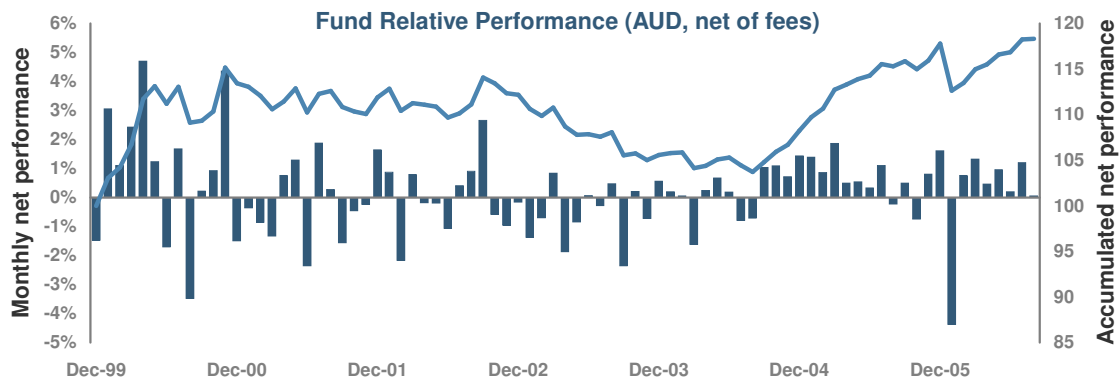
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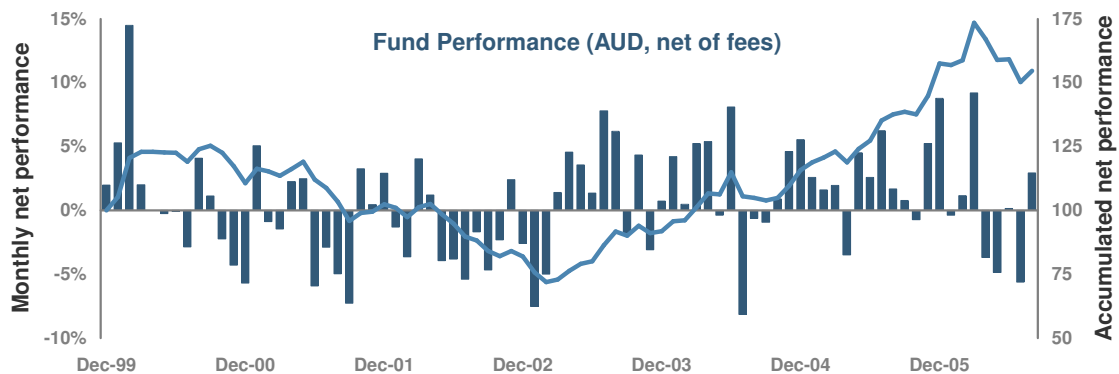
Accumulated Fund and Benchmark Performance



Monthly Fund Relative Performance



Monthly Fund Absolute Performance



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