

Pengana Global Small Companies Solution

Performance Report

January 2007



Fund Information

Style	Multi manager investing in regional small company specialists	Management fee	1.00% 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	\$53.1m
		Inception date	November 2005

Fund Performance (AUD, net of fees)

	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Year
2007													
Fund	5.2%												5.2%
Benchmark	4.4%												4.4%
MSCI World	3.0%												3.0%
2006													
Fund	-0.4%	1.2%	9.2%	-3.7%	-4.9%	0.2%	-5.6%	3.0%	4.3%	0.1%	1.2%	2.6%	6.4%
Benchmark	4.0%	0.4%	7.7%	-4.1%	-5.8%	0.0%	-6.8%	2.9%	1.8%	-0.1%	0.3%	1.9%	1.4%
MSCI World	1.3%	1.7%	5.8%	-3.1%	-2.4%	1.3%	-2.6%	3.1%	3.2%	-0.2%	0.7%	2.1%	11.1%
2005													
Fund											5.2%	8.8%	14.5%
Benchmark											4.5%	7.2%	12.0%
MSCI World											4.4%	3.0%	7.5%

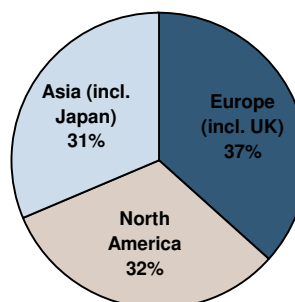
Fund Commentary

In January the Fund returned 5.2%, 0.8% ahead of the benchmark. The Fund's annualised performance has risen to 22.0% and the alpha generated to an average of 0.5% per month.

The Fund was rebalanced at the end of the month but remains overweight Europe due to its strong performance. No further rebalancing costs will be incurred at this stage.

Joe Frohna resigned from Cortina Asset Management during the month. He was not involved with the Opportunity Strategy but was a senior portfolio manager and a key equity holder. He departed by mutual consent as a result of an SEC investigation into a trade conducted while at a previous employer. Pengana remains confident in the ongoing stability of the manager.

Fund Allocation



Fund Performance (AUD, net of fees)

	1 Month	3 Months	1 Year	Financial Year to Date	Annualised Since Inception	Standard Deviation
Fund	5.2%	9.3%	12.4%	10.8%	22.0%	15.4%
Benchmark	4.4%	6.7%	1.8%	4.1%	14.5%	14.9%
North America	4.0%	4.9%	8.6%	6.1%	18.5%	15.4%
Benchmark	3.5%	4.8%	6.5%	6.3%	15.1%	14.8%
Europe	8.3%	22.6%	46.5%	30.5%	51.8%	13.4%
Benchmark	4.3%	14.5%	31.8%	20.6%	40.5%	12.4%
Asia	5.6%	1.4%	-9.8%	-2.2%	2.2%	25.1%
Benchmark	5.2%	0.9%	-25.7%	-12.6%	-8.4%	22.8%

Disclaimer

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North America

Manager	Cortina AM
Benchmark	Russell 2000
Fund Allocation	32.1%
Month return	4.0%
Benchmark	3.5%

Cortina enjoyed a good start to the year, generating a return of 4.0% in January, 0.5% ahead of the benchmark. Its annualised return since inception is 18.5% and while the alpha generated over this period does not match our other managers, the US market was notoriously difficult to add value in during 2006. The majority of managers underperformed in a market that moved from momentum to value and quality and then back to momentum.

Top 5 positions

3.5%	Cbeyond Inc Com
2.3%	World Fuel Corp
2.0%	Coldwater Creek
1.9%	Oyo Geospace
1.9%	Respironics

The fall in the crude oil price spooked many during January but Cortina has maintained its Energy sector positions. While it does not believe there are many undiscovered energy stocks, it does believe there are further gains to be accrued from the Chinese growth story coupled with the tensions in the Middle East. Industrials were the strongest performers over the month as investors focused on stocks in lagging industries such as Steel, Shipping and Trucking. REITs continued to receive strong flows but Cortina firmly believes that the private equity led activity in this sector has resulted in gross mispricing.

Unfortunately Cortina lost Joe Frohna during the month. While he was not involved in the Opportunity Strategy he was a senior professional and a key equity holder. The impact of his departure will be monitored carefully.

Europe (including UK)

Manager	Munros CM
Benchmark	HSBC Europe
Fund Allocation	36.5%
Month return	8.3%
Benchmark	4.3%

Munros generated a return of 8.3% in January, 4.0% ahead of the benchmark. Munros has now returned 35.5% since its inception in August 2006, with an alpha of 10.4%.

Top 5 positions

5.4%	Newcourt
5.2%	Tanfield
3.9%	Spice Holdings
3.7%	Trygvesta
3.4%	Macintosh Retail

The European small cap market continues to power on; 2006 was a remarkable year. For example of the 128 M&A deals in Europe, 84% were in the small cap space. Fundamentals remain strong: expected earnings growth exceeds large caps and sales growth has continued. Valuations relative to large caps are however stretched by historical measures and this may serve to dampen returns.

The UK market performed poorly over the month, despite the strength in the Pound, and the Irish market fell. Despite having 29% and 11% respectively invested in these markets, Munros performed well thanks to some excellent stock specific results. Tanfield, the portfolio's second largest position, rose 30% and Hellenic Exchanges as well as Sulzer each rose 27% on good news flow. Tandberg Television, a 2% holding, rose by 25% due to a potential takeover.

Asia (including Japan)

Manager	Sparx AM
Benchmark	Topix / Jasdaq
Fund Allocation	31.3%
Month return	5.6%
Benchmark	5.2%

The Japanese portfolio managed by Sparx rose by 5.6% over the month, 0.4% above the benchmark. While Sparx has been the Fund's poorest performing manager, it has generated significant alpha relative to its benchmark.

Top 5 positions

6.6%	Prestige International
6.1%	Hokwiku Electrical Power
5.9%	Mimasu Semiconductor
5.5%	Bank of Fukuoka
5.5%	Asahi Intecc

The Japanese equity market as a whole was boosted by increased international investor interest in the New Year and another delay in the interest rate hike. The Steel sector in particular has captured investors' interest while other domestic orientated sectors such as real estate and broking have performed well. Healthcare and Energy in particular have lagged the broader market.

The recent addition Properst, which we discussed in this commentary last month, rose 80% in January, leading Sparx to sell down its position and take profits. It also consolidated its semiconductor exposure into Mimasu Semiconductor which has risen to the portfolio's third largest position.

Sparx remains optimistic and anticipates upward revisions and double digit earnings growth in the next fiscal year.

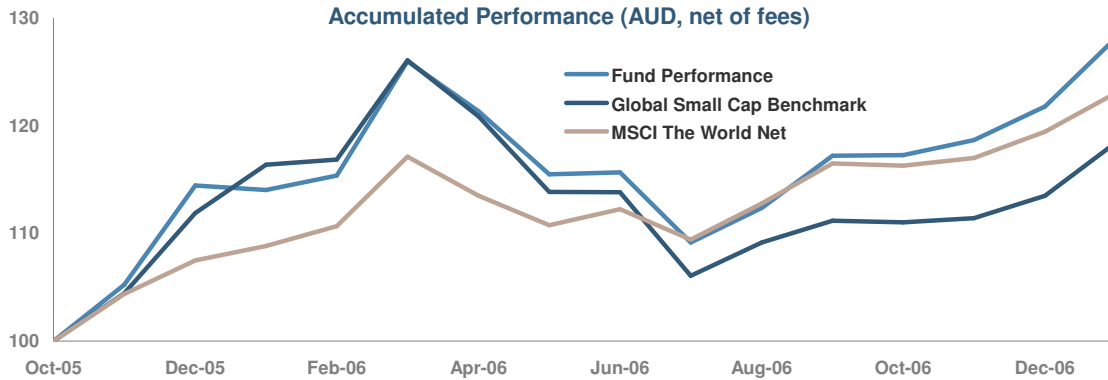
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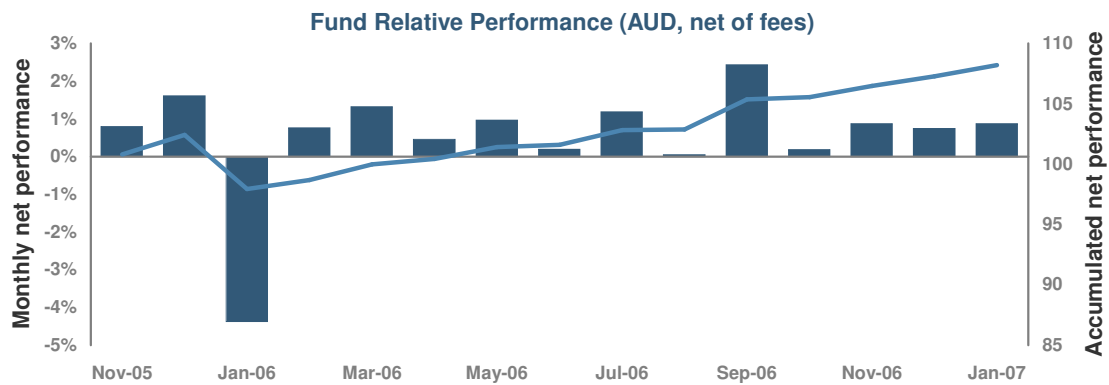
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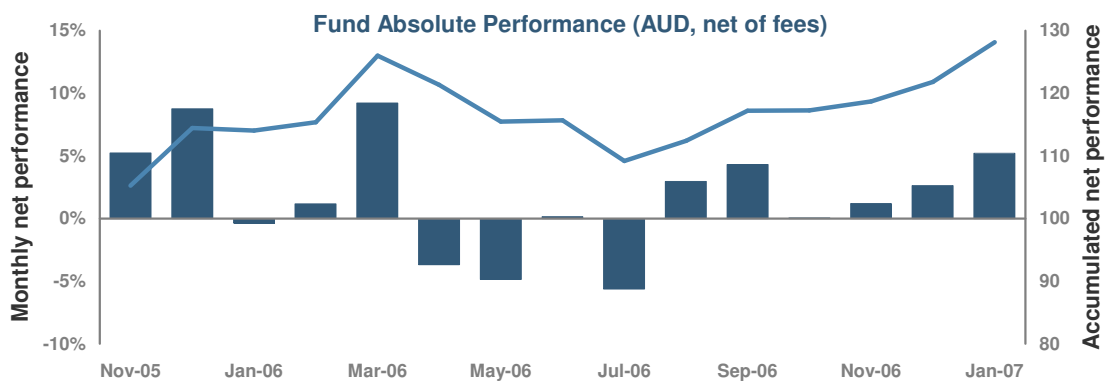
Accumulated Fund and Benchmark Performance



Monthly Fund Relative Performance



Monthly Fund Absolute Performance



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