

Pengana Global Small Companies Solution Performance Report

March 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	\$52.6m
		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%	0.4%	-1.0%										4.5%
Benchmark	4.4%	-2.6%	0.0%										1.7%
MSCI World	3.0%	-3.0%	0.0%										-0.1%
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%

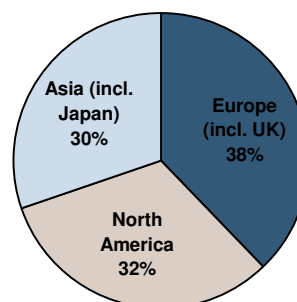
Fund Commentary

During March the Fund suffered just its second month of under performance, generating a return 1.1% below the benchmark. The Fund's annualised return since inception is 18.6%, 7.9% above the benchmark.

The European and Japanese small cap markets have proved very different investments since the inception of the Fund. The European benchmark has risen 36% per annum with a standard deviation of 12% while the Japanese equivalent has fallen 11% with a standard deviation of 22%. Both however have strong underlying fundamentals and it is the US region which appears to have the weakest economic prospects.

If the current performance trends persist it will be necessary to rebalance the Fund at month end to reduce the European allocation.

Fund Allocation



Fund Performance (AUD, net of fees)

	1 Month	3 Months	1 Year	Financial Year to Date	Annualised Since Inception	Standard Deviation
Fund	-1.0%	4.5%	1.0%	10.1%	18.6%	14.6%
Benchmark	0.0%	1.7%	-8.5%	1.4%	10.7%	14.3%
North America	-0.9%	2.1%	-4.6%	4.2%	14.7%	14.7%
Benchmark	-0.8%	-0.7%	-7.1%	2.0%	10.0%	14.5%
Europe	3.5%	11.0%	30.5%	33.8%	47.1%	13.1%
Benchmark	3.5%	5.7%	17.4%	22.3%	36.3%	12.4%
Asia	-3.5%	1.3%	-17.6%	-6.2%	1.0%	23.8%
Benchmark	-2.8%	0.0%	-30.4%	-17.0%	-10.8%	21.5%

Disclaimer

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North America

Manager	Cortina AM	Cortina returned -0.9% for March, slightly below its benchmark. Following the February market meltdown traditional defensive sectors such as Consumer Staples, Energy, Utilities and Materials sectors performed well while the micro-caps and non-earning small caps fared poorly.
Benchmark	Russell 2000	
Fund Allocation	31.8%	
Month return	-0.9%	
Benchmark	-0.8%	
Top 5 positions		
3.5%	Cbeyond Inc Com	Reports on consumer confidence and manufacturing figures point to declining growth of the US economy overall. Interest rates were kept on hold during the month. Despite the more pessimistic backdrop, acquisition activity, fuelled by private equity and larger cash rich corporations suggest potential upside for small caps.
2.6%	Stratasys Inc Com	
2.4%	World Fuel Corp	
2.3%	Houston Wire & Cable	
2.2%	SPSS Inc Com	
A further slump in residential real estate cooled the REIT market. Cortina are seeing through the housing trough for the first time in many quarters, cautiously re-entering the market through some favoured homebuilding stocks. CBeyond, the VOIP communications specialist, remains the largest holding in the portfolio.		

Europe (including UK)

Manager	Munros CM	Munros grew by 3.5%, in line with the HSBC Smaller Europe benchmark. The European portfolio has generated a return of 47.1% per annum since inception.
Benchmark	HSBC Europe	
Fund Allocation	37.9%	
Month return	3.5%	
Benchmark	3.5%	
Top 5 positions		
6.0%	Tanfield	The Fund's largest holding, the commercial electric vehicle manufacturer Tanfield, returned 23.9%, maintaining its recent momentum with solid figures reported this month. Munros took some profits following the strong performance. Erinaceous, the property services group, disappointed the market during reporting season and shed 28.5%. Munros intend to review this holding, pending a meeting with company management.
5.1%	Newcourt	
3.8%	Ramirent	
3.7%	Spice Holdings	
3.7%	LVL Medical	

Asia (including Japan)

Manager	Sparx AM	SPARX fell by -3.5% in March, with the reference index down -2.8%.
Benchmark	Topix / Jasdaq	
Fund Allocation	30.3%	
Month return	-3.5%	
Benchmark	-2.8%	
Top 5 positions		
5.8%	Asahi Intecc Co Ltd	Household spending continued to rise in March while sentiment among large service companies held at a 16-year record high. Inflation remains negligible and the Japanese economy continues to exhibit signs of growth. The small cap market however continues to fall, especially the micro caps. SPARX's outlook however remains upbeat, buoyed by expectations of positive earnings revisions in April limiting downside concern.
5.4%	Bank of Fukuoka	
5.3%	Miraial Co	
4.9%	Prestige International	
4.8%	Aeon Delight	
Falls in one of the Fund's largest holdings, the call centre business Prestige International, explained most of the month's under performance. It delivered a lower than expected 12-month EPS guidance on the back of a new business plan that will boost its 3-year EPS two-fold. This did not satisfy the market and, although SPARX remains confident in the company's fundamentals having met with management, it has reduced its holding. Aeon Delight, a property management and services business, was the strongest performer.		

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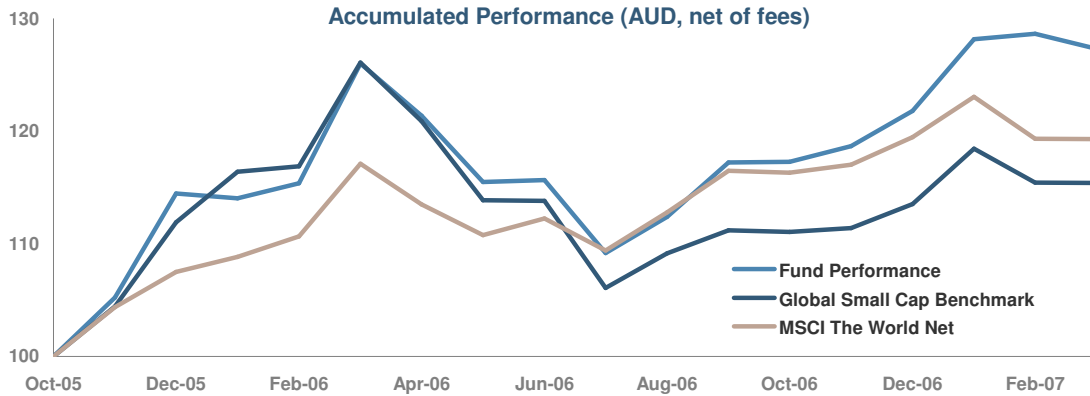
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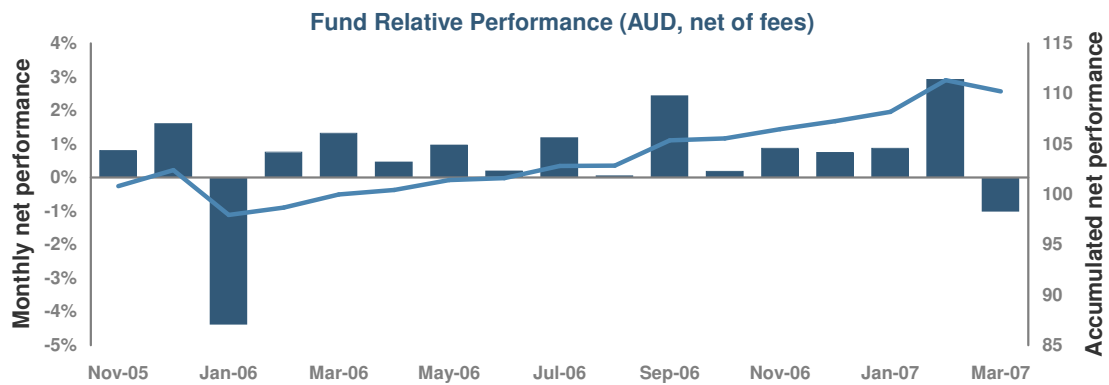
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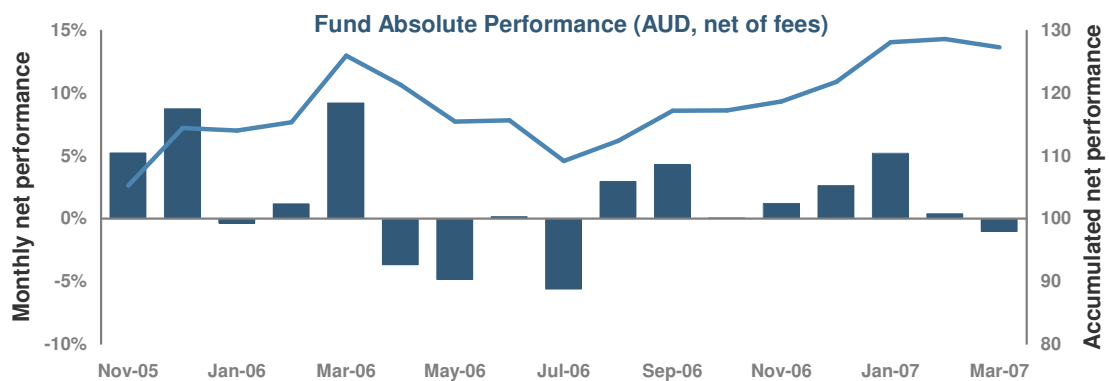
Accumulated Fund and Benchmark Performance



Monthly Fund Relative Performance



Monthly Fund Absolute Performance



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