

# Pengana Global Small Companies Solution Performance Report May 2007



## Fund Information

<b>Style</b>	Multi manager investing in regional small company specialists	<b>Management fee</b>	1.00% per annum
<b>Benchmark</b>	Equally weighted to the 3 major developed regions: North America, Europe including UK, Asia including Japan	<b>Performance fee</b>	10% over benchmark hurdle (net of fees)
		<b>AUM</b>	\$53.86 m
		<b>Inception date</b>	November 2005

## Fund Performance (AUD, net of fees)

	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Year
<b>2007</b> Fund	5.2%	0.1%	-1.0%	0.1%	2.3%								6.7%
Benchmark	4.4%	-2.6%	0.0%	-1.9%	1.5%								1.4%
MSCI World	3.0%	-3.0%	0.0%	1.6%	4.1%								5.7%
<b>2006</b> Fund	-0.4%	1.2%	9.2%	-3.7%	-4.9%	0.8%	-5.6%	3.0%	3.9%	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%
<b>2005</b> Fund											5.2%	8.8%	14.5%
Benchmark											4.5%	7.2%	12.0%
MSCI World											4.4%	3.0%	7.5%

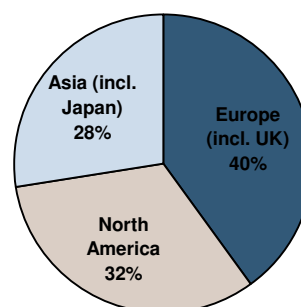
## Fund Commentary

In May the Fund returned 2.3%, 0.8% ahead of the benchmark. The Fund's annualised performance since inception is 18.2% compared with the benchmark's return of 9.1%.

During the month, changes in exchange rates proved a net benefit to the Fund, with the USD appreciating against the AUD. To provide investors with the option of reducing such currency exposure we will be offering hedged and unhedged versions of the Fund from July 2007.

At the European manager, Munros, there was a senior management change during May with the replacement of the UK portfolio manager. We have been fully informed of the circumstances and view this as a further positive step in the manager's development.

## Fund Allocation



## Fund Performance (AUD, net of fees)

	1 Month	3 Months	1 Year	Financial Year to Date	Annualised Since Inception	Standard Deviation
<b>Fund</b>	2.3%	1.3%	12.8%	11.9%	18.2%	13.8%
Benchmark	1.5%	-0.5%	0.9%	0.9%	9.1%	13.7%
<b>North America</b>	4.7%	2.8%	11.2%	9.9%	16.4%	14.0%
Benchmark	4.6%	2.4%	7.2%	5.3%	11.1%	14.1%
<b>Europe</b>	3.8%	11.6%	46.9%	46.0%	48.8%	12.1%
Benchmark	1.4%	7.5%	27.1%	27.0%	35.1%	11.7%
<b>Asia</b>	-2.2%	-11.3%	-12.1%	-12.1%	-5.1%	23.0%
Benchmark	-1.6%	-10.9%	-25.5%	-23.9%	-14.5%	20.8%

## Disclaimer

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## North America

<b>Manager</b>	Cortina AM	Cortina gained +4.67% in May, ahead of the Russell 2000 benchmark which grew +4.57%.
<b>Benchmark</b>	Russell 2000	
<b>Fund Allocation</b>	32.3%	Reporting season concluded in May and saw a resurgence of private equity-fuelled M&A activity. This shifting focus from fundamentals to leveraged buyouts saw the small cap companies outperform their large-cap counterparts. The US Federal Reserve signaled inflationary concerns prompted by strong economic growth and rising food and petrol prices that were later reflected in a spike in bond yields. Against this cautious economic backdrop small cap earnings growth expectations have dropped from 14.6% at the beginning of the year to 11% at month end.
<b>Month return</b>	4.7%	
<b>Benchmark</b>	4.6%	
<b>Top 5 positions</b>		
3.7%	Cbeyond Inc Com	
2.6%	Crocs Inc Com	
2.6%	Stratasys Inc Com	
2.4%	Coldwater Creek Inc Com	
2.4%	SPSS Inc Com	

## Europe (including UK)

<b>Manager</b>	Munros CM	The Munros portfolio maintained its solid performance in May, up +3.81% in a European market that returned +1.44%.
<b>Benchmark</b>	HSBC Europe	
<b>Fund Allocation</b>	40.1%	The portfolio's two largest holdings, Ramirent and Tanfield, contributed significantly. A site visit to the latter confirmed the company's positive outlook in the electric vehicle and powered access divisions. Meanwhile delayed earnings recovery forecasts for the disappointing Muehlhan prompted Munros to sell their small holding at month end.
<b>Month return</b>	3.8%	
<b>Benchmark</b>	1.4%	
<b>Top 5 positions</b>		
6.5%	Tanfield	
4.7%	Ramirent	
4.5%	Newcourt	
3.8%	LVL Medical	
3.7%	Spice Holdings	

## Asia (including Japan)

<b>Manager</b>	Spax AM	SPARX returned -2.17% for the month, in a small cap market where its benchmark fell by -1.56%. The appreciation of the Australian dollar against the Japanese yen continues to detract from the performance of this portfolio, as it has done for most of 2007.
<b>Benchmark</b>	Topix / Jasdaq	
<b>Fund Allocation</b>	27.6%	
<b>Month return</b>	-2.2%	The reporting spotlight fell on Japan, where small cap markets continue to lag other global markets. Earnings results were positive, however guidance for FY07 remained conservative due in part to new depreciation accounting requirements. The month saw increased selling activity from Japanese trust banks.
<b>Benchmark</b>	-1.6%	
<b>Top 5 positions</b>		
7.9%	Asahi Intecc Co Ltd	
7.1%	Prestige International	
7.0%	SEC Carbon Ltd	
6.1%	Mimasu Semiconductor	
6.1%	Aeon Delight	

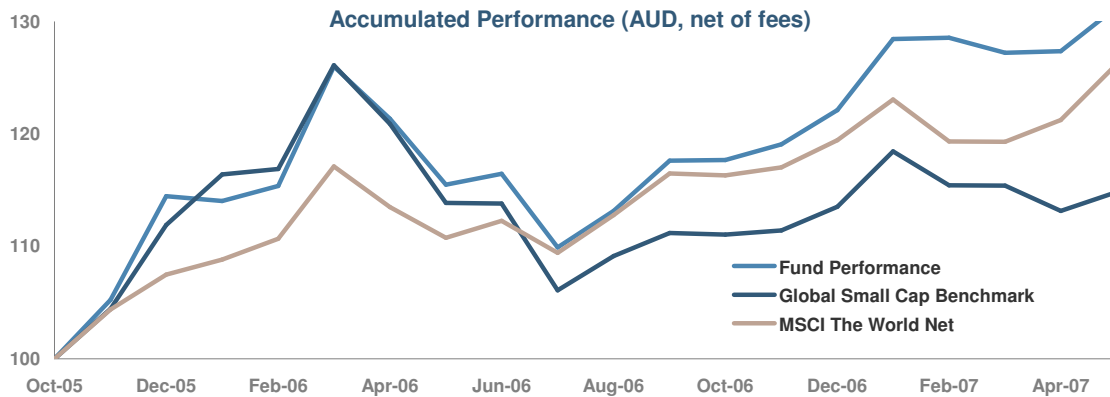
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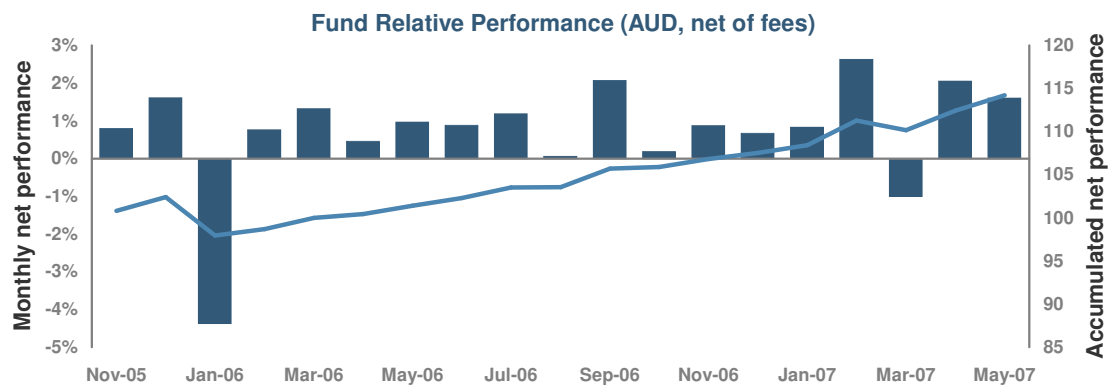
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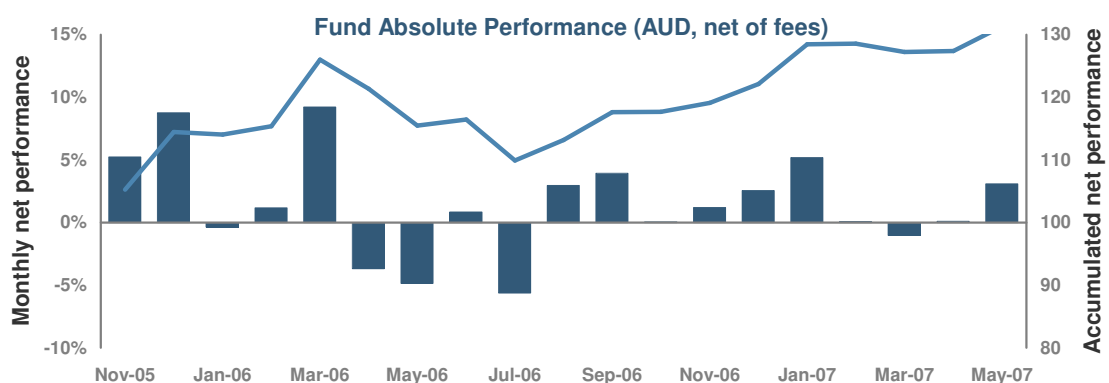
## Accumulated Fund and Benchmark Performance



## Monthly Fund Relative Performance



## Monthly Fund Absolute Performance



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