

# Pengana Global Small Companies Solution Performance Report September 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> \$48.7 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%	-3.4%	-2.0%	-4.0%	-0.4%				-3.5%
Benchmark	4.4%	-2.6%	0.0%	-1.8%	1.5%	-3.5%	-4.4%	-2.2%	-0.7%				-9.4%
MSCI World	3.0%	-3.0%	0.0%	1.6%	4.1%	-4.3%	-2.2%	-0.1%	4.8%				3.5%
<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%

\*The fund's currency exposure was unhedged until 30 June 2007

## Fund Commentary

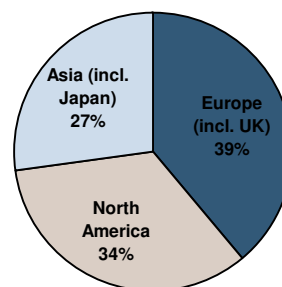
In September the fund lost -0.4%, outperforming its benchmark which lost -0.7%.

Globally, credit markets were buoyed by aggressive interest rate cuts by the US Federal Reserve in mid-September. Small caps investors, who have grown more risk-adverse throughout the volatility of recent months, reacted more cautiously to this turnaround, conscious that US inflation concerns will make it difficult for the Fed to continue its easing of monetary policy.

As such the market sought out higher quality stocks with steady growth potential. This trend has favoured the strategy of the fund's underlying managers, who use fundamental research to uncover exceptional companies with robust business models and strong growth outlook.

As of 1 October 2007 the fund moved to daily unit pricing.

## 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>	-0.4%	-6.4%	0.2%	-6.4%	8.9%	13.7%
Benchmark	-0.7%	-7.2%	-7.5%	-7.2%	1.5%	13.4%
<b>North America</b>	3.7%	-2.4%	3.0%	-2.4%	10.1%	14.0%
Benchmark	1.6%	-3.4%	-2.1%	-3.4%	4.8%	14.4%
<b>Europe</b>	-1.8%	-7.9%	22.9%	-7.9%	30.0%	14.3%
Benchmark	-3.0%	-8.1%	7.4%	-8.1%	19.7%	13.2%
<b>Asia</b>	-3.3%	-8.3%	-20.3%	-8.3%	-9.5%	21.3%
Benchmark	-0.8%	-10.3%	-25.6%	-10.3%	-17.8%	19.2%

## Disclaimer

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September 2007



## North America

<b>Manager</b>	Cortina AM	The US small cap market regained some stability as the Federal Reserve cut their target rate this month. The unusual strength of lower quality stocks last month was not sustained in September. The strongest small cap stocks this month were those of companies with larger market caps, higher ROE's and faster growth rates.
<b>Benchmark</b>	Russell 2000	
<b>Fund Allocation</b>	33.7%	
<b>Month return</b>	3.7%	
<b>Benchmark</b>	1.6%	
<b>Top 5 positions</b>		
4.4%	Cbeyond Inc Com	Although credit markets have settled significantly throughout September, Cortina feel that they are unlikely to return to the liquidity levels of the past 18 months. As such they have favoured companies that are well capitalised and self-funding. This month the portfolio's performance was driven by the Technology, Energy and Consumer sectors, while Restaurant and Retail stocks underperformed.
3.6%	Crocs Inc Com	
3.1%	SPSS Inc Com	
2.3%	Blackbaud Inc Com	
2.2%	Double-take Software	
The portfolio was re-weighted in favour of Technology, Financials and Auto/Transportation. The IT provider Double-Take Software is a newcomer to the portfolio's top five positions this month. It specialises in disaster recovery and centralised back up solutions in the finance, legal, healthcare, education and government sectors.		

## Europe (including UK)

<b>Manager</b>	Munros CM	European markets continued their volatile run, as investors became more risk averse throughout September.
<b>Benchmark</b>	HSBC Europe	
<b>Fund Allocation</b>	39.0%	
<b>Month return</b>	-1.8%	
<b>Benchmark</b>	-3.0%	
<b>Top 5 positions</b>		
6.3%	Tanfield	The portfolio's performance was boosted by the strength of the Greek and Norwegian markets, which outperformed the benchmark. In particular the Greek stock exchange and derivative market operator Hellenic Exchanges rose +11.6% this month.
4.4%	LVL Medical	
4.3%	Spice Holdings	
3.9%	Ramirent	
3.9%	Newcourt	
YouGov, a UK-based market research and consultancy firm that specialises in IT, recovered from its recent weakness and boosted the portfolio with a +18.1% gain. The UK market overall however was hindered by the weakness of the sterling against the Euro. Ireland also underperformed the benchmark, as did Portugal and Austria. The Irish contagion led to a sharp fall in Newcourt, which provides outsourced services to the security, student accommodation, recruitment and aviation sectors. Munros believe that its fall of -18.8% reflected the negative market sentiment rather than any deterioration in the company's business fundamentals.		

## Asia (including Japan)

<b>Manager</b>	Sparx AM	In September the fund was down -3.3%, underperforming its benchmark which fell -0.8%. This market weakness was largely driven by a sell down by foreign investors and public funds such as the Japanese postal savings office.
<b>Benchmark</b>	Topix / Jasadq	
<b>Fund Allocation</b>	27.3%	
<b>Month return</b>	-3.3%	
<b>Benchmark</b>	-0.8%	
<b>Top 5 positions</b>		
12.4%	Prestige International	Global shipping provider Shinwa Kaiun Kaisha was among the stocks in the Marine Transportation sector that performed strongly this month; similarly the export-driven names of the Machinery and Electrical Machinery sector, as well as commodity-related stocks contributed positively to the portfolio's performance. Two of the fund's core holdings, Tri-Chemical Laboratories and Prestige International, fell sharply despite positive earnings news. Meetings with the management teams of both companies confirmed that their fundamentals remain sound.
12.1%	Shinwa Kaiun Kaisha Ltd	
11.1%	Tri Chemical Lab Inc	
9.4%	Mimasu Semiconductor	
7.8%	Hanwa Co Ltd	
Sparx maintain their confidence in long-term small cap fundamentals, encouraged by corporate earnings strength, dividend growth and robust share buy-back activity. A rebound in stock prices is expected next month when second quarter earnings results are announced.		

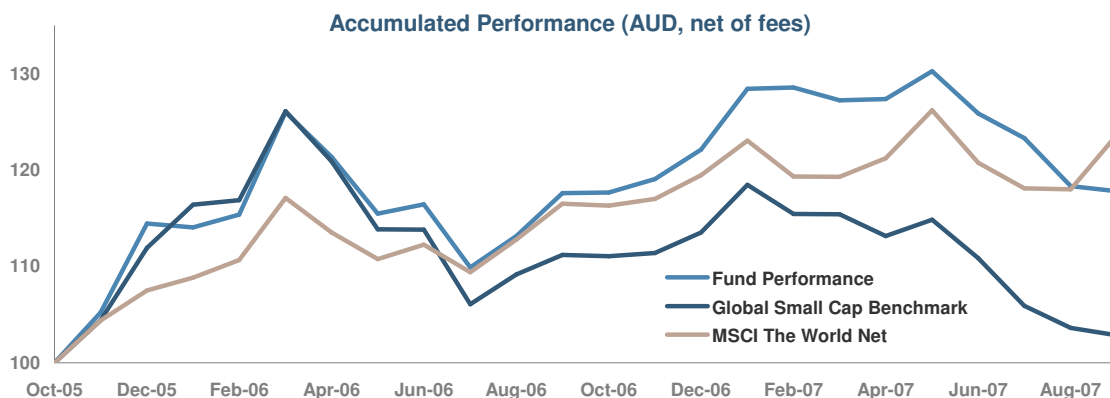
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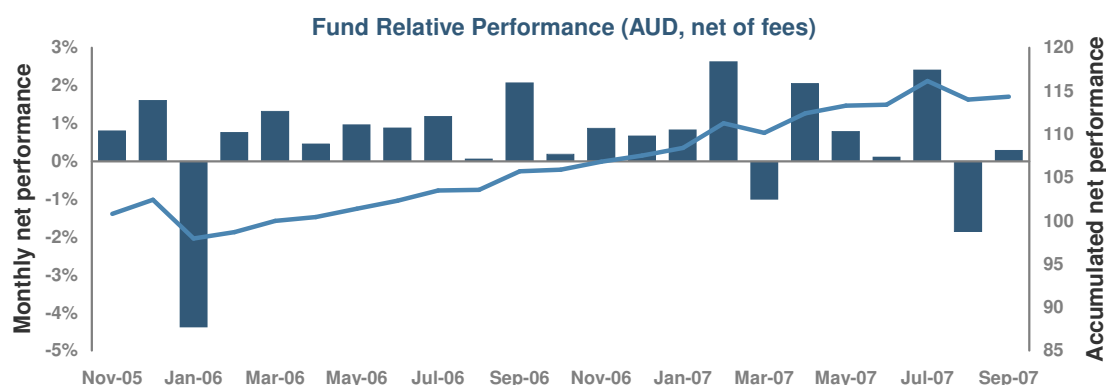
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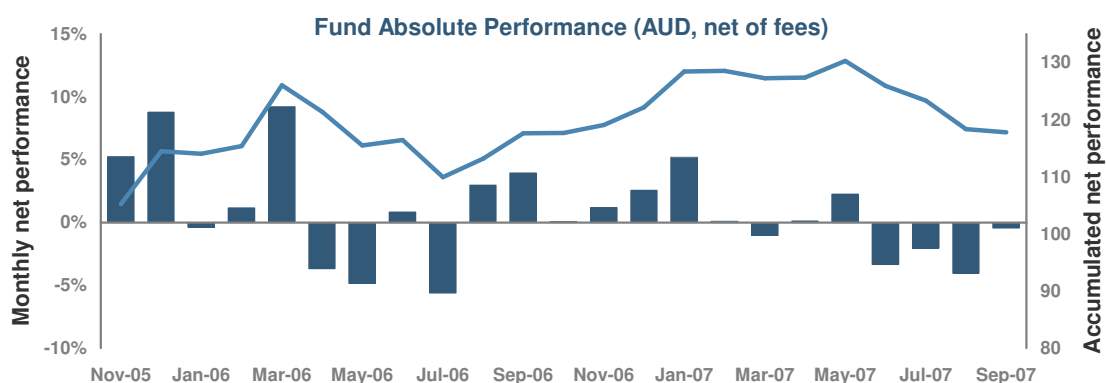
## Accumulated Fund and Benchmark Performance



## Monthly Fund Relative Performance



## Monthly Fund Absolute Performance



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