

Pengana Global Small Companies Solution Performance Report

October 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	\$52.1 m
		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%	0.1%	-1.0%	0.1%	2.3%	-3.4%	-2.0%	-4.0%	-0.4%	5.1%			1.6%
Benchmark	4.4%	-2.6%	0.0%	-1.8%	1.5%	-3.5%	-4.4%	-2.2%	-0.7%	3.5%			-6.3%
MSCI World	3.0%	-3.0%	0.0%	1.6%	4.1%	-4.3%	-2.2%	-0.1%	4.8%	3.1%			6.6%
2006 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%
2005 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

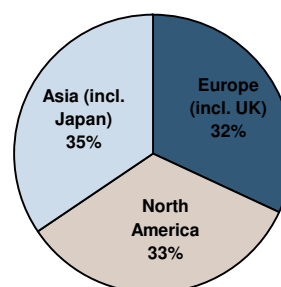
The fund gained +5.1% in October, in a buoyant global small cap market which was up +3.5%.

This strength was on the back of last month's Federal Reserve interest rate cut, although all markets maintained high levels of volatility as investors cautiously wait for the full extent of the credit crisis to be revealed.

This month the fund moved to daily unit pricing. The Sparx investment was transferred to a Dublin-domiciled fund in order to accommodate daily unit pricing. The portfolio will now be managed by Mr Tadahiro Fujimura, a senior fund manager who has been with SPARX for eight years.

Pengana have met with Mr Fujimura on numerous occasions, and are confident in his ability to continue the strong performance of the fund's Japanese portfolio.

Fund Allocation



Fund Performance (AUD, net of fees)

	1 Month	3 Months	1 Year	Financial Year to Date	Annualised Since Inception	Standard Deviation
Fund	5.1%	0.6%	5.4%	-1.5%	11.4%	13.8%
Benchmark	3.5%	0.5%	-4.2%	-4.0%	3.2%	13.3%
North America	6.1%*	9.2%	8.1%	3.5%	12.9%	14.2%
Benchmark	2.8%	6.7%	-1.2%	-0.7%	6.1%	14.2%
Europe	2.8%*	-4.6%	23.7%	-5.4%	30.4%	14.0%
Benchmark	3.5%	-2.9%	9.4%	-4.9%	20.9%	13.0%
Asia	7.4%*	-2.4%	-12.3%	-1.5%	-5.9%	21.6%
Benchmark	3.9%	-2.5%	-19.6%	-6.9%	-15.5%	19.2%

*estimates

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North America

Manager	Cortina AM
Benchmark	Russell 2000
Fund Allocation	33.4%
Month return	6.1%*
Benchmark	2.8%

The buoyant momentum inspired by last month's Federal Reserve interest rate cut carried through to the first half of the month of October, but was partially offset by earnings reports and announcements which commenced later in the month. Further fallout from this year's credit market disruption came to light as major financial institutions revealed multi-billion dollar write downs of assets.

Top 5 positions

3.6%	Crocs Inc Com
3.1%	SPSS Inc Com
2.2%	Double-take Software
2.6%	Microstrategy Inc
2.4%	Monotype Imaging

Small cap investors honed in on companies that demonstrated solid execution of their business plans and had at least met if not exceeded their earnings guidelines. As the investors cautiously await further aftershocks, companies that even slightly disappointed during this period were swiftly punished. This investment theme favoured the portfolio, which continues to be boosted by Technology stocks. This included MicroStrategy and Monotype Imaging, which both entered the portfolio's top five holdings. MicroStrategy is a business management software provider, while Monotype Imaging provides digital text imaging solutions.

All sectors that Cortina have invested in contributed positively, reflecting their investment style which focuses on companies with strong fundamentals and solid execution.

*estimates

Europe (including UK)

Manager	Munros CM
Benchmark	HSBC Europe
Fund Allocation	32.1%
Month return	2.8%*
Benchmark	3.5%

The month of October saw European markets make a return to positive territory, for the first time since May this year, although volatility remains high. The continent of Europe outperformed the UK this month. Other strong performers were Portugal and the Netherlands, while Norway and Sweden underperformed.

Top 5 positions

4.8%	Tanfield
4.5%	Newcourt
4.4%	Ramirent
3.7%	Lamprell
3.3%	Spice Holdings

The market volatility has presented buying opportunities. Clinica Baviera is a Spanish company that owns and operates ophthalmic clinics in Spain, and specialises in cataract and refractive eye surgery. It gained 15.1% since it was purchased at the beginning of the month. Lamprell was a newcomer to the portfolio's top five holdings. Lamprell provides specialised construction and refurbishment services to the offshore oil industry.

Klockner was sold down from the portfolio following a period of poor performance and a profit downgrade this month. The Swedish textile chain Hemtex and French mailroom equipment provider Neopost lost -22.9% and -19.0% respectively on profit downgrades. These investments are under review by Munros. As the market shows signs of anxiety, the investment manager will use this next phase of volatility to accumulate stocks at attractive prices, as well as monitoring their current investments for signs of profit margin stress.

*estimates

Asia (including Japan)

Manager	Sparx AM
Benchmark	MSCI Japan Small
Fund Allocation	34.6%
Month return	7.4%*
Benchmark	3.9%

Japanese small cap markets rebounded strongly in October, with the portfolio gaining +7.9% against a benchmark that was up 3.9%. Micro-caps outperformed their mid- and small-cap counterparts this month, buoyed by the expectations of inflows from public funds and foreign investors.

Top 5 positions

7.3%	Hanwa Co Ltd
5.2%	Prestige International
5.0%	Miraial Co Ltd
4.8%	Mitani Sekisan Co Ltd
4.5%	Aeon Delight Co Ltd

The out performance of the fund was boosted by internet-related names such as So-net M3 and Kakaku.com. So-net M3 provides online health services and information to both patients and doctors, while Kakaku.com is a popular website that specialises in the comparison of consumer goods.

Culture Convenience Club (CCC), the franchise operator of video, dvd, books and game software rental stores, rebounded this month after a lengthy period of decline as earnings expectations improved.

Sparx feel that mid- and small- cap stocks were largely oversold in recent months, and that the rebound in their prices this month is indicative that the supply-demand imbalance is now improving. The current valuations of these smid-cap stocks are extremely attractive, and they will continue to use intensive bottom-up research to identify buying opportunities.

*estimates

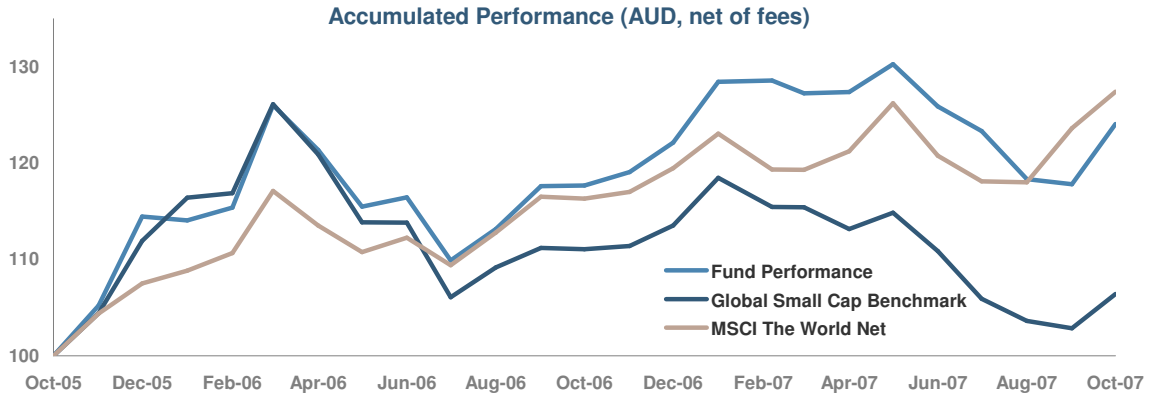
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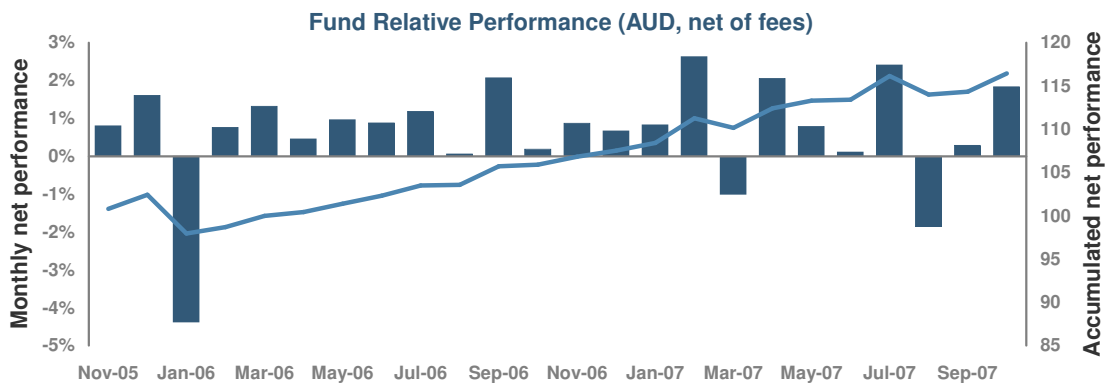
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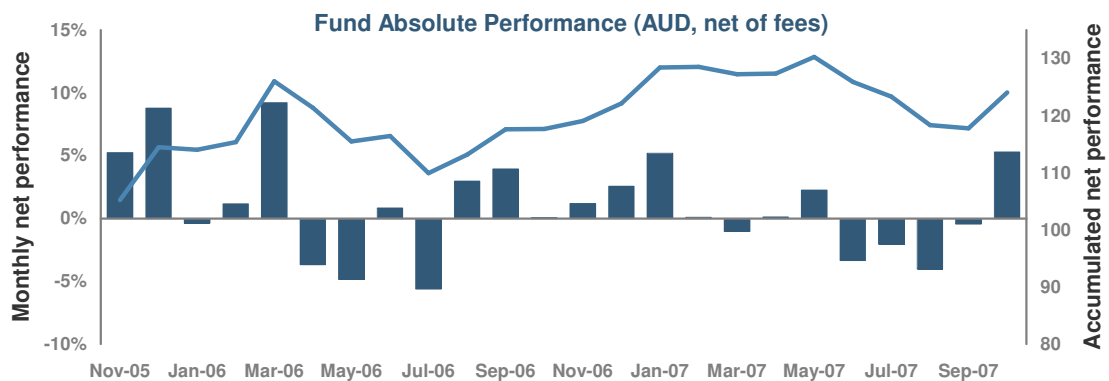
Accumulated Fund and Benchmark Performance



Monthly Fund Relative Performance



Monthly Fund Absolute Performance



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