

Pengana Global Small Companies Solution Performance Report

December 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	\$46.9 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%	-7.7%	-2.9%	-9.6%
Benchmark	4.4%	-2.6%	0.0%	-1.8%	1.5%	-3.5%	-4.4%	-2.2%	-0.7%	3.5%	-8.2%	-2.7%	-16.3%
MSCI World	3.0%	-3.0%	0.0%	1.6%	4.1%	-4.3%	-2.2%	-0.1%	4.8%	3.1%	-4.1%	-1.3%	1.0%
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%

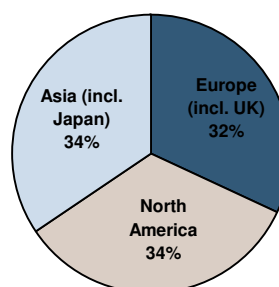
*The fund's currency exposure was unhedged until 30 June 2007

Fund Commentary

In December the fund fell -2.9%, against a benchmark which lost -2.7%. This brings to a close a difficult year for small caps markets around the world, where the benchmark lost -16.3%. However 2007 was a strong year of active management for Pengana, in which the Global Small Companies portfolio outperformed its index by nearly +7.0%

The strength of the portfolio's performance is the local small caps' investment expertise combined with the fundamental investment approach that each of the underlying managers use to identify opportunities. They have all added significant value despite this period of volatility, sub-prime credit issues and recessionary fears.

Fund Allocation



Fund Performance (AUD, net of fees)

	1 Month	3 Months	1 Year	Financial Year to Date	Annualised Since Inception	Standard Deviation
Fund	-2.9%	-6.3%	-9.6%	-12.3%	4.7%	14.8%
Benchmark	-2.7%	-7.6%	-16.3%	-14.3%	-2.3%	14.2%
North America	-0.8%*	-0.4%	0.6%	-2.8%	8.7%	14.3%
Benchmark	-0.2%	-4.9%	-9.7%	-8.1%	1.8%	14.6%
Europe	-0.9%*	-11.8%	-6.2%	-18.8%	19.0%	17.2%
Benchmark	-2.5%	-8.7%	-12.1%	-16.1%	12.4%	14.8%
Asia	-6.0%*	-5.0%	-19.2%	-12.9%	-10.6%	21.4%
Benchmark	-5.4%	-9.4%	-26.9%	-18.8%	-19.7%	19.1%

*estimates

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North America		
Manager	Cortina AM	The US portfolio underperformed its benchmark slightly this month, closing out a strong year of active management in which it outperformed its benchmark by nearly 10%.
Benchmark	Russell 2000	
Fund Allocation	33.6%	Although the small cap market declined overall by a mere -0.2%, the performance of various sectors varied widely- Consumer Discretionary, Autos and REITs fell by approximately 3% each, while Energy soared 6% as the price of crude oil neared \$100 per barrel. Arena Resources, an Oklahoma-based oil and gas exploration, development and production company, grew +11.0 % this month to debut in the portfolio's top 5 holdings.
Month return	-0.8%*	
Benchmark	-0.2%	
Top 5 positions		
4.0%	C-Beyond Inc	Micro caps, last month's weakest performers, rebounded strongly this month; this rally in the riskiest equity sub-sector is not expected to be long-lived in the volatility and recessionary concerns that are forecast for 2008.
2.7%	Arena Resources	
2.7%	SPSS Inc Com	
2.6%	Blackbaud Inc	
2.5%	Monotype Imaging	
This month Cortina has locked in profits from companies with high earnings expectations, and looked to new investment opportunities that will yield well in the medium term. It has particularly focused on high levels of free cash flow, solid long term earnings profiles, strong returns on equity, and exceptional company management teams.		

*estimate

Europe (including UK)		
Manager	Munros CM	European markets continued their downward trend in December, losing -2.49%. The small caps sector remains volatile with exaggerated movements, both upwards and downwards.
Benchmark	HSBC Europe	
Fund Allocation	32.0%	The strongest markets were Greece, Norway and Belgium, which all managed to stay in positive territory for the month. Portugal underperformed after a strong contribution in November.
Month return	-0.9%*	
Benchmark	-2.5%	
Top 5 positions		
4.5%	Newcourt	The portfolio was boosted by strong performances by two of its core holdings. Lamprell, the specialist construction and refurbishment service provider, rebounded +19.4% after an unjustified fall the previous month. The Greek stock exchange and derivative market operator Hellenic Exchanges grew +18.6%, buoyed by renewed speculation of industry consolidation.
4.2%	Tanfield	
3.8%	Ramirent	
3.7%	LVL Medical	
3.6%	Lamprell	
The property sector continues to be extremely sensitive to company announcements. The Irish homebuilder McInerney recovered +11.2% after a prolonged sell off prompted by housing fears in the UK, while its compatriot building and construction service provider Kingspan fell -28.2% after management warned the market of more challenging conditions in 2008.		

*estimate

Asia (including Japan)		
Manager	Sparx AM	Despite starting the month of December on a positive note, small caps markets in Japan lost -5.4%. Initially buoyed by US Christmas season consumer spending and a rebound in undervalued names, the market was eventually pulled back by internet-related names which had rebounded the month before.
Benchmark	MSCI Japan Small	
Fund Allocation	34.4%	The portfolio underperformed its benchmark slightly this month, with one of its core holdings Miraial Co Ltd, a maker of semiconductor-related products, declining sharply following a downward earnings revision. This was due to the slowdown of one of its suppliers' capacity, which SPARX believe will only be a short-term problem as the company's growing market share will allow it to take advantage of demand for its full range of products. Undervalued names like the electronic parts manufacturer and leading conductor maker Dai-Ichi Seiko, and medium-scale fashion wear wholesaler Yamato International performed strongly this month. OPT Inc, an online advertising agency, also contributed positively following expectations of further business growth potential, and news that Japan's largest advertising agency, Dentsu Inc, would launch a tender offer bid to acquire more than a third of OPT's shares in the near future.
Month return	-6.0%*	
Benchmark	-5.4%	
Top 5 positions		
4.8%	Prestige International	
3.3%	Tohokushinsha Fim Corp	
3.3%	Misumi Group	
3.2%	Telepark Corp	
3.1%	Optex Company	

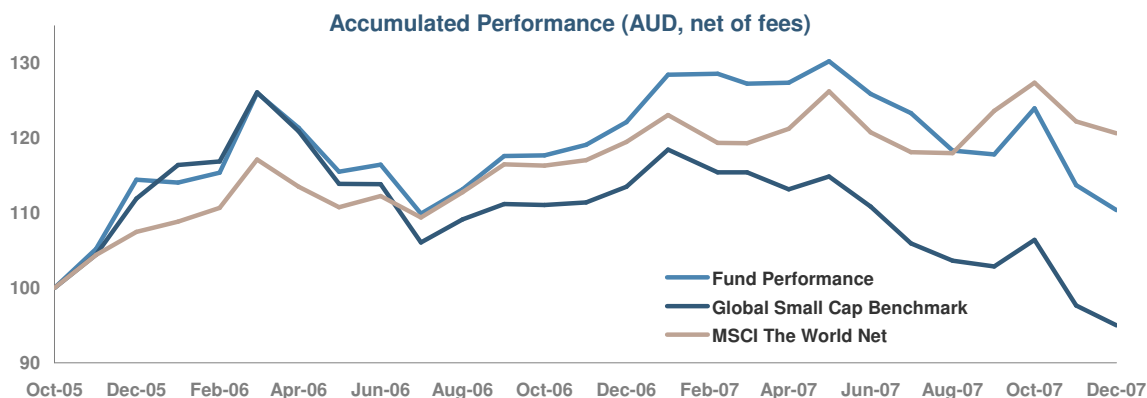
*estimate

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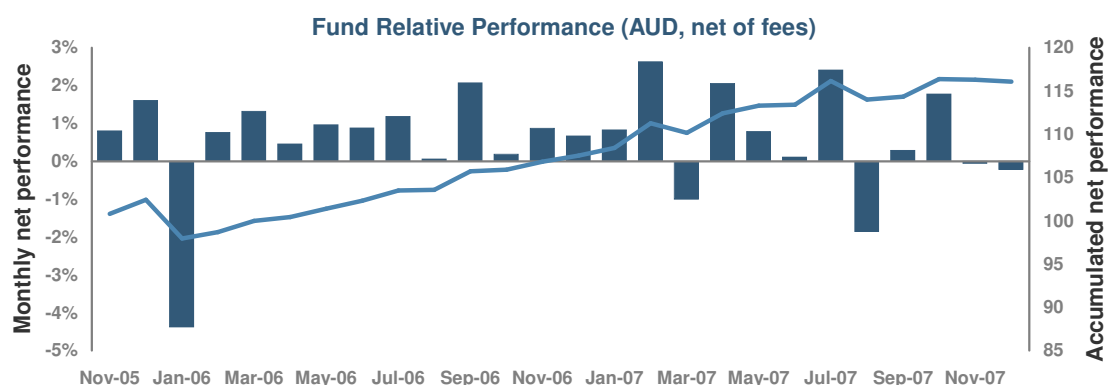
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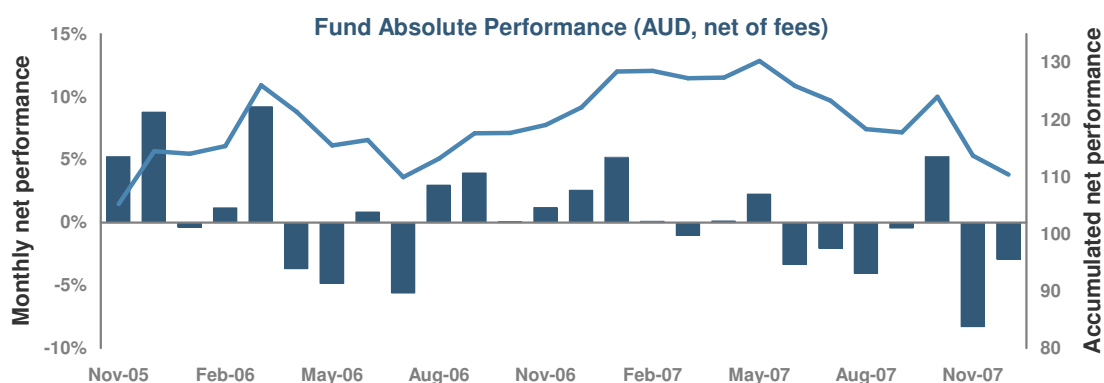
Accumulated Fund and Benchmark Performance



Monthly Fund Relative Performance



Monthly Fund Absolute Performance



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