

Pengana Global Small Companies Solution Performance Report May 2008



Fund Information	
Style	Multi manager investing in regional small company specialists
Benchmark	Equally weighted to the 3 major developed regions: North America, Europe including UK, Asia including Japan
Management fee	1.00% per annum
Performance fee	10% over benchmark hurdle (net of fees)
AUM	\$36.0 m
Inception date	November 2005

Fund Performance (AUD, net of fees)													
	Jan	Feb	Mar	April	May	June*	July	Aug	Sep	Oct	Nov	Dec	Year
2008 Fund	-11.7%	-1.7%	-2.8%	3.8%	3.9%								-9.0%
Benchmark	-9.5%	-0.9%	-2.8%	4.3%	3.0%								-6.3%
MSCI World	-7.6%	-0.6%	-1.0%	5.3%	1.5%								-2.8%
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%	-9.2%
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%

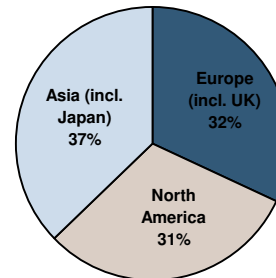
*The fund's currency exposure was unhedged until 30 June 2007

Fund Commentary

Small companies markets around the world consolidated the tentative recovery that started in April; for the first time since December 2006 we have had two consecutive months where performance has been positive across all three major regions. While investors remain cautious, there are promising signs that they are slowly returning to small caps to take advantage of the attractive valuations and investment opportunities that have arisen from the global credit crunch.

This month the fund gained +3.9%, outperforming its benchmark which appreciated +3.0%. The recent surge in the price of oil has been a prominent investment theme, as has inflationary pressure in the US. This month the fund's performance has been buoyed by company specific events rather than sector-driven or macroeconomic themes, reflecting the underlying managers' fundamental stock-picking investment approach.

Fund Allocation



Fund Performance (AUD, net of fees)						
	1 Month	3 Months	1 Year	Financial Year to Date	Annualised Since Inception	Standard Deviation
Fund	3.9%	4.8%	-22.5%	-19.9%	0.3%	15.9%
Benchmark	3.0%	4.4%	-22.5%	-19.7%	-4.4%	14.7%
North America	1.0% *	2.7% *	-20.8% *	-18.3% *	0.3% *	16.0% *
Benchmark	4.5%	9.1%	-13.9%	-10.2%	0.6%	14.8%
Europe	0.3% *	1.4% *	-31.9% *	-28.9% *	10.0% *	19.0% *
Benchmark	0.4%	-0.6%	-28.5%	-25.1%	5.6%	16.1%
Asia	9.2% *	8.5% *	-15.8% *	-13.8% *	-9.4% *	22.0% *
Benchmark	4.1%	4.9%	-25.1%	-23.8%	-18.8%	19.3%

*estimates

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North America

Manager	Cortina AM	US small cap markets continued their recovery in May, gaining +4.6%. The fund gained +1.1% this month; investors focused on the impact of increasing oil prices and inflation on the US economy.
Benchmark	Russell 2000	
Fund Allocation	30.8%	
Month return	1.0% *	
Benchmark	4.5%	

Top 5 positions

3.5%	J2 Global Communications
2.4%	Comtech Telecom
2.2%	Stratays Inc
2.1%	Argo Group International
2.1%	Monotype Imaging

The performance of the Russell 2000 has been buoyed by the Energy and Materials sectors since the end of 2007, and accordingly this month Energy was up +16.3% and Materials gained +8.7%. Concerns about commodity prices and inflation have driven down the Transportation, Financials, Healthcare and Consumer Discretionary sectors. The fund's performance has been weighed down by holdings in the latter two categories, although this has been partly offset by a recent recovery in the Technology sector.

Argo Group International is a recent newcomer to the portfolio's core holdings; it is a national provider of specialty insurance in niche areas of the property-casualty market.

Investors in US small companies have been quick to react to both good and bad news, and with low trading volumes this has seen prices move more than company fundamentals warrant.

Europe (including UK)

Manager	Munros CM	This month saw small cap equity markets in Europe and the UK consolidate their recent recovery from mid-March lows, gaining a modest +0.41% although daily volatility persists. Norway followed up its strong performance in April with another solid month, up +5.3% in May. Austria also outperformed the index, appreciating +5.0%. Portugal gave back most of its April gains, losing -6.2%; Spain and Ireland also lost ground, down -4.0% and -2.7% respectively.
Benchmark	HSBC Europe	
Fund Allocation	31.9%	
Month return	0.3% *	
Benchmark	0.4%	

Top 5 positions

5.5%	Lamprell
4.9%	Tullow Oil
4.4%	Spice Holdings
4.2%	Grifols
4.0%	Newcourt

As with elsewhere around the world, European small companies' performance this month was largely driven by earnings announcements, as well as the soaring price of oil. The portfolio was well positioned to take advantage of this, with its two largest positions Lamprell, an oil service provider, and Tullow Oil, an oil and gas explorer and producer, gaining +15.8% and +18.0% respectively.

These strong gains were partly counteracted by losses from Ramirent and LVL Medical. Ramirent is a provider of machinery and equipment rentals to the industrial and construction sector in Central and Eastern Europe. Its management team made an ambivalent announcement about 2008 earnings; Munros subsequently had a meeting with management, and have determined that the market had misinterpreted the news, but continued short selling has driven its price lower. LVL Medical fell on disappointing margin growth development in the first half despite robust top line growth, and the portfolio manager will follow up this announcement with a management meeting in early June.

Asia (including Japan)

Manager	Sparx AM	Throughout May the Japanese small cap market remained upbeat, gaining a solid +4.1% in a growing sign that investors are optimistic that the worst of the US sub-prime issues and weakness of the Japanese yen may have passed. This month also saw small caps outperform the broader market, as investors start to consider opportunities outside the large cap space.
Benchmark	MSCI Japan Small	
Fund Allocation	37.3%	
Month return	9.2% *	
Benchmark	4.1%	

Top 5 positions

3.5%	Prestige International
3.4%	Yushin Precision Equipment
3.4%	Optex Company Ltd
3.3%	Telepark Corp
3.2%	SRI Sports Ltd

The fund gained +9.3% in May, buoyed by the strength of its largest position Prestige International. Prestige is an outsourced communications and service provider, and this month it announced a positive earnings forecast for the fiscal year ending March 2009. Another of the portfolio's core holdings is Telepark Corp, a leading Japanese cell phone sales firm, which has announced a merger with its unlisted rival MS Communications. The two firms are of similar size, and the merger has been viewed positively by investors given the saturation of the Japanese cell phone market. The merged entity is expected to benefit from higher per-unit sales commissions from cell phone service companies.

Some of the more domestic-oriented small caps have suffered varying liquidity issues this month and have subsequently lagged the market.

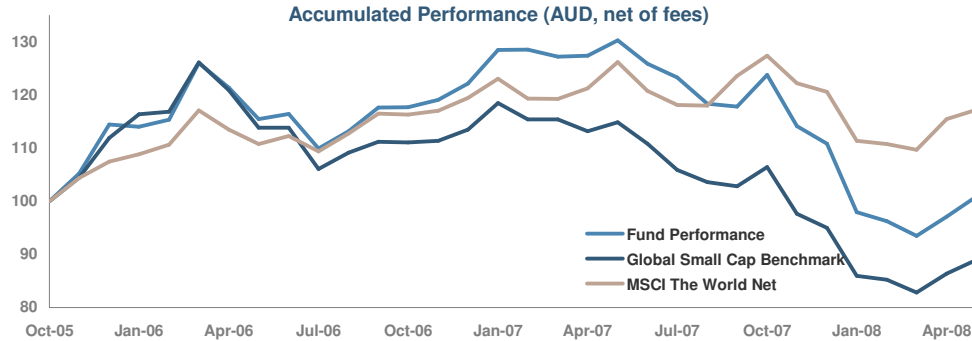
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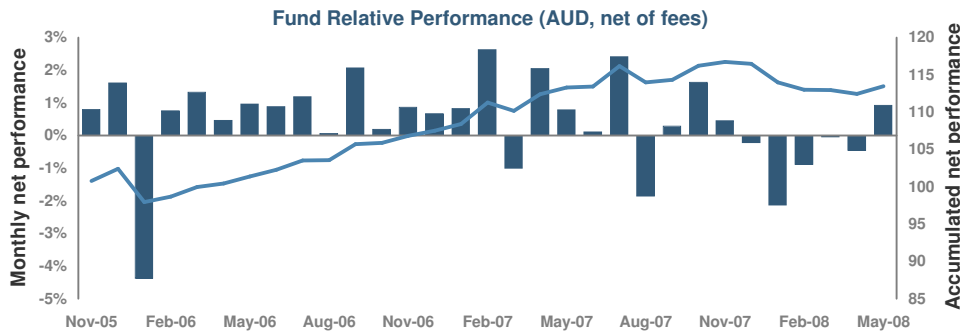
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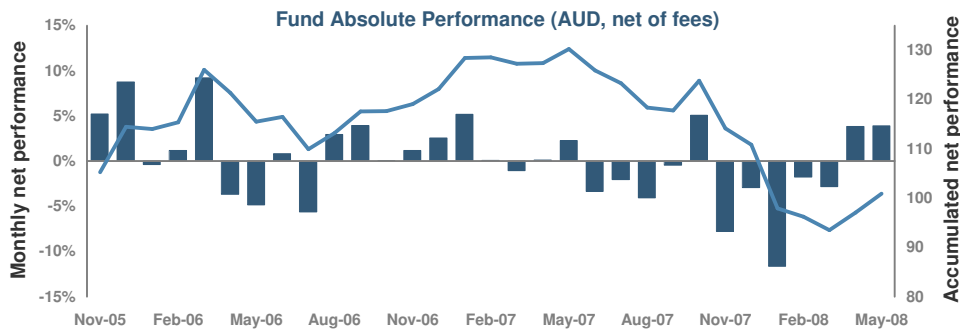
Accumulated Fund and Benchmark Performance



Monthly Fund Relative Performance



Monthly Fund Absolute Performance



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