

Pengana Global Small Companies Solution Performance Report

June 2008



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	\$33.6 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%	-7.5%							-15.8%
Benchmark	-9.5%	-0.9%	-2.8%	4.3%	3.0%	-8.1%							-13.9%
MSCI World	-7.6%	-0.6%	-1.0%	5.3%	1.5%	-8.0%							-10.6%
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

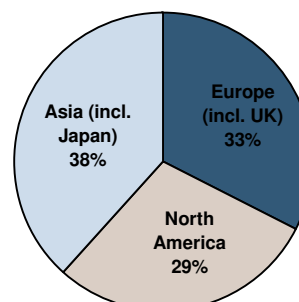
Fund Commentary

In June small cap markets globally lost momentum from their mini-rally of recent months, as they succumbed to concerns about rising oil prices, growing inflation, record low consumer sentiment and continuing bank write-offs.

This month the fund fell -7.5%, while the global benchmark lost -8.1%. In a promising sign for this fund small cap markets in the US and Asia continue to outpace their large cap counterparts, a trend that started in May.

The month of June brings to a close a financial year that has seen a decline in global small cap markets of over -25%. The current market presents many attractive prices for companies with solid balance sheets, strong business fundamentals and positive growth outlooks. The underlying managers of this fund specialise in seeking these types of companies to achieve strong relative returns.

Fund Allocation



Fund Performance (AUD, net of fees)							
	1 Month	3 Months	1 Year	Financial Year to Date	Annualised Since Inception	Standard Deviation	
Fund	-7.5%	-0.2%	-25.8%	-25.8%	-2.5%	16.3%	
Benchmark	-8.1%	-1.3%	-26.2%	-26.2%	-7.3%	15.2%	
North America	-9.9% *	-6.3% *	-26.4% *	-26.4% *	-3.6% *	16.9% *	
Benchmark	-7.7%	0.4%	-17.2%	-17.2%	-2.4%	15.3%	
Europe	-9.6% *	-6.2% *	-35.7% *	-35.7% *	5.6% *	19.8% *	
Benchmark	-10.7%	-8.1%	-33.1%	-33.1%	1.0%	17.3%	
Asia	-6.0% *	6.2% *	-18.9% *	-18.9% *	-11.2% *	21.9% *	
Benchmark	-5.8%	4.2%	-28.2%	-28.2%	-20.1%	19.2%	

*estimates

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June 2008



North America

Manager	Cortina AM
Benchmark	Russell 2000
Fund Allocation	29.2%
Month return	-9.9% *
Benchmark	-7.7%

US small cap markets fell -7.7% in June as the mini-rally of the last two months lost momentum. The broader stock market, not just small caps, was faced with selling pressure as bank write-offs soared, consumer sentiment fell to near-record lows, and the price of crude oil continued to rise. On a positive note for this fund, however, was that small caps outperformed the broader market indices.

Top 5 positions

3.4%	J2 Global Communications
2.9%	Comtech Telecom
2.2%	HMS Holdings
2.1%	Monotype Imaging
2.1%	Stratasys Inc

This month even typically defensive sectors like Consumer Staples fell dramatically, as much as Consumer Discretionary and income-generating REITs. Investors have become suspicious of the Financials and Consumer Discretionary sectors, with many companies in these sectors earmarked for bankruptcy. As a result the focus has been on near-term earnings rather than long term value and growth potential. For US small companies in general, inflation will impact input costs and result in margin degradation. The portfolio managers are currently reviewing their holdings in the Healthcare, Technology and Business Service sectors for companies that present exceptional value and strong fundamentals in the current economic climate.

Europe (including UK)

Manager	Munros CM
Benchmark	HSBC Europe
Fund Allocation	32.5%
Month return	-9.6% *
Benchmark	-10.7%

European small cap markets slipped more than -10% in June as mounting economic concerns deterred investors. In a sign of the all-round weakness in European markets, the strongest markets in the region were Belgium, Switzerland and Norway, which all fell more than -7%. Portugal and Ireland underperformed the benchmark and continued their losing streak from the previous month, down -14.4% and -21.0% respectively.

Top 5 positions

5.8%	Tullow Oil
5.5%	Lamprell
5.1%	Grifols
4.7%	Spice Holdings
3.6%	Shanks

This month the portfolio's strongest performer was Grifols, a Spanish-based developer and manufacturer of plasma derivatives and other medical and diagnostic devices. It gained +10.2% in June as investors focused on its defensive growth characteristics. Despite growing economic concerns in Europe it has in the last two months secured a distribution agreement in Spain and Portugal for its liver therapy product, obtained re-financing for a syndicated loan to fund its medium term investment plan, announced a 33% profit increase in the first quarter of 2008, and obtained an FDA license in the US to manufacture coagulation products at its Los Angeles plant.

Tanfield had historically been a core holding of the portfolio until March 2008. This month the company suffered a sharp deterioration in its business outlook, which led to a downwards earnings revision. Falling demand in the building sector as clients faced reduced access to credit has seen a downturn in Tanfield's powered access division, which supplies lifts and platforms to the engineering and construction industries and accounts for 70-80% of the Group's forecast revenue. The stock fell -56.1% and is now under review by Munros.

Asia (including Japan)

Manager	Sparx AM
Benchmark	MSCI Japan Small
Fund Allocation	38.3%
Month return	-6.0% *
Benchmark	-5.8%

Despite starting off the month in positive territory, the Japanese small cap market was weighed down by the global decline in global stock prices and finished June down -5.8%. Japanese investors continue to look to the US Federal Reserve for future economic indicators; poor consumer sentiment, rising crude oil prices and the Fed's decision not to continue lowering interest rates have dampened the investor mood in Japan. As was seen in the US, the small cap market outperformed large caps for the second consecutive month. Domestic-oriented stocks were viewed as a safe-haven from the global stock market decline and rising oil prices, while exporters faced selling pressure.

Top 5 positions

3.5%	Nittoku Engineering Co
3.2%	SRI Sports Ltd
3.2%	Studio Alice Co.
3.2%	Telepark Corp
3.1%	SRA Holdings Inc

The Japanese portfolio's performance continues to be buoyed by company-specific events. This month's strongest contributor was Tokyo Rope Manufacturing, which manufactures wire and steel rope for the construction industry. Its stock price rose on expectations that demand for its wire products for solar batteries will continue to grow. On the other hand infra-red technology specialists OPTEX declined due to illiquidity in the market, and Risa Partners fell on property market weakness.

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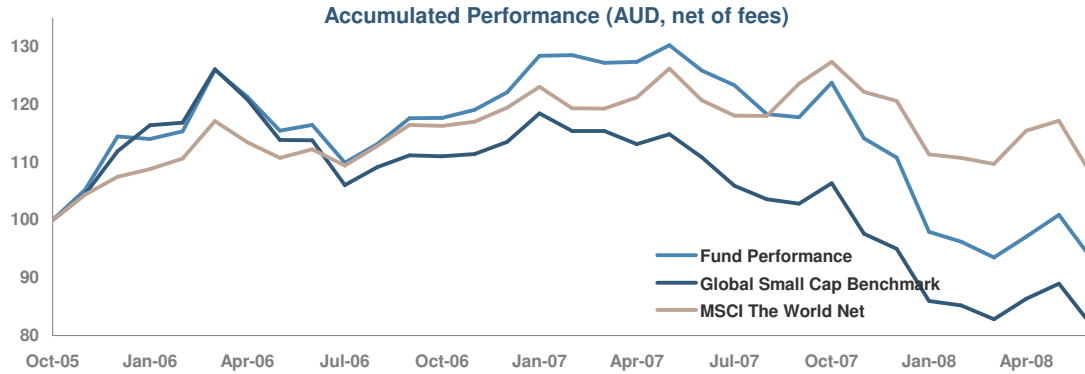
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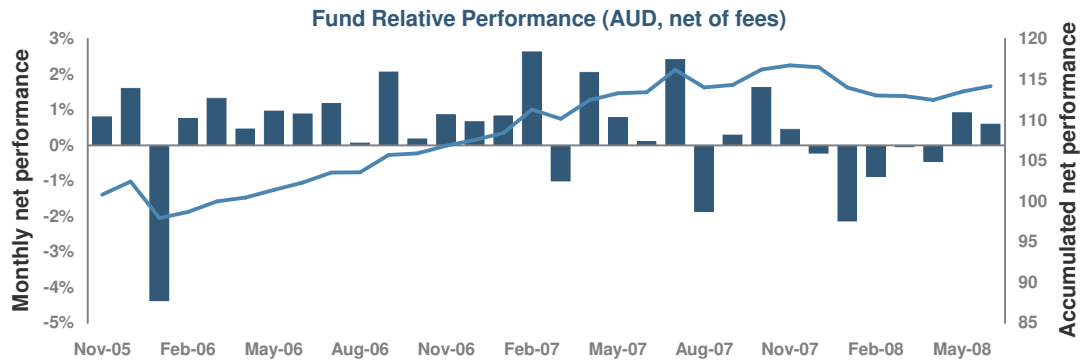
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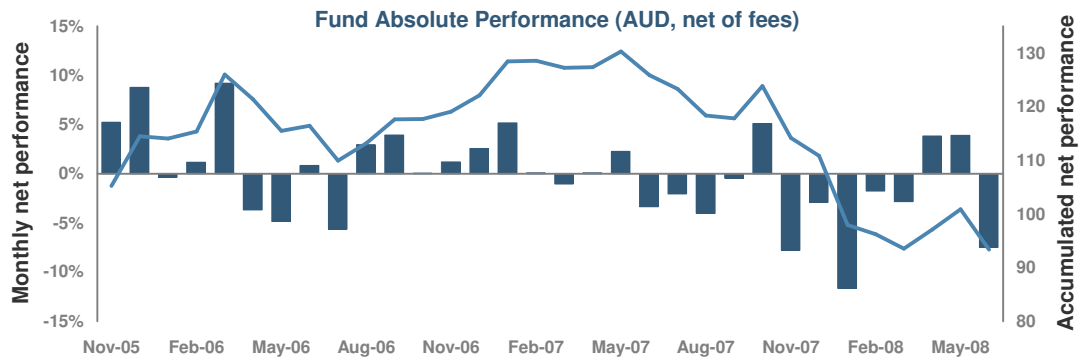
Accumulated Fund and Benchmark Performance



Monthly Fund Relative Performance



Monthly Fund Absolute Performance



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