Pengana Global Small Companies Solution
Performance Report
August 2008

PENGANA CAPITAL

Fund Information

Style	Multi manager investing in regional small company specialists	**Management fee**	0.75% per annum
		Performance fee	10% over benchmark hurdle (net of fees)
Benchmark	Equally weighted to the 3 major developed regions: North America, Europe including UK, Asia including Japan	**AUM**	$33.7 m
		Inception date	November 2005

Fund Performance (AUD, net of fees)[1]

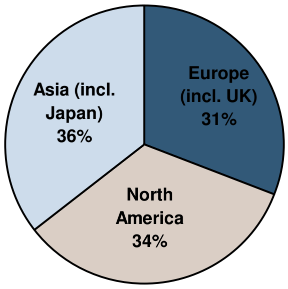
		Jan	Feb	Mar	April	May	June [2]	July	Aug	Sep	Oct	Nov	Dec	Year
2008	Fund	-11.7%	-1.7%	-2.8%	3.8%	3.9%	-7.5%	-2.4%	-0.9%					**-18.5%**
	Benchmark	-9.5%	-0.9%	-2.8%	4.3%	3.0%	-8.1%	-0.6%	0.9%					**-13.7%**
	MSCI World	-7.6%	-0.6%	-1.0%	5.3%	1.5%	-8.0%	-2.4%	-1.4%					**-14.0%**
2007	Fund	5.2%	0.1%	-1.0%	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%**

Fund Commentary

The Pengana Global Small Companies Solution fell -0.9% in August 2008, lagging its benchmark which gained +0.9%. This month small cap investors shifted their focus from global economic issues to their own local regions: in the US investors were encouraged by the strengthening US dollar and signs of a domestic economic recovery, while in Japan there was concern over a contracting economy and gloomy outlook.

Gains in the portfolio have been driven by stock-specific factors, highlighting the benefits of using regional specialists to create a global portfolio in the small cap space. Interestingly, M&A activity is creeping back into financial markets, particularly in the micro-cap space. Rather than investing to capture month-to-month trends based on macro-economic factors, the portfolios have focused on quality companies which in the long term will outperform.

Fund Allocation



Fund Performance (AUD, net of fees)[1]

	1 Month	3 Months	1 Year	Financial Year to Date	Annualised Since Inception	Standard Deviation
Fund	-0.9%	-10.4%	-23.6%	-3.2%	-3.5%	15.8%
Benchmark	0.9%	-7.8%	-20.8%	0.3%	-6.8%	14.8%
North America	4.9% [3]	-0.9% [3]	-13.9% [3]	10.0% [3]	-0.1% [3]	16.9% [3]
Benchmark	3.7%	-0.9%	-6.5%	7.5%	0.3%	15.2%
Europe	1.4% [3]	-17.4% [3]	-37.3% [3]	-8.6% [3]	1.9% [3]	20.2% [3]
Benchmark	3.1%	-11.9%	-30.4%	-1.3%	0.5%	17.1%
Asia	-8.3% [3]	-17.1% [3]	-24.6% [3]	-11.8% [3]	-14.4% [3]	21.8% [3]
Benchmark	-4.1%	-10.9%	-24.9%	-5.4%	-20.6%	18.6%

Disclaimer

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[1] Past performance is not a reliable indicator of future performance

[2] The fund's currency exposure was unhedged until 30 June 2007

[3] estimates

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North America

Manager	Cortina AM
Benchmark	Russell 2000
Fund Allocation	33.6%
Month return[1,3]	4.9%
Benchmark	3.7%

Top 5 positions

3.3%	J2 Global Communications
2.4%	Comtech Telecom
2.2%	Vasco Data Security Intl
2.1%	Thoratec Corp
2.1%	Watsco Inc

US small cap markets continued to perform strongly in August, growing by +3.7%. Small caps continue to outpace large caps in North America, fuelled largely by a sharp decline in the commodities and energy sector. The strengthening greenback and growing interest in US-based earnings growth is driving the relative earnings gains for small caps. Whereas the energy makes up a greater proportion of the large cap universe, small caps have had greater exposure to the rebounding financials sector. The US portfolio has benefitted from this turnaround, and outperformed the Russell 2000 as it gained +4.9% this month.

This month has seen an interesting phenomenon accompanying the softening commodities sector; August has also witnessed a rebound in the smallest and weakest companies in the small cap universe. A similar situation was faced in 2003, and Cortina have affected a similar strategy, choosing quality names with high operating leverage and strong cash generation to keep ahead of the benchmark.

Europe (including UK)

Manager	Munros CM
Benchmark	HSBC Europe
Fund Allocation	30.9%
Month return[1,3]	1.4%
Benchmark	3.1%

Top 5 positions

5.6%	Grifols
5.3%	Tullow Oil
5.0%	Spice Holdings
4.1%	Tandberg
3.8%	Lamprell

In Europe, small cap equity markets showed a tentative recovery, although confidence remains extremely fragile. Micro-cap stocks remain friendless, in the absence of any buying interest. The European portfolio gained +1.4%, outpaced this month by its benchmark which gained +3.1%.

In August, the UK was the strongest market, gaining +6.1% in local currency terms; however this was largely eroded by the weakness of the sterling. Ireland, Belgium and Italy all gained over 5% this month, while Greece and Denmark posted negative returns both in absolute terms and relative to the benchmark.

The portfolio's performance was largely driven by M&A activity. Tandberg is a leading global provider of video conferencing solutions, with dual headquarters in Norway and New York. It has debuted in the portfolio's top five positions after it gained over 30% this month following a takeover bid by a US private equity group. Following a similar theme, Irish outsourced services provider Newcourt bounced +23.5% from an oversold position in July amidst takeover rumours.

Asia (including Japan)

Manager	Sparx AM
Benchmark	MSCI Japan Small
Fund Allocation	35.5%
Month return[1,3]	-8.3%
Benchmark	-4.1%

Top 5 positions

3.5%	Studio Alice Co.
3.2%	Telepark Corp
3.0%	Tokyo Rope Manufacturing
3.0%	Kanto Natural Gas
2.9%	Nihon Dengi Co

In August, the Japanese portfolio fell -8.3% as investors became focused on the increasingly uncertain outlook of their local economy. This sell-off was triggered by a downward revision of Japan's June industrial output figures, and compounded later by news that the Japanese economy contracted in the second quarter of 2008. Trading volumes remained subdued as there were few signs of active buyers in the market, however foreign investors became heavy sellers of Japanese equities, irrespective of market capitalisation.

The fund underperformed its benchmark, mainly due to overweight positions in machinery manufacturers, which slumped as demand for factory equipment all but disappeared, and property stocks, which lagged the market amid growing credit concerns and a spike in real estate bankruptcies. The portfolio's largest detractors were Yushin Precision Equipment, a manufacturer of factory automation equipment, which downgraded its profit outlook for both the second half and full fiscal year ending March 2009, and real estate investment company Risa Partners, which declined on concerns of equity dilution from a proposed share issuance. The upside of the portfolio's performance continues to be driven by stock-specific factors. Tokyo Rope Manufacturing is a newcomer to the portfolio's top 5 positions; it is a leading supplier of wire and rope products, and this month its price was boosted by news of a lift in profits, as it successfully passed on mounting material costs to its consumers in the form of higher prices.

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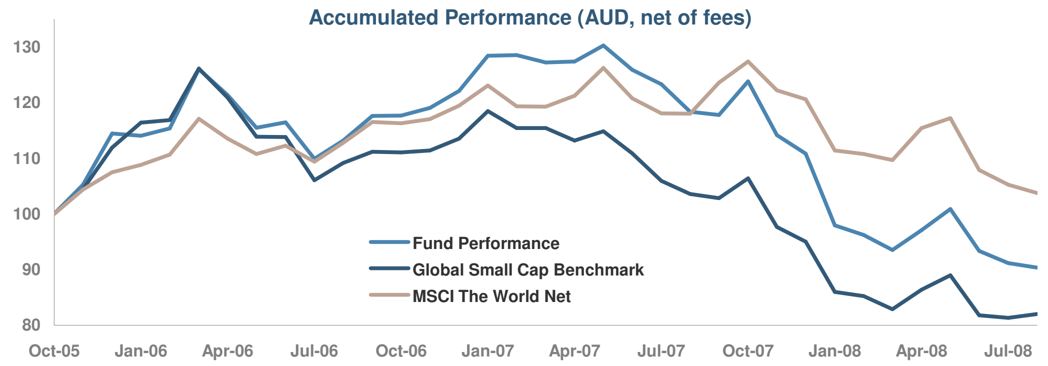
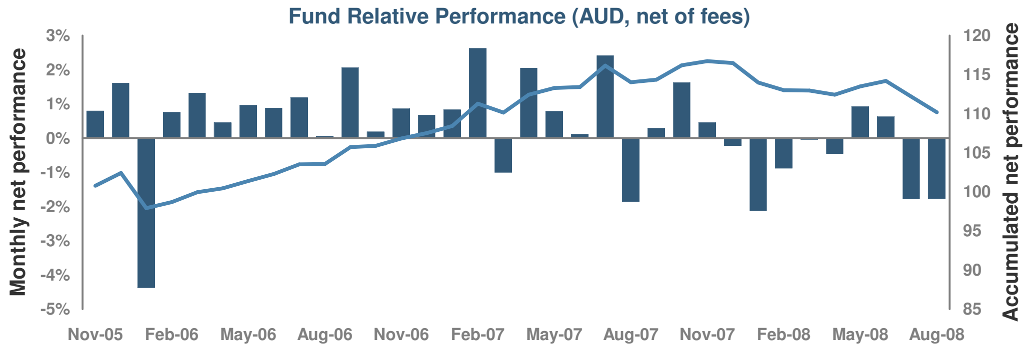
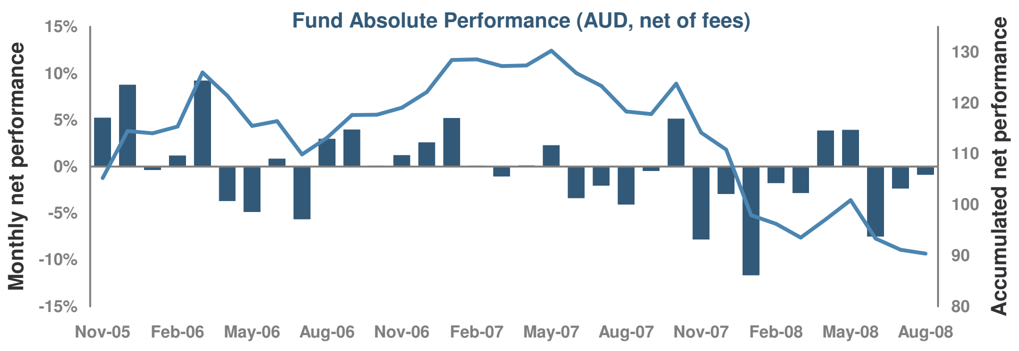
Accumulated Fund and Benchmark Performance[1]



Monthly Fund Relative Performance[1]



Monthly Fund Absolute Performance[1]



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