



PENGANA
CAPITAL

Pengana Global Volatility Fund

January 2008 Update

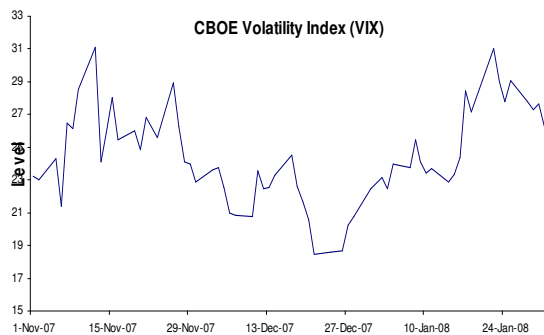
Pengana Global Volatility Fund

The Pengana Global Volatility Fund seeks to provide investors with an actively traded derivative strategy focused on volatility. The Strategy trades in equity index futures, options and other volatility-based instruments and derives returns from mispricing of these instruments due to changes in volatility. It can assist with risk mitigation in a portfolio. The Strategy was established by Pengana and Alvin Wilkinson, and is managed by the Global Volatility team. The Strategy began trading in November 2007. Initially it will focus on the S&P 500 and be progressively expanded to trade other major indices.

Performance¹

Net returns for period	Pengana Global Volatility Strategy	
	Class A Shares	Class B Shares
November 2007	1.55%	-
December 2007	1.27%	-
January 2008	3.55%	3.54%
Since inception ²	6.49%	3.54%

Portfolio Activity and Commentary



The first three months have been sound for the Strategy with a progressive build-up in performance and a three month net return of 6.49% for Class A

¹ Total return performance figures are derived from Manager's records and are shown after management fees and performance fees, and assume reinvestment of income. Investments can go up and down. Past performance is not a reliable indicator of future performance.

² Inception Dates:
Class A Shares - 07 November 2007, Class B Shares - 31 December 2007

shares. Volatility was heightened through January with the VIX ranging from a low of 25.0 to a high of 31.0. The S&P 500 fell -6.00% during the month. This presented a number of attractive trading opportunities for the Strategy contributing to a particularly strong return for January.

The Fed funds rate was cut from 4.25% to 3.00% over the period. The first cut of 75bps was made at an interim meeting on 22 January, and the second cut of 50bps at the Federal Open Market Committee (FOMC) meeting on 30 January. Implied volatility in the equity markets fell back towards the end of the month but remained high. Developments at SocGen regarding fraudulent trading and sub prime related write downs contributed to the unsettled markets as speculation regarding further banking losses mounted.

The Strategy has held positions in short term and long-dated options which were actively traded over the three month period.

The outlook for the Global Volatility Strategy is promising for the foreseeable future.

Contact Details

For further information, please visit our website at www.pengana.com.au or contact:

Institutional Clients:

Denis Carroll
+61 (0) 2 8524 9974, denis@pengana.com.au

Private Clients:

Juliet Dunworth
+61 (0) 2 8524 9984, juliet@pengana.com.au

Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services licence number 226566) is the issuer of units in the Pengana Global Volatility Fund (the "Fund"). Only wholesale clients may invest in the Fund. An Information Memorandum for the Fund is available and can be obtained from our distribution team. A person should obtain a copy of the Information Memorandum and should consider the Information Memorandum carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana Capital Ltd and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana Capital Ltd nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund.

Pengana Capital Limited
Level 29, 20 Bond Street
Sydney, NSW 2000
ABN 30 103 800 568 AFSL 226566