



Pengana Global Volatility Fund

February 2008 Update

(Onshore)

- 1 of 1 -

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.

Fund Features¹

Management Fees (monthly)	Class A: 2.0% p.a. Class B: 0.5% p.a.
Performance Fees (quarterly)	Class A: 20% Class B: 30%
Trustee Fee	0.2% per annum of the net asset value of the Fund
Inception Date	November 2007
Investor	Wholesale Clients only
Min. Initial Investment	\$100,000

Performance²

Net returns for period	Pengana Global Volatility Strategy (onshore)	
	Class A Shares	Class B Shares
November 2007	1.55%	-
December 2007	1.27%	-
January 2008	3.55%	3.54%
February 2008	2.58%	3.40%
Since inception³	9.24%	7.06%

¹ All percentages are on a GST exclusive basis less applicable reduced input tax credits. Please refer to the Information Memorandum for a more detailed explanation.

² 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.

³ Inception Dates: Class A Shares - 07 November 2007, Class B Shares - 31 December 2007

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.

Portfolio Activity and Commentary



The S&P500 fell by -3.25% during February. Volatility remained high as the market oscillated between positive and negative developments and failed to find a clear direction. The VIX rose slightly from 26.2 to 26.54, ranging from a low of 21.9 to a high of 28.97.

Sub prime related uncertainty remained as attention moved to the monolines (insurers that guarantee the credit quality on bonds and structured product tranches) and the risk that their credit status may deteriorate. While the two biggest US bond insurers maintained their ratings, three others were downgraded and rated vulnerable to further falls.

The elevated volatility environment provided good trading conditions for the Strategy. Intra month option trading proved very profitable, with good opportunities developing within short dated option series. The Strategy generated a return of 2.58% (Class A shares) for the month while maintaining its protection throughout against a catastrophic event.

We anticipate strong ongoing performance as volatility remains relatively high and investors continue to debate the future direction of the market, the recessionary environment, the potential losers from the sub prime crisis and the result of the US election. The Strategy's trading ability will also be enhanced through improved margining terms provided by our prime broker. Our team is continuing to develop and we are looking forward to generating further gains for our investors over the coming months.

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