



Pengana Global Volatility Fund

March 2008 Update

(Australian Feeder Fund)

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%
March 2008	1.14%	0.74%
Since inception³	10.49%	7.85%

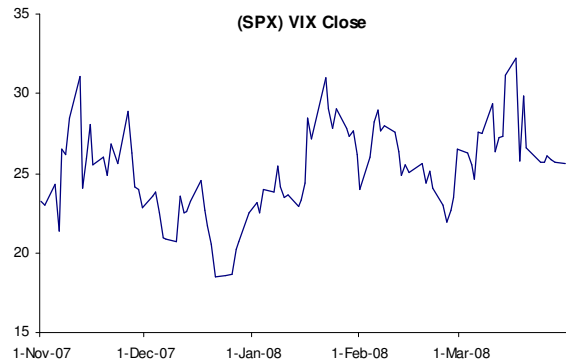
¹ All percentages are on a GST exclusive basis less applicable reduced input tax credits. Please refer to the Information Memorandum for a more detailed explanation.

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&P 500 fell -0.6% in March, a modest fall in the context of recent market volatility. However, this masks the day to day moves which were considerable: less than five days during the month produced moves (either up or down) of less than 1%. The VIX started at 26.54 and ended the month at 25.61, ranging from a low of 24.6 to a high of 32.24 intra month. Any period in which the VIX is between 20 and 30 represents particularly good conditions for the Strategy.

The Fund returned 1.14% (net of all fees and expenses) for the month of March. There were no major structural market shifts for the Fund to take advantage of, however, time spreads between short and intermediate expiry months proved profitable. Long short term volatility positions generated gains with the time decay in these options successfully managed.

The Fund carried a short delta position for most of the month. This is a typical strategy although the degree will depend on the vega and gamma characteristics of the portfolio. The rolling of intermediate expiry short puts proved more difficult than in February and pricing was less favourable. Significant gains were captured at month end when the market tumbled due to extra protection instigated with long puts.

At the time of writing the internal changes at the prime broker, which will allow improved margining, have been completed. The more sophisticated margining policy allows the Fund far greater flexibility, which should translate to superior performance going forwards.

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