



Pengana Global Volatility Fund

May 2008 Update

(Australian Feeder Fund)

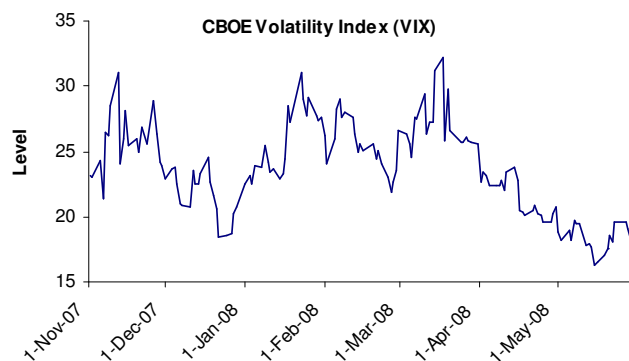
Pengana Global Volatility Fund

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 Alvin Wilkinson and Pengana, 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
Investors	Wholesale Clients only
Min. Initial Investment	\$100,000

Portfolio Activity and Commentary



During May the CBOE Volatility Index (VIX) fell from 20.79 to 17.83, a fall of 14%, and the S&P500 rose 1.3%. Although the market environment was relatively calm compared to the last 12 months, this still represents a heightened volatility environment when compared with long term averages.

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.

The Fund generated a solid net performance of 2.15% during the month. It benefited from a balanced portfolio construction position in relation to volatility curves and time decay. At any one time, the Fund will have both long and short volatility positions as it seeks to benefit from shifts in volatility across time.

Portfolio risk with respect to moves in the underlying market was low during the month and gamma (a measure of how fast the market sensitivity changes) was also low. The portfolio was positioned to protect investors from a catastrophic event during the month.

Performance (in AUD)²

Net returns for period ³	Pengana Global Volatility Strategy (onshore)	
	Class A Units	Class B Units
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%
April 2008	1.17%	1.09%
May 2008	2.15%	1.94%
Since inception⁴	14.18%	11.15%

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

² Total return performance figures are derived from the 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 The Fund began trading on 01 May 2008. Performance from the prior period is the performance of all funds managed in the Pengana Global Volatility Strategy. Performance from 01 May 2008 is for the money managed in the Fund itself.

⁴ Inception Dates: Class A Units - 07 November 2007, Class B Units - 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.