



# Pengana Global Volatility Fund (Australian Feeder Fund) July 2008 Update

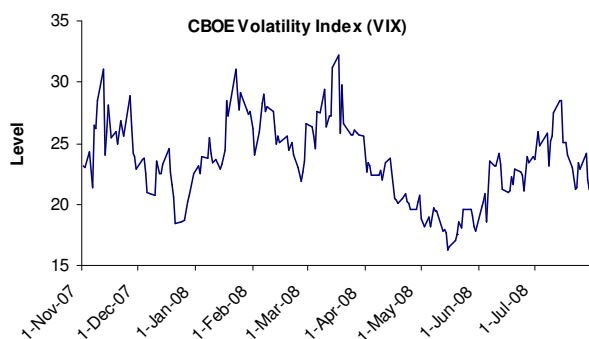
## Pengana Global Volatility Fund

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 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 Features<sup>1</sup>

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 <sup>3,4</sup>
Investors	Wholesale Clients only
Min. Initial Investment	\$100,000

## Portfolio Activity and Commentary



The CBOE Volatility Index (VIX) fell by -4.2% during July, ending the month at 22.94. The S&P 500 lost ground at the start of the month but rallied as volatility fell, finishing down by -0.8%.

The VIX climbed as the market fell, reaching a high of 28.5 on the 15th. The portfolio was engineered such that further increases would have led to a very good month for investors, however the market rallied and implied volatility

<sup>1</sup> 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.

declined. The final result of 1.84% (Class A Units, net of all fees) was therefore a little disappointing given the potential mid month.

The Fund stayed nimble throughout the changing volatility environment. It was relatively neutral the market, with low delta and gamma exposures. Theta was positive for most of the month. The positions were concentrated in certain areas to profit from the expected rise in volatility and, although the Fund did generate profits as the market settled, the costs associated with this downside positioning had a negative impact on performance.

Protection against a catastrophic event was maintained throughout the month.

## Performance (in AUD)<sup>2</sup>

Net returns for period <sup>3</sup>	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%
June 2008	5.76%	5.19%
<b>July 2008</b>	<b>1.84%</b>	<b>1.67%</b>
<b>Since inception<sup>4</sup></b>	<b>22.99%</b>	<b>18.87%</b>

## Contact Details

For further information, please visit our website at [www.pengana.com](http://www.pengana.com) or contact:

### Institutional Clients:

Denis Carroll  
+61 2 8524 9974, [denis.carroll@pengana.com](mailto:denis.carroll@pengana.com)

### Private Clients:

Juliet Dunworth  
+61 2 8524 9984, [juliet.dunworth@pengana.com](mailto:juliet.dunworth@pengana.com)

<sup>2</sup> 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.

<sup>3</sup> The Fund began trading in May 2008. Performance for the period prior to May 2008 is the performance of all underlying assets managed in the Pengana Global Volatility Strategy. Performance from May 2008 is for the money managed in the Fund itself.

<sup>4</sup> Inception Dates: Class A Units - 07 November 2007  
Class B Units - 31 December 2007