



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

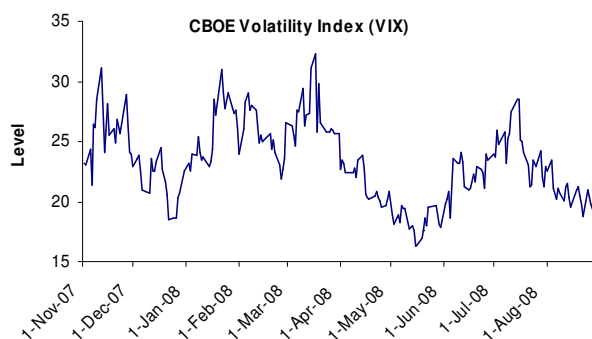
## Pengana Global Volatility Fund

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>

<b>Management Fees (monthly)</b>	Class A: 2.0% p.a. Class B: 0.5% p.a.
<b>Performance Fees (quarterly)</b>	Class A: 20% Class B: 30%
<b>Trustee Fee</b>	0.2% per annum of the net asset value of the Fund
<b>Inception Date</b>	November 2007 <sup>3,4</sup>
<b>Investors</b>	Wholesale Clients only
<b>Min. Initial Investment</b>	\$100,000

## Portfolio Activity and Commentary



The S&P 500 exhibited numerous price swings during August, ending the month up 1.2%. Implied volatility, as measured by the CBOE Volatility Index (VIX), declined over the month by 10.0% to 20.65, its lowest reading since early June. Despite this fall, volatility remains high in a historical context and above its long term average.

The Fund returned 1.11% for the month (Class A shares). It was positioned slightly long delta for much of the month and was carrying a small negative gamma position. Although the

<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.

Fund was long volatility overall, shorter term volatility exposure ("vega") was negative, and the Fund benefitted from relative shifts in the volatility curves. Time decay was a strong positive especially at the start and end of the month.

At the end of the month the Fund was positioned long volatility and short delta which we expect to generate strong returns over the coming months.

As investors know, the Fund maintains protection against a catastrophic event at all times. We define this as a sharp fall in the market with an associated spike in volatility. We monitor the exposure using scenario analysis software and can confirm that the Fund is well positioned to generate a strong return in such circumstances.

## 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%
July 2008	1.84%	1.67%
<b>August 2008</b>	<b>1.11%</b>	<b>0.95%</b>
<b>Since inception<sup>4</sup></b>	<b>24.36%</b>	<b>20.01%</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