



MEDIA RELEASE
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Pengana Capital launches Australia's first global volatility fund to tackle the fear factor

Specialist funds manager Pengana Capital has launched a global volatility fund that invests in equity indices to capitalise on market volatility.

The Pengana Global Volatility Fund, which last night won Innovative Product of the Year at the annual Standard & Poor's fund manager awards, already has a commitment of more than \$150 million from a significant Australian institutional investor at a time when sharp changes in key global markets are providing significant challenges for investment managers and their clients.

Pengana's Chief Investment Officer, Nick Griffiths, said the fund was designed to capitalise on changes in market volatility, initially in the US S&P 500 index and progressively extending to other major indices in global stock markets.

"Pengana's Global Volatility Fund is an ideal investment tool for sophisticated wholesale investors who are concerned about the size of their exposures to the major asset classes and the attendant risks," he said.

"Investing in a global volatility strategy can play a significant role in the risk management of these portfolios. This is a different way to invest because it is designed to offer a strong rate of return while also providing protection for clients' portfolios in volatile times – even if a catastrophe occurs.

"Extreme market volatility over the past several weeks has more than proven our fund strategy. It's in periods such as these that this strategy helps offset the effects of major market corrections. The interesting thing is that our fund can add value in falling as well as rising markets, so it really is a different way of investing."

Pengana Capital Chief Executive Officer Russel Pillemer said last night's S&P award – one of two won by Pengana – was testament to the company's courage and conviction in introducing an Australia-first product to market.

Al Wilkinson, a former director of the Chicago Board Options Exchange (CBOE) who led the development of the so-called US Fear Index (the CBOE Volatility Index (VIX), a popular measure of the implied 30-day volatility of S&P 500 index options), joined Pengana Capital in March this year. Wilkinson designed the Fund and will manage its underlying strategy.

Wilkinson said the Fund, which was developed over a two-year period working with the seed investor, was an absolute return investment strategy uncorrelated to traditional investments, with real-time transparency and risk management.



He said changes in market sentiment had a significant impact on the prices of index equity options, with the fund trading options, futures or both on related indices.

“Volatility is a measure of uncertainty and I believe is an asset class in itself,” Wilkinson said. “This is possibly the first fund of its kind in Australia that allows investors access to an option trading process that benefits from changes in volatility and offsets the fear factor.

“Some large investment banks use volatility trading strategies to generate significant revenues, and now this approach is available through Pengana Capital to the wider investment community.”

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NOTES TO THE EDITORS:

About Pengana Capital Ltd

Pengana Capital Ltd ("Pengana") is a diversified funds management business with \$1.8 billion in funds under management through seven funds and strategies – Pengana Property Securities Fund, Pengana Absolute Return Real Estate Fund, Pengana Emerging Companies Fund, Pengana Global Small Companies Solution, Pengana Global Diversified Bond Fund, Pengana Credo Property Fund and Pengana Global Volatility Fund. The company is focused on delivering high-quality traditional and alternative funds management products to its clients.

Pengana is headquartered in Sydney, Australia, and also has offices in Melbourne, London and Chicago. It is a subsidiary of Pengana Holdings Pty Ltd, which is substantially owned by the Directors and staff of Pengana. At the 2007 Standard & Poor's fund manager awards, The Pengana Global Volatility Fund won Innovative Product of the Year and the Pengana Emerging Companies Fund won the Australian Equities (Small Caps) award.

Please note:

Investments can go up and down. Past performance is not a reliable indicator of future performance. 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. A product disclosure statement for the fund is available and can be obtained by emailing info@pengana.com.au. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement 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.