

Pengana Global Resources Fund

November 2008 Update



1 of 4

Fund Description

The Pengana Global Resources Fund provides investors with equity exposure to companies within the global mining, energy, steel, commodities and associated services sectors. The Fund is managed out of Melbourne, Australia and uses multiple strategies to profit from inefficiencies in the pricing of companies in its investment universe. Among the strategies utilised by the Fund is the ability to be both long and short securities which allows market volatility to be better managed.

Fund Features

Style	Fundamental, Long bias, Long Short	Management Fees ¹ (monthly)	1.5% p.a.
Fund Aim	To achieve a total return in excess of 15% p.a.	Performance Fees ¹ (quarterly)	20% of NAV above a prior high water mark
Investors	Wholesale Clients Only	AUM at Month End	A\$6.17m
Minimum Initial Investment Amount	A\$100,000	Application Price at Month End	A\$1.0836
Inception Date	March 2007	Redemption Price at Month End	A\$1.0750

Fund Commentary

Fund Performance (A\$, net of fees) ²													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2008	-7.53%	8.67%	-2.68%	5.29%	6.20%	0.30%	-4.27%	-1.99%	-20.28%	-12.45%	-6.16%		-32.61%
2007			1.59%	4.91%	9.03%	11.51%	1.07%	-3.89%	10.84%	10.06%	-3.02%	0.16%	49.13%

- **Gold price rises 14% in November**
- **Oil and most base metal prices continued to fall in November**
- **ASIC lifted ban on some short-selling on 19th November**
- **BHP Billiton withdraws its offer by Rio Tinto**

The gold price bounced 14% in November as investors sought investments with perceived lower risk and high store-of-value characteristics. With cash and government bond yields tumbling globally as the full impact of the global financial crisis took effect there was heightened investor interest in the "yellow metal". The World Gold Council in its "Gold Demand Trends – Third Quarter 2008" quarterly publication stated total demand in the September 2008 quarter increased 18% to 1,133 tonnes whilst the average realised price for the September 2008 quarter was US\$871/oz, up 28% from the previous corresponding period. Exchange Traded Funds (ETFs) saw inflows of 150 tonnes over the September quarter, up from 140 tonnes in the previous corresponding period.

The Fund remained conservatively positioned as at the end of November with a net long position of 66.3% and gross exposure of 75.3%. There has been no significant change to our strategy from October with the bias towards large, liquid, well diversified companies with tier one asset quality. During the month we added to our gold producer exposure by adding two new Australian listed companies, Dominion Mining and Avoca Resources. Australian domiciled gold producers continue to benefit from an Australian dollar denominated gold price in excess of \$1200 an ounce (the result of a lower Australian dollar relative to the US dollar and a relatively stable US\$ gold price). In an environment characterised by increased uncertainty over price and volumes for many other commodity producers, gold producers remain attractive investments.

As was expected ASIC lifted the ban on covered short-selling of some securities on 19th November. The ban on short-selling designated stocks in the financial sector remains in place.

During the month the most significant stock specific announcement was BHP Billiton's decision not to proceed with its planned offer for Rio Tinto. BHP Billiton, in announcing its decision, cited "recent global events and associated falls in commodity prices" had altered the risk dimensions of the proposed transaction. In addition, BHP Billiton stated the prospective level of debt of the

¹ Including GST less any reduced tax input credits. Please refer to the Product Disclosure Statement for a more detailed explanation.

² Net performance figures are shown after all fees and charges, and assume reinvestment of income. Past performance is not a reliable indicator of future performance.

Pengana Global Resources Fund

November 2008 Update



2 of 4

combined company relative to the prospective cashflows it could generate along with a diminished ability to divest non-core assets had contributed to its decision not to proceed with the transaction.

Market Commentary

On 1st December the National Bureau of Economic Research confirmed that a recession in the United States was well underway and had begun in December 2007. This was not a surprise to many market observers although the US Federal Reserve had been side-stepping the "R" word for most of 2008. With confirmation of a recession in the United States economic statistics continued to show signs of deterioration with the US economy shedding 533,000 jobs in November, the most in 34 years, and the unemployment rate reaching 6.7%, the highest since 1993. Whilst the economy has received both fiscal and monetary stimulus there is no sign that the negative momentum in the US economy has stopped. Elsewhere globally, the economic scoreboard may not be quite as bad, but momentum continues weakening in the stronger performing economies such as China and in the weaker economies such as the United Kingdom and Europe is turning negative.

The aggressive easing of monetary policy globally looks set to continue as economies around the world continue to wane in response to a combination of higher unemployment, lower growth, de-stocking and credit markets which have failed to improve noticeably. Furthermore, policy makers look set to announce further fiscal stimulus in an effort to re-ignite economic activity and cushion the blow of marked slowdowns in activity in the private sector. Overall, the pressures are already manifesting in selected industries with Japanese exporters such as Panasonic and automakers globally all experiencing severe earnings pressure. In the case of the US automakers, particularly General Motors and Chrysler, earnings pressure has migrated to cashflow pressure with the big 3 automakers in the United States all seeking government assistance.

Portfolio Action

As at the end of November the S&P/ASX 300 Resources Accumulation Index was down 47.2% from the high achieved in May this year. Resources companies have continued to languish as major fiscal stimulus packages globally are yet to take effect and de-stocking of both finished goods and raw materials continues. Despite continued lowering of official cash rates globally, the easing of monetary policy has yet to find its way to cheaper and more accessible debt for companies, both large and small. Consequently, there remains at this point increased reliance on equity as a form of capital and many companies are finding conditions onerous in re-financing debt lines.

Our portfolio strategy remains focused on larger capitalisation companies capable of withstanding a protracted malaise in commodity markets. The portfolio as at the end of November remained biased towards large, diversified companies which may be beneficiaries of any extended downturn in commodity markets as poorly capitalised competitors find it difficult to survive. During the month we added to our gold producer exposure via two new holdings, Dominion Mining and Avoca Resources. We continue to remain favourably disposed towards the outlook for the gold price given the ever expanding debt of the US government, the global easing of monetary policy and risk aversion of investors.

In Australia, the S&P/ASX Metals and Mining Accumulation Index ended November down a modest 1.14%. Lower base metal prices were somewhat offset by a higher gold price with the market still burdened by credit market jitters, investor redemptions and downgrades to global growth assumptions. The decision by BHP Billiton to withdraw its offer for Rio Tinto had a major influence on index moves during the month with BHP Billiton ending the month up 10.75%. Conversely, Rio Tinto finished the month down 39.95%. Putting this in context, the proposed offer for Rio Tinto by BHP Billiton was 3.4 BHP Billiton shares for every Rio Tinto share. As at the end of November 1 Rio Tinto share was worth 1.5 BHP Billiton shares – under half the proposed terms of the offer. Offshore indices were mixed in comparison with Australia. In the United States, the S&P Metals and Mining Index fell 4.8% in November. In London the FTSE 350 Mining Index ended the month down 12.3% whilst the S&P/TSX Global Mining Index recorded a marginal gain of 0.7%.

Domestically, the S&P/ASX 300 Energy Accumulation Index dropped 4.31% in November despite OPEC's decision at its October meeting to decrease its production quota for members by 1.5 million barrels of oil per day effective 1st November. Market participants remain concerned that the cuts are not enough to bring about demand/supply equilibrium with oil demand falling at a far greater rate than supply. Further cuts to member quotas are anticipated when OPEC next meets on 17th December, but unless these cuts are near 3 million barrels of oil per day over and above those announced in October the price of oil is likely to remain around US\$50/bbl over the next few months.

Key Contributors

Key contributors to the portfolio's performance during November included Vedanta Resources (-60.36%), Rio Tinto plc (-43.85%), Barrick Gold Corporation (+29.55%), and Newmont Mining (+27.75%).

Pengana Global Resources Fund November 2008 Update

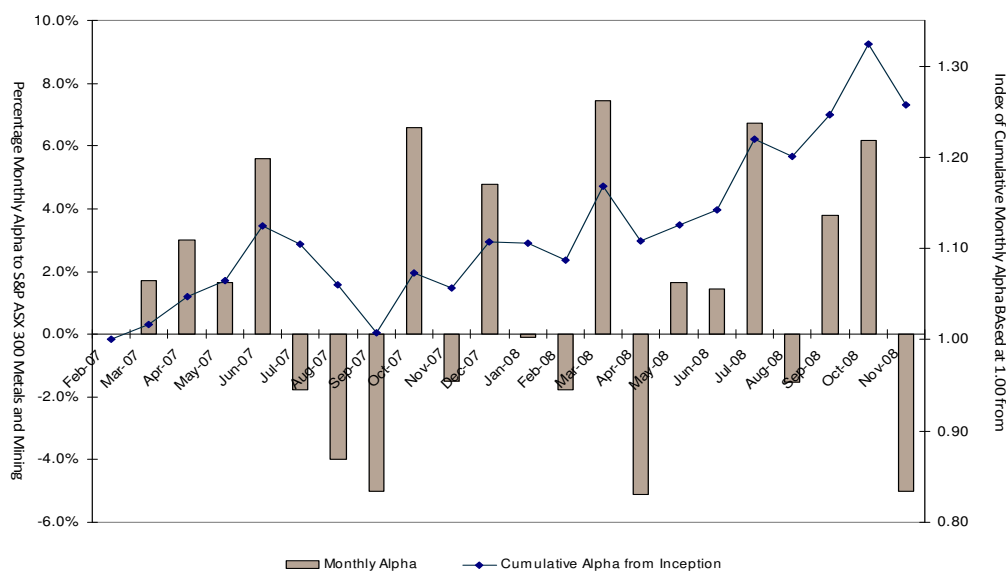


3 of 4

Fund Performance

Net Returns to 30 November 2008 ³	Pengana Global Resources Fund	S&P ASX 300 Metals and Mining	FTSE 350 Mining	S&P 500 Metals and Mining
1 Month	-6.16%	-1.14%	-12.30%	-4.80%
3 Months	-34.50%	-38.92%	-55.07%	-58.41%
6 Months	-38.36%	-46.51%	-61.79%	-67.42%
12 Months	-32.50%	-45.90%	-57.47%	-62.73%
Since inception⁴	+0.50%	-23.87%	-33.59%	-56.06%

Pengana Global Resources Fund – Monthly and Cumulative (A\$) Alpha versus S&P ASX 300 Metals and Mining Index:



Commodity Price Changes for November 2008

Commodity	US\$ Price Change	A\$ Price Change	€ Price Change
Oil	-19.72%	-17.70%	-19.33%
Gold	14.04%	16.06%	14.43%
Copper	-10.36%	-8.34%	-9.97%
Aluminium	-13.68%	-11.66%	-13.29%
Zinc	8.62%	10.64%	9.01%
Nickel	-14.15%	-12.13%	-13.76%
Lead	-26.48%	-24.46%	-26.09%
Tin	-11.18%	-9.16%	-10.79%

³ Performance figures are net of all fees and charges, and assume reinvestment of income. Past performance is not a reliable indicator of future performance.

⁴ Inception date: March 2007, launch date: September 2007. March 2007 – September 2007: Performance of internal fund seeded by Pengana Capital. Past performance is not a reliable indicator of future performance.

Pengana Global Resources Fund

November 2008 Update



4 of 4

Portfolio Structure

Portfolio Structure (as at end of 30 November 2008)	
Number of Stocks	24
Gross Exposure	75.3%
Net Long Exposure	66.3%
Breakdown by Strategy	Pairs: 9.8% Directional Long/Short: 90.2%

Top 5 Positions (in alphabetical order)
Anglo American
BHP Billiton
Newcrest Mining
Rio Tinto
Vale

Contact Details

Pengana Capital Limited • Level 29, 20 Bond Street, Sydney, NSW 2000, Australia • T +61 2 8524 9900 • F +61 2 8524 9901
ABN 30 103 800 568, AFSL 226566

For further information, please visit our website at www.pengana.com or contact:

Institutional Clients: Denis Carroll, +61 2 8524 9974, denis.carroll@pengana.com

Private Clients: Juliet Dunworth, +61 2 8524 9984, juliet.dunworth@pengana.com

Advisors: Justin Brooks, +61 3 8663 7906, justin.brooks@pengana.com