

Pengana Global Resources Fund

January 2009 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\$6.30m
Minimum Initial Investment Amount	A\$100,000	Application Price at Month End	A\$1.1056
Inception Date	March 2007	Redemption Price at Month End	A\$1.0967

Fund Commentary

Fund Performance (A\$, net of fees) ²

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	2.43%												2.43%
2008	-7.53%	8.67%	-2.68%	5.29%	6.20%	0.30%	-4.27%	-1.99%	-20.28%	-12.45%	-6.16%	-0.39%	-32.87%
2007			1.59%	4.91%	9.03%	11.51%	1.07%	-3.89%	10.84%	10.06%	-3.02%	0.16%	49.13%

- **Commodity prices stabilize in Australian dollars during January**
- **Equity issuance increasing**
- **Financial reporting season underway**

Pleasingly, we saw Australian dollar denominated commodity prices stabilize in January after a period of rapid decline during the last six months of 2008. With the exception of aluminium, which declined 0.43% in January in A\$ terms the story was positive for most commodities as the Australian dollar declined 9.43% relative to the Greenback. In US dollar terms, the oil price continued to fall (-7.79%) whilst aluminium (-9.86%) and zinc (-3.88%) also fell in January. On a positive note, the gold price in Australian dollars rose 14.72%, continuing to build on recent advances, whilst copper (+16.46%) and lead (+30.82%) also had strong months in Australian dollar terms. Looking forward, most commodities are still in the process of establishing new equilibrium levels as production curtailments increase in response to falling demand. It is difficult to ascertain when de-stocking will cease in various commodities, but it is encouraging to see continued efforts globally by authorities to lower interest rates, increase bank lending and stimulate economic activity.

The Fund was structured with a net long position of 61.1% as at the end of January and gross exposure of 78.1%. During the month we took profits in BlueScope Steel and added North American steel producer, Nucor, to the portfolio. We continue to favour the large, well managed diversified resources companies which look well positioned to weather any protracted downturn in global economic activity. However, we reduced the Fund's holdings in both Rio Tinto and BHP Billiton during January whilst increasing the Fund's weighting to Vale. In the gold sector, we exited the portfolio's long positions in Newcrest Mining and Randgold Resources and reduced the weighting to both Barrick Gold Corporation and Lihir Gold as gold companies continued to prosper against a backdrop of an increasing gold price. We also closed our long position in Xstrata following the company's announcement of a 2:1 rights issue to reduce debt and fund the acquisition of Colombian thermal coal assets from its largest shareholder, Glencore.

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

January 2009 Update



2 of 4

Interestingly, over the past month we have seen a notable increase in the demand for equity by resource companies globally. Companies that have announced intentions to raise equity include Newmont Mining, Xstrata, Century Aluminium, Freeport-McMoran Copper & Gold, Apex Minerals, Redback Mining and South American Iron and Steel. In early February Newcrest Mining decided to strengthen its balance sheet by raising \$750 million.

Market Commentary

The global economic slowdown gathered pace towards the end of 2008 with U.S. GDP shrinking at an annualised rate of 3.8% in the December quarter. Excluding inventory build over this period the decline would have been 5.1% on an annualised basis. Consumer spending in the United States fell for a record sixth consecutive month in December 2008, with the decline in 2008 being the worst since 1961. The loss of wealth as a result of continued falls in house prices combined with a protracted debt binge by consumers and a rapidly deteriorating labour market have all been factors contributing to the decline.

Globally, industrial production has slowed dramatically. For instance, in the U.S. industrial production in December was down 22.5% from levels achieved a year earlier. On the other hand, the Chinese economy whilst slowing is continuing to grow and not contract like many of its OECD counterparts. Chinese industrial production in December was up 5.7% year on year, with the rate of growth slowing from 16% year on year in June 2008.

Financial reporting for the half year to December 2008 has begun with many U.S. companies having already reported earnings. Overall, the results to date have been slightly worse than those expected by analysts. Key features of results released thus far have been a reluctance to give guidance for earnings in future periods given the current state of the global economy and many companies have incurred significant write-downs in the carrying values of their assets. There has been no sign of re-stocking emerging in the U.S. economy, although the outlook for Chinese demand is a little more optimistic.

Portfolio Action

Our portfolio strategy remains focused on larger capitalisation companies capable of withstanding a protracted malaise in commodity markets. During the month we increased the portfolio's weighting to Vale and reduced holdings in both BHP Billiton and Rio Tinto and exited the Fund's position in Xstrata. In the gold sector we reduced the fund's exposure to Barrick Gold Corporation and Lihir Gold and exited positions in Newcrest Mining and Randgold Resources. In the steel sector we took profits and reduced the portfolio weighting to BlueScope Steel and added North American steelmaker, Nucor, to the portfolio.

In Australia, the S&P/ASX Metals and Mining Accumulation Index ended January nearly flat, down just 0.09%. However, considerable price volatility was evident intra-month with the index at its highest point being up 6.6% from the end of December and at its lowest point being down over 8%. BHP Billiton managed a very small positive return (+0.20%) for the month. In contrast, Rio Tinto's share price (+10.92%) showed a marked improvement after a period of excessive weakness following BHP Billiton's decision to walk away from its proposed merger with Rio Tinto. The news was mixed for gold stocks with Newcrest Mining falling 8.53% after a quarterly production report which disappointed analysts with higher costs and lower output. On the other hand, Lihir Gold exceeded market expectations when it released its December quarterly production report and the share price finished January up 3.99%. In the United States, the S&P Metals and Mining index fell 10.1% in January. In London the FTSE 350 Mining Index ended the month down 8.3% whilst the S&P/TSX Global Mining Index recorded a loss of 4.5%.

Domestically, the S&P/ASX 300 Energy Accumulation Index dropped 5.96% in January as the continued fall in the US dollar denominated oil price along with softening expectations for contract prices of both thermal and metallurgical coal weighed on forecast earnings for the sector. There was renewed enthusiasm by investors for uranium stocks with Paladin Energy (+25%) the best performer in the sector for the month. Other uranium companies Deep Yellow (+13.04%) and Energy Resources of Australia (+19.35%) both outperformed the Energy Index during the month. Coal producers were prominent amongst the sector's worst performers for the month with Aquila Resources (-23.03%), Felix Resources (-21.59%) and Centennial Coal (-14.76%) all markedly underperforming the index in January.

Key Contributors

Key contributors to the portfolio's performance during January included Alumina (-18%), Equinox (+20%), Rio Tinto plc (+16.11%), Vale (+16.52%), and Anglo American (-18.11%).

Pengana Global Resources Fund January 2009 Update

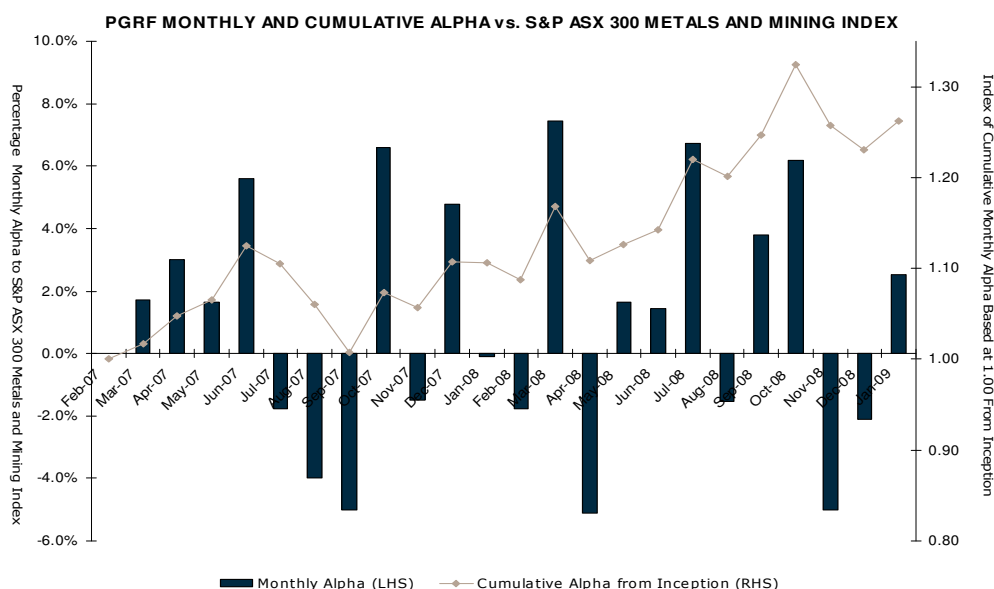


3 of 4

Fund Performance

Net Returns to 31 January 2009 ³				
	Pengana Global Resources Fund	S&P ASX 300 Metals and Mining	FTSE 350 Mining	S&P 500 Metals and Mining
1 Month	+2.43%	-0.09%	-8.26%	-10.08%
3 Months	-4.25%	+0.47%	-19.47%	-0.63%
6 Months	-34.50%	-38.19%	-59.60%	-60.07%
12 Months	-24.56%	-37.70%	-57.23%	-58.64%
Since inception ⁴	+2.54%	-22.59%	-39.02%	-54.14%

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



Commodity Price Changes for January 2009

Commodity	US\$ Price Change	A\$ Price Change	€ Price Change
Oil	-7.79%	1.64%	1.04%
Gold	4.86%	14.72%	13.19%
Copper	7.03%	16.46%	15.36%
Aluminium	-9.86%	-0.43%	-1.53%
Zinc	-3.88%	5.55%	4.45%
Nickel	0.56%	9.99%	8.89%
Lead	21.39%	30.82%	29.72%
Tin	4.97%	14.40%	13.30%

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

January 2009 Update



4 of 4

Portfolio Structure

Portfolio Structure (as at end of 31 January 2009)	
Number of Stocks	28
Gross Exposure	78.1%
Net Long Exposure	61.1%
Breakdown by Strategy	Pairs: 1.5% Directional Long/Short: 98.5%

Top 5 Positions (in alphabetical order)
BHP Billiton
Lihir Gold
Newmont 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