Pengana Global Volatility Fund
November 2008 – Additional Update
for the Australian Feeder Fund

PENGANA CAPITAL

Fund Description

The Pengana Global Volatility Fund seeks to provide investors with a non directional actively traded derivative strategy focused on volatility. The Fund trades in North American equity index futures, options and other volatility-based instruments and derives returns from mispricing of these instruments due to changes in volatility. The strategy began trading in November 2007 [2,3] and is managed by a highly experienced team led by Alvin Wilkinson.

Fund Features

Style	Non-directional global volatility	**Management Fees [1] (monthly)**	Class A: 2.0% p.a. Class B: 0.5% p.a.
Investors	Wholesale Investors only	**Performance Fees [1] (quarterly)**	Class A: 20% Class B: 30%
Minimum Initial Investment Amount	A$100,000	**Trustee Fee**	0.2% per annum of the net asset value of the Fund
Inception Date	November 2007 [2, 3]	**AUM at Month End**	A$32.1m

Fund Commentary

Fund Performance (Class A Units, in A$, net of fees) [2,3,4]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD**
2008	3.55%	2.58%	1.14%	1.17%	2.15%	5.76%	1.84%	1.11%	-38.34%	-17.13%	68.24%		**3.96%**
2007											1.55%	1.27%	**2.84%**

Fund Performance (Class B Units, in A$, net of fees) [2,3,4]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD**
2008	3.54%	3.40%	0.74%	1.09%	1.94%	5.19%	1.67%	0.95%	-37.49%	-16.66%	66.68%		**4.21%**

The purpose of this additional report for November is to communicate the results of the Fund for each of the last 3 months.

Update on Pricing

As previously relayed to investors, we have just witnessed some of the most extreme conditions in trading history. The extreme volatility in markets resulted in some pricing anomalies which meant that the usual method for valuing the underlying securities did not reflect fair value. The crystallizing of some positions in November proved that our concerns were well founded as the aggregated realized value of these positions was substantially in excess of their stated market value. We had previously advised that we were seeking to adjust for pricing anomalies but have subsequently determined that such an arrangement proved far too difficult to implement within a reasonable timeframe. We have therefore decided not to adjust pricing, and because of this we decided not to accept any applications or redemptions during this 3 month period. The fund reopened to transactions on 01 December 2008.

In addition the net performance of the $A share class has been negatively impacted by a significant downward movement in the $A (over 23%) over the 3 month period. Please note this has meant that our previously advised 3 month return has had to be revised for the $A share class due to the exchange fluctuations that the trading profits and losses were exposed to during the 3 month period. This has resulted in the $A share class having a deterioration in performance relative to the USD class.

We wish to emphasise that we are very aware of the concern caused to some investors by the reporting delays over this period, and apologise for any inconvenience which has arisen. Please be assured we have taken every step possible to ensure that these delays will not occur again.

Performance

The Fund lost considerable value in September and October, with the Class A Units falling -38.34% and -17.13% respectively, before rebounding strongly in November to generate a return of +68.24%. At the start of the period we witnessed significant

[1] All percentages are on a GST inclusive basis less applicable reduced input tax credits. Please refer to the Information Memorandum for a more detailed explanation.

[2] 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.

[3] Inception Dates: Class A Units - 07 November 2007, Class B Units - 31 December 2007

[4] 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.

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distortions in the relative price of short and long term volatility as market entrants sought to protect their equity portfolios. Accordingly, we positioned the Fund short volatility in the front months and long volatility in the back months with most of the inventory held in the November 08 to March 09 expiry period.

The dramatically increased volatility led to a highly unstable market with many participants driven by short term, and in some cases irrational, considerations. Spreads increased considerably and market making activities moved many option prices away from their true values. Although option expiries through the period resolved some pricing issues, our lack of confidence in achieving reliable prices remained and we were wary of further irrational activity at year end. We therefore acted to crystalise some of the positions towards the end of November and de-risk the portfolio.

Net Returns to 30 November 2008 [2,3,4]

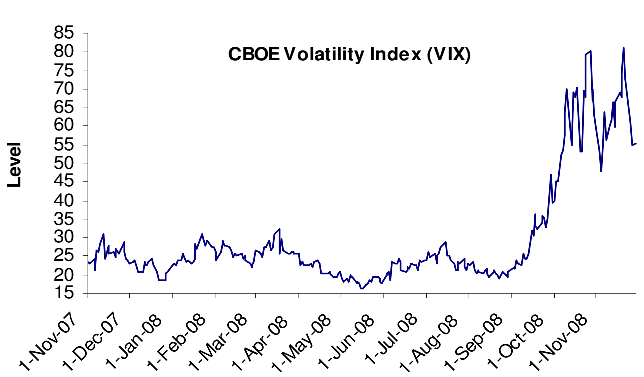
	Class A Units	Class B Units
3 months	-14.03%	-13.16%
6 months	-6.37%	-6.24%
1 year	+5.28%	-
Since inception p.a.	+6.36%	-

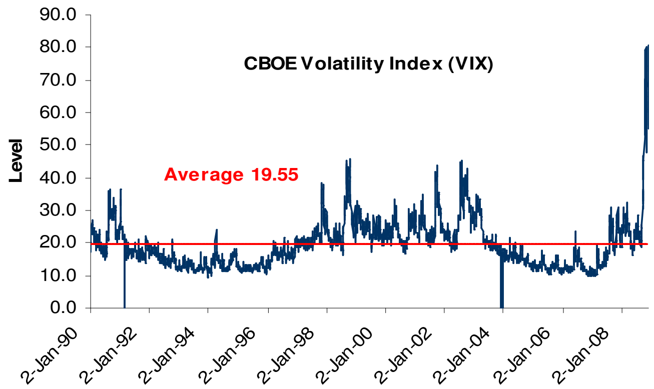
Current market circumstances present very good opportunities for the strategy. We consider that the fund is well placed for these circumstances and that the Fund should deliver at the higher end of our target return range (i.e. average 1-3% per month net of fees) over the next coming months.

Market Commentary

Unprecedented volatility was experienced in equity markets in the 3 month period to November 2008. The VIX reached a high of 80.9 in October, which is 4x its long term average and well in excess of the peaks reached during the Russian default, the Asian crisis and the tech bust. The S&P500 gained or lost more than 5% on over 25% of trading days during this period. The graphs below show the CBOE Volatility Index (VIX), the first over the life of the Fund and the second since 1990. They illustrate the magnitude of the increased uncertainty currently within markets and the deterioration in confidence that has occurred over such a short period.

CBOE Volatility Index (VIX)





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