

Pengana Global Small Companies Solution

January 2009 Update



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Fund Description

The Pengana Global Small Companies Solution uses a multi manager approach, investing with regional small company investment specialists to produce a global portfolio. Small companies have the potential to provide attractive returns to investors, and should perform well relative to the broader market over the long term due to their greater risk premium. Pengana has selected underlying managers that demonstrate a superior understanding of their respective markets and an ability to capitalise on this relatively inefficient asset class. The Fund currently invests in three regions: North America, Europe and Asia, with the Benchmark equally weighted between the three regions. The Fund is passively rebalanced back to the Benchmark, and exposure to international investments hedged back into Australian dollars, with the intention of covering the Fund's exposure to currency risk.

Fund Features

Style	Multi manager investing in regional small company specialists	Management Fees¹ (monthly)	0.7688% p.a.
Benchmark	Equally weighted to the three major developed regions: North America, Europe including UK, and Asia including Japan	Performance Fees¹ (quarterly)	10.25% p.a. over benchmark hurdle (net of fees)
Investors	Open to Retail Clients	Underlying Manager Costs	The costs will be within the range of 0.5% p.a. to 1% p.a.
Minimum Initial Investment Amount	\$A25,000 (direct)	AUM at Month End	A\$20.5m
Inception Date	November 2005	Application/ Redemption Price at Month End	Application: A\$0.4943 Redemption: A\$0.4903
Identification Code	ARSN 120 300 450		

Fund Commentary

Fund Performance (A\$, net of fees) ^{2,3}													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	-4.3%												-4.3%
2008	-11.7%	-1.7%	-2.8%	3.8%	3.9%	-7.5%	-2.4%	-0.9%	-11.5%	-24.4%	-1.7%	-2.2%	-47.5%
2007	5.2%	0.1%	-1.0%	0.1%	2.3%	-3.4%	-2.0%	-4.0%	-0.4%	5.1%	-7.7%	-2.9%	-9.2%
2006	-0.4%	1.2%	9.2%	-3.7%	-4.9%	0.8%	-5.6%	3.0%	3.9%	0.1%	1.2%	2.6%	6.4%
2005											5.2%	8.8%	14.5%

The Fund outperformed its benchmark during January by 1.3%. The absolute performance was however disappointing as small company stocks continued to struggle. In the US and Japan the markets fell following brief rallies through the end of 2008. Europe rallied slightly during January but economic and financial developments suggest this may be short lived.

The Fund currently holds a high cash allocation of 16% and has reduced its weighting in Japan. This move is to facilitate an allocation to an Asia ex Japan small cap manager. We have identified some high quality candidates and will be making an allocation in the near future. Asian small company markets have suffered in line with other markets but show excellent potential for a strong recovery.

Fund Performance to 31 January 2009 (A\$, net of fees) ^{2,3}						
	1 Month	3 Months	1 Year	Financial YTD	Since Inception p.a.	Standard Deviation
Fund	-4.3%	-7.9%	-43.2%	-40.4%	-16.9%	20.9
Benchmark	-5.6%	-11.4%	-39.0%	-35.9%	-18.4%	18.6
North America	-9.3%	-9.8%	-37.3%	-24.0%	-11.1%	20.8
Benchmark	-11.1%	-17.3%	-37.5%	-35.3%	-14.6%	20.9
Europe	-2.1%	-19.5%	-54.4%	-51.2%	-16.6%	24.9
Benchmark	0.5%	-10.5%	-46.1%	-40.6%	-14.4%	21.7
Asia	-4.8%	3.2%	-36.7%	-39.7%	-22.9%	25.5
Benchmark	-6.1%	-3.0%	-34.9%	-33.4%	-27.2%	20.5

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

² Past performance is not a reliable indicator of future performance

³ The fund's currency exposure was unhedged until 30 June 2007

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Fund Commentary (cont'd)

North America	
Manager	Cortina AM
Benchmark	Russell 2000
Fund Allocation	30%
Month Return ^{2,3}	-9.3%
Benchmark	-11.1%
<p>The US small cap market recorded its worst January in history, falling -11.1%. Cortina out performed but still fell by more than -9%. The fall followed a rally of 34% since the November low.</p> <p>Most of Cortina's out performance came through sector selection. Overweights in Healthcare and Technology and an underweight in Financials all contributed positively. Banks performed particularly poorly as many registered higher than expected provisions for loan losses. Cortina was not immune with one of its holdings, UCBH, falling -66%. On a positive note, Sun Healthcare, which is now the portfolio's third largest position, rose 28% during the month thanks to a series of positive broker reports.</p> <p>Cortina believes that the market continues to be more focused on thematic and macro economic factors rather than company fundamentals. Performance has been extremely volatile over the last 6 months as investors seek to ascertain the impact of the credit crunch and fiscal and monetary stimuli. While this does provide opportunity it requires a clear philosophy and solid strategy to take full advantage.</p>	
Top 5 Positions	
3.4%	Argo Group
3.4%	J2 Global Communications
3.0%	Sun Healthcare
2.3%	Monro Muffler
2.2%	WMS Industries

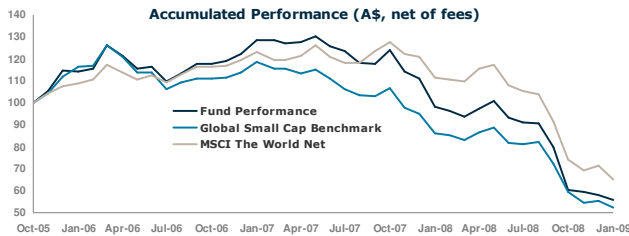
Europe (including UK)	
Manager	Munros CM
Benchmark	HSBC Europe
Fund Allocation	30%
Month Return ^{2,3}	-2.1%
Benchmark	0.5%
<p>The European small cap market registered its first positive month since August 2008, rising 0.5%. Munros under performed partially due to a significant new money flow during the month as we sought to rebalance our portfolio. Volatility continues to be extremely high.</p> <p>Austria, Finland and Denmark led the rally. Germany, Greece and Ireland (once again) fell despite the overall rise.</p> <p>After a period of weakness the British Pound rallied against the Euro by nearly 10%.</p> <p>At a stock level Munros had mixed fortunes. Newcourt, the Irish outsourced services group, rose by 100% after being over sold heavily last year. This has been one of the portfolio's long term holdings. IFG, the financial services group, also bounced strongly from a heavily sold off position.</p> <p>The weakest performing stock was C&C, a manufacturer and distributor of cider as well as a number of other spirits and liquors. It fell -46% as the depth of the recession became apparent in the UK and Ireland.</p>	
Top 5 Positions	
5.4%	Aberdeen AM
4.7%	VT Group
4.4%	Wincor Nixdorf
4.3%	Grifols
4.1%	Ansaldo STS

Asia (including Japan)	
Manager	Sparx AM
Benchmark	MSCI Japan Small
Fund Allocation	24%
Month Return ^{2,3}	-4.8%
Benchmark	-6.1%
<p>The Japanese small companies market continued to fall in January. Sparx outperformed through a combination of domestic orientated stocks, internet holdings and service related companies that held up comparatively well.</p> <p>Sparx concedes that the economic outlook is bleak, although they do see some hope for Japan: valuations are at historic lows, share buy backs have increased and there has been beneficial consolidation within some industries. In addition they believe property, construction and some financial institutions will benefit from the planned public works.</p> <p>Sparx continues to use the volatility to trade around positions and to sell stocks as they rally and purchase others when oversold. This is a common theme with all managers adopting a shorter term trading orientated strategy to complement the longer term positioning of the portfolio.</p>	
Top 5 Positions	
5.2%	T-Gaia Corporation
5.2%	Toridoll Corporation
4.0%	Furuya Metal
3.8%	Suzuki Co
3.5%	Nihon Dengi Co. Ltd

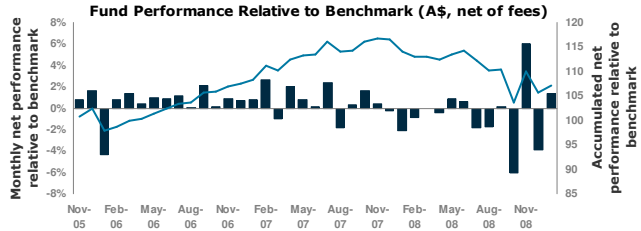
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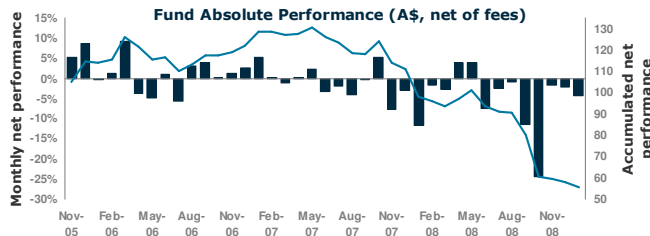
Accumulated Fund and Benchmark Performance ^{2,3}



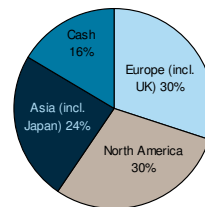
Monthly Fund Relative Performance ^{2,3}



Monthly Fund Absolute Performance ^{2,3}



Fund Allocation



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