

Pengana Global Small Companies Solution

March 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 Fees ¹ (monthly)	0.7688% p.a.
Benchmark	Equally weighted to the three major developed regions: North America, Europe including UK, and Asia including Japan	Performance Fees ¹ (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	A\$25,000 (direct)	AUM at Month End	A\$20.3m
Inception Date	November 2005	Application/ Redemption Price at Month End	Application: A\$0.4787 Redemption: A\$0.4749
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%	-7.2%	4.3%										-7.3%
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 generated a return of 4.3% during March. The performance for the financial year is -42.2%. Since inception the Fund has fallen -16.5% p.a. as compared with the benchmark index which has fallen -18.0% p.a.²

The three small cap markets in which the Fund invests performed in unison during the month, losing ground initially but rallying as some improved economic data was released and poor earnings announcements subsided for a while. The rally however is fragile with few believing that the fundamental factors are in place to sustain global recovery. Small caps had been sold off savagely in previous months and valuations still remain very attractive. Some of the high quality growth companies in the portfolio have yet to fulfil their promise and we look forward to improved performance in the future.

Fund Performance to 31 October 2008 (A\$, net of fees) ^{2,3}						
	1 Month	3 Months	1 Year	Financial YTD	Since Inception p.a.	Standard Deviation
Fund	4.3%	-7.3%	-42.3%	-42.2%	-16.5%	20.8%
Benchmark	5.3%	-8.6%	-38.7%	-37.9%	-18.0%	18.8%
North America	9.8%	-9.9%	-29.3%	-24.5%	-10.5%	21.7%
Benchmark	8.9%	-15.1%	-38.1%	-38.2%	-14.8%	22.0%
Europe	0.9%	-10.1%	-58.0%	-55.2%	-17.5%	24.7%
Benchmark	2.3%	-3.7%	-47.6%	-43.0%	-14.5%	21.4%
Asia	4.5%	-8.9%	-38.7%	-42.3%	-22.4%	25.3%
Benchmark	4.6%	-7.2%	-31.4%	-34.1%	-25.7%	20.4%

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	28%
Month Return ^{2,3}	9.8%
Benchmark	8.9%
<p>Cortina performed well in March, outperforming the strong small cap market by 0.9%. Cortina has performed exceptionally well over the last year after struggling at the start of the bear market. It is our best performing manager since the inception of the Fund.</p> <p>The market rallied in the latter half of the month thanks to some positive economic news and a general sense of purpose and agreement from the G20 summit. In the US new home sales increased and consumer spending ticked up. At the same time the bad news from fourth quarter earnings announcements receded into the background.</p> <p>The economically sensitive Consumer Discretionary, Technology and Materials sectors all performed well, but the overall quality of the rally was poor. Micro caps and stocks with share prices below \$5 were at the forefront as investors sought quick gains. The US economy however remains in recession and corporate earnings are weak. The stronger companies will be beneficiaries of this environment as weaker competitors lose access to capital. However growth is still out of favour as can be seen by these companies not rising in the recent rally.</p>	
Top 5 Positions	
3.3%	Argo Group
2.2%	Amerigroup Corp
2.2%	ATMI Inc
2.2%	Blackbird Inc
2.2%	Copart

Europe (including UK)	
Manager	Munros CM
Benchmark	HSBC Europe
Fund Allocation	28%
Month Return ^{2,3}	0.9%
Benchmark	2.3%
<p>Europe experienced a rally similar to the US in style but not magnitude. After early March lows the market ended up 2.3%. Munros failed to benefit from the improved sentiment and under performed by 1.4%.</p> <p>The current portfolio favours France and Italy in continental Europe, but these were not the markets that rallied into month end. Greece, Norway and Portugal were the strongest markets. From a sector perspective, Munros prefer Services and Industrial Goods, Machinery and Heavy Engineering. Health, Leisure, Insurance, Food and Energy all have low weightings.</p> <p>Individual stock performance was volatile as volumes remained low. Spice Holdings rose +41% following last month's sell off. Munros added to this holding in the early part of the month and benefited accordingly. C&C and Hellenic Exchanges also performed well. Newcourt however fell further as the stock was dumped by investors. This stock is now less than 0.2% of the portfolio but has in the past been one of its largest holdings. Ramirent had a more significant impact, falling -27.3% as management warned of a difficult first quarter. Ramirent has fallen to 3.1% of the fund.</p>	
Top 5 Positions	
5.6%	Aberdeen AM
5.6%	Ansaldo STS
4.5%	Tandberg
4.4%	Wincor Nixdorf
4.2%	C&C Group

Asia (including Japan)	
Manager	Sparx AM
Benchmark	MSCI Japan Small
Fund Allocation	19%
Month Return ^{2,3}	4.5%
Benchmark	4.6%
<p>The Tokyo indices reached a new post-bubble low at the start of the month before rebounding in line with most equity markets towards the end. Sparx generated a return of 4.5%, almost matching the market.</p> <p>Good earnings visibility was the key to strong performance during the month while liquidity issues continued to be punished. Some property and Financial companies were beneficiaries of the Government's announced measures to support REITs.</p> <p>Sparx believes a cyclical rebound was to be expected given the extreme selling activity over the past 6 months, however it does not believe this represents the first signs of a global turnaround. It remains bearish on exporters relying on growth in the West and is instead seeking companies dependent on long term growth in emerging economies.</p> <p>New to the Top % positions are Message Co and Nihon Denoi. The former runs 100+ nursing homes across Japan and has benefited from the rapidly aging population. 20% of Japanese are already over 65 and by 2020 it will approach 30%. Nihon Dengi designs and constructs automatic control systems and panels as found in appliances such as air conditioners.</p>	
Top 5 Positions	
4.3%	SBS Holdings
3.5%	T-Gaia Corporation
3.2%	Shinwa Kaiun
3.2%	Message Co Ltd
3.0%	Nihon Dengi Co Ltd

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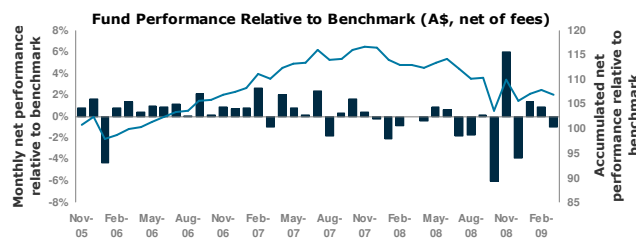
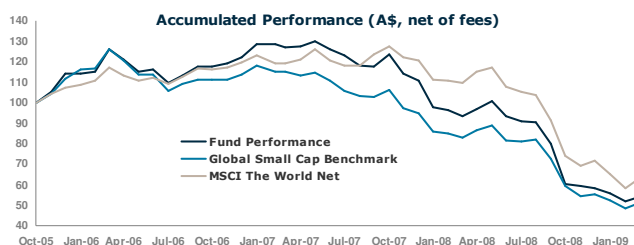
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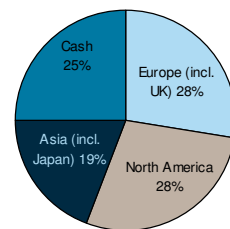
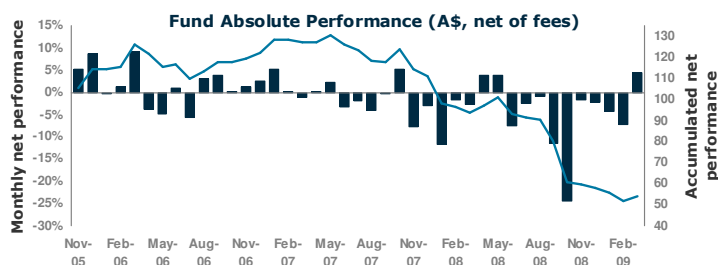


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Accumulated Fund and Benchmark Performance ^{2,3} Monthly Fund Relative Performance ^{2,3}



Monthly Fund Absolute Performance ^{2,3} Fund Allocation



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 & Retail Clients:** Justin Brooks, +61 3 8663 7906, justin.brooks@pengana.com

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