

Pengana Asian Equities Long Short Fund

April 2009 Update



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Pengana Asian Equities Long Short Fund

The Pengana Asian Equities Long Short Fund (the "Fund") provides investors with equity exposure to companies within the Asia Pacific region, including Japan, India and China (through Hong Kong). The Fund is managed out of Sydney, Australia, and supported by the Pengana Asia Research team based in Singapore. The Fund utilises the core strategy to be both long and short securities, to better manage market volatility and to seek absolute returns.

Fund Features

Style	Long/Short Equity	Management Fees¹ (monthly)	1.5% p.a.
Comparative Benchmark	MSCI AC Asia Index	Performance Fees¹ (annually)	20% of NAV above a prior high water mark
Investors	Wholesale Investors Only	AUM at Month End	A\$2.3m
Minimum Initial Investment	A\$100,000	Application Price at Month End	A\$1.1646
Inception Date	01 July 2008	Redemption Price at Month End	A\$1.1588

Fund Commentary

Fund Performance (A\$, net of fees)^{2,3}													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Since Incep.⁴
2008/09	-2.0%	-1.5%	3.3%	4.9%	4.0%	-0.3%	1.4%	-1.6%	2.7%	4.5% ³			16.2%
MSCI AC Asia Index (A\$, gross)													
2008/09	-0.3%	3.5%	-5.6%	-2.8%	-1.8%	1.6%	2.8%	-10.5%	-1.8%	6.6%			-9.1%
MSCI Asia ex-Japan Index (A\$, gross)													
2008/09	1.1%	1.7%	-8.9%	-9.2%	-4.7%	2.6%	3.7%	-7.0%	4.6%	10.4%			-7.3%

The Fund returned 4.5%³ net of fees for April 2009, compared to the 6.6% return by the MSCI Asia including Japan Index. Since inception in July 2008, the Fund has returned 16.2% net of fees, compared to the Index's -9.1% return. Prudent management of currency has contributed to the Fund's absolute return this month as returns from the equity portfolio were preserved. A strengthening Australian dollar, which has continued to appreciate against the Asian currencies, impacted the Index's local currency return by -4.6%, while the equivalent impact on the Fund was only -1.3%. The equity portfolio of the Fund generated 6.9% in local currency terms.

The equity portfolio's performance benefited from the Fund's long exposure in cyclical sectors including materials, shipping and technology, especially in Japan and China. Tactical trading in the short portfolio in Japan focusing on defensive companies such as utilities, has also generated positive returns. As highlighted in our previous monthly commentaries, it has been risky to aggressively short cyclical sectors as equity

¹ All percentages are plus GST net of reduced input tax credits. Please refer to the Information Memorandum for a more detailed explanation.

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

³ On 22 April 2009 the Fund expanded its investment universe from the Asia region to the Asia Pacific region.

⁴ Inception date: 01 July 2008

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markets in the region were quite oversold, with many quality companies with cyclical characteristics being substantially undervalued. Once sentiment on the economy improved, the growth-oriented sectors were likely to perform strongly.

During the month, profits were taken in material and shipping stocks following their strong performance. Overall, however, the equity exposure was slightly increased, primarily in the technology and consumer-sensitive sectors, where despite recent firm performance, the valuations remain attractive. In China, the Fund added AAC Acoustic, one of the world's largest manufacturers of acoustic components, which is benefitting from increased outsourcing as global handset manufacturers look to better manage costs. In Japan, the Fund added Yamada Denki, the country's largest electronic retailer. In spite of being one of the best-run retail groups in Japan, Yamada Denki was traded at 1x book value due to the market's negative sentiment on the country's private consumption. The company is expected to be a key beneficiary of the anticipated introduction by the Government of incentives to encourage spending on electronic goods.

While China has shown stability in its economic activities, further improvement will likely rely on the export sector and the global economy still holds the key for future growth. Instead of chasing pure China-exposed companies, which are already trading at high premiums, it is more rewarding to select exposure to broader growth, including from the US. The technology sector appears undervalued, especially when the structural benefit of little investment over the last few years is considered, and when compared to many material sectors, which have experienced capacity expansion.

2008/2009	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr ⁵	Since Inception
Gross Exposure (%)	44	68	40	61	13	2	38	49	42	41	
Net Exposure (%)	33	11	12	6	0	2	28	35	10	14	
Performance Attribution ²											
Fund Gross Return (% A\$)	-1.9	-1.4	3.4	6.2	5.1	-0.2	1.8	-1.8	3.4	5.7	21.7
Currency Return (%)	1.0	4.8	6.8	10.9	3.1	0.3	2.8	-2.7	-3.0	-1.3	24.3
Equity Return (%, in local currencies)	-2.9	-6.2	-3.4	-4.7	2.0	-0.5	-1.0	0.9	6.4	6.9	-2.5
MSCI AC Asia Index (% A\$)	-0.3	3.5	-5.6	-2.8	-1.8	1.6	2.8	-10.5	-1.8	6.6	-9.1
Currency Return (%)	1.2	7.3	7.9	18.6	2.1	-2.2	8.6	-6.5	-7.9	-4.6	22.3
Equity Return (%, in local currencies)	-1.5	-3.9	-13.5	-21.3	-3.9	3.8	-5.9	-4.1	6.1	11.2	-31.5

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⁵ On 22 April 2009 the Fund expanded its investment universe from the Asia region to the Asia Pacific region.