

# Pengana Global Resources Fund

## July 2009 Update



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### 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

<b>Style</b>	Fundamental, Long bias, Long Short	<b>Management Fees <sup>1</sup> (monthly)</b>	1.5% p.a.
<b>Fund Aim</b>	To achieve a performance in excess of 15% p.a. <sup>2</sup>	<b>Performance Fees <sup>1</sup> (quarterly)</b>	20% of NAV above a prior high water mark
<b>Investors</b>	Wholesale Clients Only	<b>AUM at Month End</b>	A\$6.20m
<b>Minimum Initial Investment Amount</b>	A\$100,000	<b>Application Price at Month End</b>	A\$1.3251
<b>Inception Date</b>	March 2007	<b>Redemption Price at Month End</b>	A\$1.3145

### Fund Commentary

Fund Performance (A\$, net of fees) <sup>3</sup>													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	2.43%	0.05%	0.45%	6.05%	6.01%	-2.35%	8.61%						<b>22.76%</b>
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%	<b>-32.87%</b>
2007			1.59%	4.91%	9.03%	11.51%	1.07%	-3.89%	10.84%	10.06%	-3.02%	0.16%	<b>49.13%</b>

- **Base metal prices continue to gain**
- **Manufacturing expansion underway in Japan, China and the United Kingdom**
- **Equity markets buoyed by stronger than anticipated earnings during U.S. reporting season**

Base metal prices continued to strengthen in July as improved economic growth, re-stocking and a weaker US dollar provided impetus for prices to move upwards. Copper continued its strong performance year to date with a gain of 12.57% for the month bringing the gain for 2009 to 98.14%. Aluminium (+15.32%), zinc (+12.41%) and nickel (+10.24%) were all notable gainers over the month. On the other hand, lead (6.50%), gold (+0.81%) and oil (-0.63%) all languished in comparison.

In July Teck Resources, Freeport McMoran Copper & Gold and Anglo American were all added to the portfolio. The Fund's net long position fell from 80.9% as at the end of June to 71.1% as at the end of July. A number of long positions within the portfolio were exited, including Gryphon Minerals, Elk Petroleum, Oz Minerals and Resolute Mining. In addition, we reduced our exposure to Xstrata and Lihir Gold. During the month the number of stocks decreased from 42 to 40.

<sup>1</sup> Including GST less any reduced tax input credits. Please refer to the Information Memorandum for a more detailed explanation.

<sup>2</sup> This is an objective only. No guarantee can be given that this objective will be achieved

<sup>3</sup> Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance. The value of investments can go up and down.

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### Market Commentary

Stronger than expected growth in Chinese GDP, a perception the US housing market has bottomed along with a better than expected U.S. profit reporting season all contributed to strong equity market performance during July. In Australia the S&P/ASX 200 Accumulation Index rose 7.31% during July as investor confidence was buoyed by buoyant retail sales and improving levels of economic activity. In comparison, the S&P 500 ended the month with a gain of 7.41% whilst FTSE 100 index gained 8.45% in July.

Equity markets were buoyed by ever increasing signs of improvement in the global economy. Purchasing Manager indices globally reflected improvement with Japan's PMI 50.4, China 53.3 and the United Kingdom 50.8 all in excess of the crucial 50.0 threshold, indicating industry is expanding. In contrast, the United States with a reading of 48.9 and Eurozone 46.3 remain in a state of contraction, although the U.S. reading was up significantly from 44.8 in June and significantly up from its bottom in December 2008 of 32.9.

Reporting season in the United States has resulted in better than expected earnings for the June 2009 quarter. Whilst companies overall reported revenue in-line with analysts' expectations it was the extent of cost cutting which surprised analysts and resulted in greater than anticipated profitability during the June 2009 quarter. As a result we have seen upgrades occurring in both offshore and domestic companies as more optimistic expectations are factored into future earnings estimates.

### Portfolio Action

During the month the net long position of the portfolio was reduced from 80.9% to 71.1%. The number of positions within the Fund decreased from 42 to 40 as at the end of July. Over July we moved to reduce the portfolio's exposure to gold producers by exiting long positions in Gryphon Minerals, Resolute Mining and reducing our long exposure to Lihir Gold. In other moves during July we added to the Fund's offshore holdings via establishing new positions in Teck Resources, Anglo American and Freeport McMoran Copper & Gold.

In Australia, the S&P/ASX Metals and Mining Accumulation Index ended July up 9.48%. Precious metal producers were notable underperformers once again in July, reflecting a combination of flat gold price and increased investor risk appetite. Integra Mining (-18.64%), Bendigo Mining (-16.07%), St Barbara (-15.22%) and Dominion Mining (-10.63%) were notable underperformers during the month. Conversely, the share prices of base metal producers were buoyed by continued strength in the price of copper, zinc, nickel and aluminium. Kagara (+58.82%), Mincor (+41.94%), Citadel Resources Group (+36.84) and Minara Resources (+32.93%) were some of the better performing companies during July. The S&P/ASX Energy Accumulation Index returned 4.25% in July with MEO Australia (+95.65%), Felix Resources (+26.08%) and Riversdale Mining (+24.53%) amongst the better performing stocks for the month. In the United States, the S&P Metals and Mining index gained 7.39% in July. In London the FTSE 350 Mining Index ended the month strongly up 16.25% whilst the S&P/TSX Global Mining Index recorded a gain of 5.06%.

### Key Contributors

Key contributors to the portfolio's performance during July included Citadel Resources Group (+36.8%), First Quantum Minerals (+27.6%), Xstrata (+23%), Posco (+22.3%) and Rio Tinto (+18.3%).

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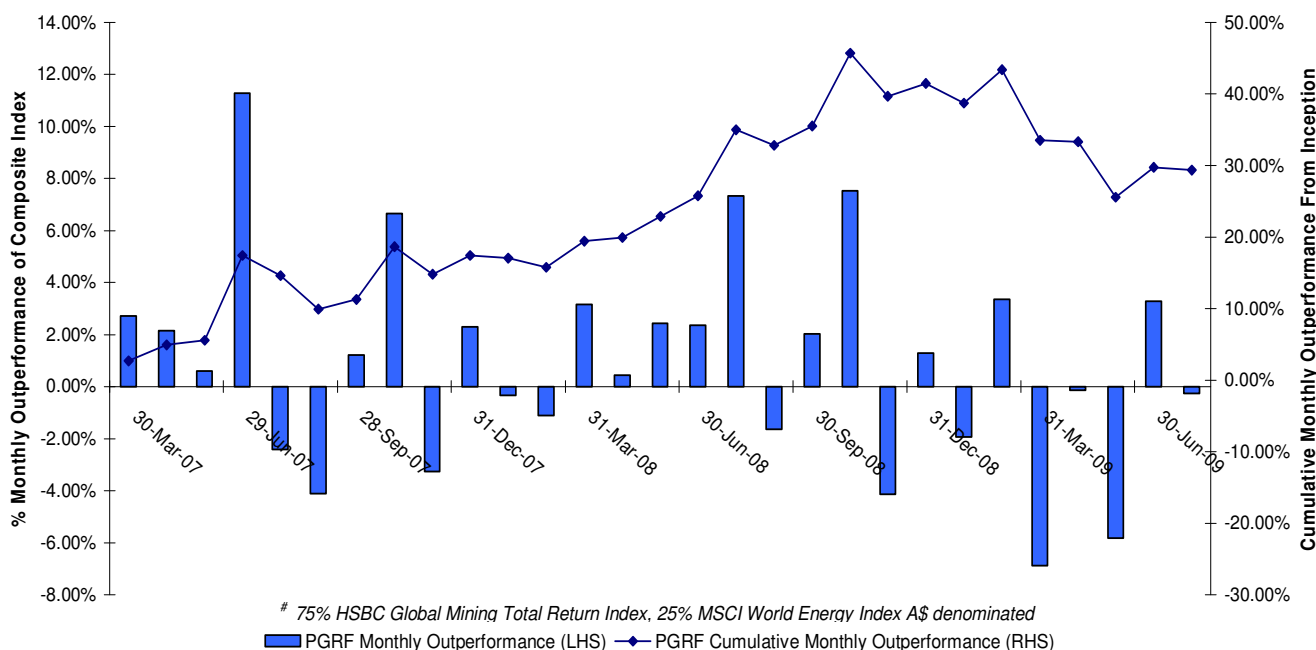
### Fund Performance

Net Returns to 31 July 2009 <sup>3</sup>	Pengana Global Resources Fund	Composite Index *
1 Month	8.61%	8.86%
3 Months	12.44%	14.88%
6 Months	19.85%	26.62%
12 Months	-21.50%	-21.15%
Since inception <sup>4</sup>	<b>+22.90%</b>	<b>-9.32%</b>

\*75% HSBC Global Mining Total Return Index, 25% MSCI World Energy Index denominated in AUD

### Pengana Global Resources Fund – Monthly and Cumulative Outperformance of Composite Index \* From Inception.

Monthly and Cumulative Outperformance of Composite Index<sup>#</sup> From Inception



<sup>4</sup> 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. The value of investments can go up and down

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### Commodity Price Changes for July 2009

Commodity	US\$ Price Change	A\$ Price Change	€ Price Change
Oil	-0.63%	-2.97%	-2.23%
Gold	0.81%	-2.80%	-0.79%
Copper	12.57%	8.97%	10.97%
Aluminium	15.32%	11.72%	13.72%
Zinc	12.41%	8.81%	10.81%
Nickel	10.24%	6.64%	8.64%
Lead	6.50%	2.90%	4.90%
Tin	0.33%	-3.27%	-1.27%

### Portfolio Structure (as at end of July 2009)

Number of Stocks	40
Gross Exposure	89.5%
Net Long Exposure	71.1%
Breakdown by Strategy	Pairs 36.80% Directional Long 65.0% Directional Short -1.8%

### Top 5 Positions (in alphabetical order)

BHP Billiton
First Quantum Minerals
Newmont Mining Corporation
Rio Tinto
Vale

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