

Pengana Global Volatility Fund

September 2009 Update (Australian Feeder Fund)



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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 Fees¹ (monthly)	Class A: 2.0% p.a. Class B: 0.5% p.a.
Investors	Wholesale Investors only	Performance Fees¹ (quarterly)	Class A: 20% Class B: 30%
Minimum Initial Investment Amount	A\$100,000	Trustee Fee¹	0.2% per annum of the net asset value of the Fund
Inception Date	November 2007 ^{2,3}	FUM at Month End	A\$87.6m

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
2009	0.7%	0.4%	1.1%	1.0%	1.2%	1.7%	1.3%	0.7%	0.3%				8.7%
2008	3.5%	2.6%	1.1%	1.2%	2.1%	5.8%	1.8%	1.1%	-38.3%	-17.1%	68.2%	0.3%	4.3%
2007											1.6%	1.3%	2.8%

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
2009	0.7%	0.4%	1.1%	1.1%	1.0%	1.4%	1.3%	0.9%	0.3%				8.5%
2008	3.5%	3.4%	0.7%	1.1%	1.9%	5.2%	1.7%	1.0%	-37.5%	-16.7%	66.7%	0.4%	4.6%

The Performance for the US\$ Class A shares of the Fund in September was 0.3%^{3,4} the 11th consecutive month of positive returns. The annualised return since inception in November 2007 is 16.5%.

Throughout the month of September, S&P 500 near term implied volatility remained excessively high relative to realized levels. The VIX (30 day at the money implied volatility) traded in a tight range between 21 and 23 percent with realized volatility levels tracking around 16.5%.

During September the Pengana Global Volatility Fund had a short bias to front month (October) volatility and a longer bias towards nearer term (Nov-Dec) volatility due to the later quarterly earnings season and the release of US unemployment numbers in early October. Despite the continued elevation of these implied volatilities the Fund was able to generate a positive return using our proprietary risk controls and portfolio management discipline.

Net Returns to 30 September 2009 ^{2,3,4}	Class A Units	Class B Units
3 months	2.3%	2.5%
6 months	6.4%	6.1%
1 year	52.1%	51.3%
Annualised since inception	8.3% p.a.	7.5% p.a.

¹ All percentages are on a GST exclusive basis net of 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 distributions. Investments can go up and down. Past performance is not a reliable indicator of future performance.

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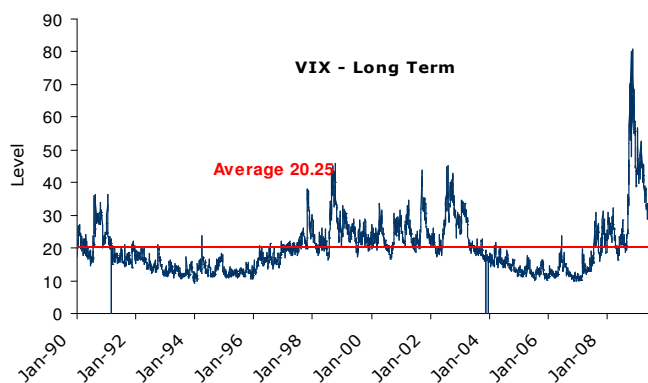
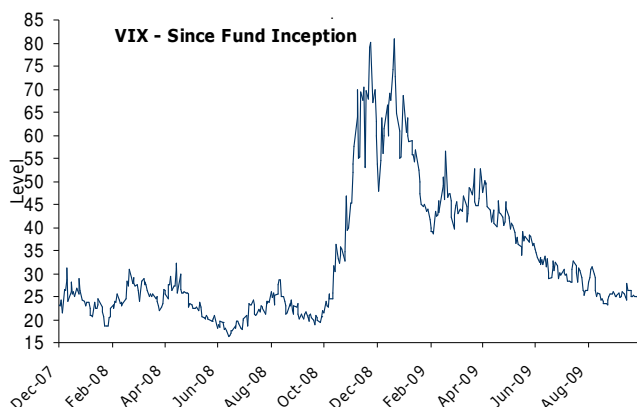
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Market Commentary

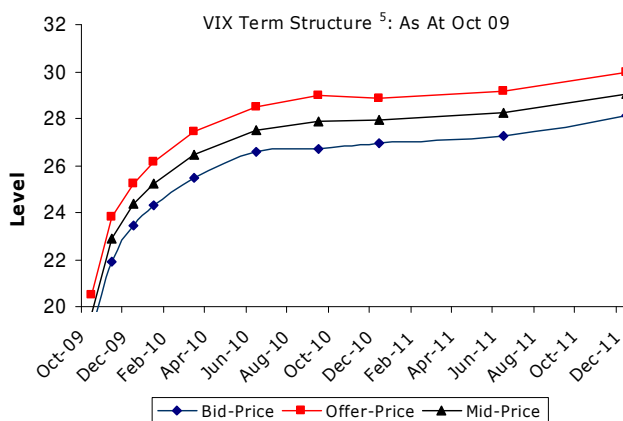
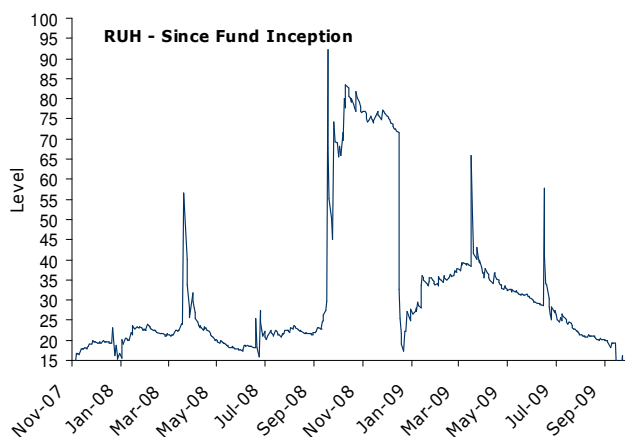
The S&P500 was positive and the VIX down for the month as equity markets continued to grind out another month of positive return with the S&P500 up 3.6% and VIX down -1.5% respectively.

Volumes remained relatively low in September and we expect markets to continue to slowly grind upwards, with the risk on the downside being greater than the upside. The risk profile of the Fund is engineered so that the outcomes are broadly similar regardless of whether the market falls or rises in the short term.

CBOE Volatility Index (VIX)



CBOE Realised Volatility (RUH) and Term Structure ⁵



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⁵ Term Structure describes the level of implied volatility for options in different expiry dates.

Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services licence number 226566) is the issuer of units in the Pengana Global Volatility Fund (the "Fund"). Only wholesale clients may invest in the Fund. An Information Memorandum for the Fund is available and can be obtained from our distribution team. A person should obtain a copy of the Information Memorandum and should consider the Information Memorandum carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana Capital Ltd and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana Capital Ltd nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund.