

PENGANA ASIAN EQUITIES LONG SHORT FUND

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

**Pengana Capital Limited
Level 29, 20 Bond Street
Sydney, NSW 2000
ABN 30 103 800 568**

PENGANA ASIAN EQUITIES LONG SHORT FUND

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PENGANA ASIAN EQUITIES LONG SHORT FUND

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$
INVESTMENT INCOME		
Dividend income		21,610
Distributions		8,596
Interest		56,553
Net foreign exchange gain/(loss)		(7,452)
Net gains/(losses) on financial instruments held at fair value through profit or loss	11	545,499
Other operating income		45
Total net investment income/(loss)		624,851
EXPENSES		
Management fees	10(b)	33,969
Performance fees	10(b)	115,900
Auditor's remuneration	3	9,702
Withholding tax		2,234
Dividends on equities sold short		6,627
Transaction fees		15,853
Other operating expenses		13,095
Total operating expenses		197,380
OPERATING PROFIT/(LOSS)		427,471
Finance costs attributable to unitholders		
Distributions to unitholders		(432,871)
(Increase)/decrease in net assets attributable to unitholders	8(b)	5,400
PROFIT/(LOSS) FOR THE YEAR		-

The above Income Statement should be read in conjunction with the accompanying notes

PENGANA ASIAN EQUITIES LONG SHORT FUND

BALANCE SHEET
AS AT 30 JUNE 2009

	Notes	2009 S
ASSETS		
Cash and cash equivalents	9(a)	1,756,768
Margin accounts		35,369
Receivables	4	311,776
Financial assets held at fair value through profit or loss		
<i>Designated at fair value through profit or loss:</i>		
Listed equity securities	5(a)	<u>989,117</u>
TOTAL ASSETS		<u><u>3,093,030</u></u>
LIABILITIES		
Payables	7	266,240
Distribution payable		432,871
Financial liabilities held at fair value through profit or loss		
<i>Designated at fair value through profit or loss:</i>		
Listed equities sold short	6	<u>399,319</u>
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u><u>1,098,430</u></u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY	8(b)	<u><u>1,994,600</u></u>

The above Balance Sheet should be read in conjunction with the accompanying notes

PENGANA ASIAN EQUITIES LONG SHORT FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	2009
	\$
Total equity at the beginning of the financial year	-
Profit/(loss) for the year	-
Net income/(expense) recognised directly in equity	-
Total recognised income and expense for the year	-
Transactions with owners in their capacity as owners	-
Total equity at the end of the financial year	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than an equity. As a result, there was no equity at the start or end of the year.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

PENGANA ASIAN EQUITIES LONG SHORT FUND

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial instruments held at fair value through profit or loss		5,228,964
Purchase of financial instruments held at fair value through profit or loss		(5,399,866)
Amount received from/(paid to) brokers for margin		(35,369)
Dividends received		18,784
Distributions received		528
Interest received		57,729
GST received/(paid)		(918)
Other income received		45
Management fees paid		(30,545)
Performance fees paid		(43,568)
Withholding tax paid		(2,234)
Dividends paid on equities sold short		(6,061)
Transaction fees paid		(15,853)
Other expenses paid		<u>(7,416)</u>
Net cash inflow/(outflow) from operating activities	9(b)	(235,780)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from applications by unitholders		<u>2,000,000</u>
Net cash inflow/(outflow) from financing activities		2,000,000
Net increase/(decrease) in cash and cash equivalents held		1,764,220
Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>(7,452)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	9(a)	<u><u>1,756,768</u></u>

The above Cash Flow Statement should be read in conjunction with the accompanying notes

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: GENERAL INFORMATION

Pengana Asian Equities Long Short Fund ("the Trust") is an unregistered unit trust. Pengana Capital Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at Level 29, 20 Bond Street Sydney, NSW 2000.

The Manager of the Trust is Pengana Capital Limited.

The principal activity for the Trust during the year was the investment of unitholders' funds in accordance with the Trust Constitution. There has been no significant change in the nature of this activity during the year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This financial report is a special purpose financial report which has been prepared in accordance with the Trust Constitution. There is no statutory requirement for the Trust to prepare a financial report. The requirements of Australian accounting standards and other financial reporting requirements in Australia do not have mandatory applicability to the Trust because it is not a reporting entity. The Trustee has, however, prepared the financial report in accordance with all accounting standards and other mandatory financial reporting requirements in Australia relating to recognition, measurement and disclosure, with the following exception:

AASB 7 "Financial Instruments: Disclosure"

The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the unitholders.

The financial report has been prepared in accordance with the historical cost convention, except for the valuation of financial instruments, which have been measured at fair value.

The Balance Sheet presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within one year. Certain assets and liabilities may not be settled within 12 months, in particular trading securities and unitholder liabilities. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

(b) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective for reporting periods beginning on or after 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it required adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Trust will adopt AASB 8 from 1 July 2009. The application of AASB 8 will not impact the Trust as the Trust is outside the scope of AASB 8 because it does not have debt or equity instruments traded in a public market, or file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

(ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (effective for reporting periods beginning on or after 1 January 2009)

The revised AASB 101 requires the presentation of a Statement of Comprehensive Income and makes changes to the Statement of Changes in Equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third Balance Sheet (Statement of Financial Position), this one being as at the beginning of the comparative period. The Trust will apply the revised standard from 1 July 2009.

(iii) AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 *Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132)* (effective for reporting periods beginning on or after 1 January 2009)

The Trust has not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Trust is obligated to distribute all of its taxable income in accordance with the Trust Constitution. Accordingly, there will be no change to classification of net assets attributable to unitholders as a liability and therefore no impact on profit or loss and equity.

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) AASB 2009-2 *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments* (effective for annual periods beginning on or after 1 January 2009)

In April 2009, the AASB published amendments to AASB 7 *Financial Instruments: Disclosure* to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives.

The Trust has not early adopted the amendments. The amendments will not affect any of the amounts recognised in the financial statements but may affect certain disclosures.

(c) **Financial Instruments**

(i) *Classification*

The Trust's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and liabilities that are not held for trading purposes and which may be sold.

As part of the investment strategy, the Trust engages in transactions in which the Trust sells a security it does not own, in anticipation of a decline in the market price of such securities. The Trust will borrow the security sold in order to make delivery to the buyer. Upon entering into these transactions, the Trust records a liability for the excess borrowed. The Trust records a realised gain or loss when the short position is closed out and the borrowed security is returned. Until the security is replaced, the Trust is required to make compensation payments to the lender and this is recorded as an expense by the Trust.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Trustee to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

Financial instruments designated at fair value through profit or loss include listed equity securities.

At balance date, all international securities are translated to Australian currency using the rates of exchange prevailing at that date. The resulting unrealised exchange differences are recognised in the change in fair value of investments disclosed in the Income Statement in the year in which they arise.

(ii) *Recognition/derecognition*

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

(iii) *Measurement*

Financial assets and liabilities held at fair value through profit or loss.

- Fair value estimation

The carrying amount of the Trust's assets and liabilities at the balance sheet date approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

(iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Use of Estimates

The Trust may make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(e) Investment Income

Interest income on cash and cash equivalents is recognised in the income statement using the accruals method.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions are recognised on an entitlements basis.

(f) Expenses

All expenses are recognised in the Income Statement on an accruals basis.

(g) Due to/from brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Trust will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payment.

(h) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Payments and receipts relating to the purchase and sale of financial instruments are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activity.

(i) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of the last payment in accordance with the policy set out in Note 2(f). Amounts are generally received within 30 days of being recorded as receivables.

(j) Payables

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at balance date.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet when unitholders are presently entitled to the distributable income under the Trust Constitution.

(k) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back into the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders exercised their right to put the units back into the Trust.

(l) Income Tax

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Trust currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the income statement.

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) **Distributions**

In accordance with the Trust Constitution, the Trust fully distributes its distributable (taxable) income, and any other amounts determined by the Manager, to unitholders by cash or reinvestment. The distributions are recognised in the income statement as finance costs attributable to unitholders.

(n) **Increase/decrease in net assets attributable to unit holders**

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

(o) **Foreign Currency Translation**

(i) Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for capital. The Australian dollar is also the Trust's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies on the Balance Sheet are recognised in the Income Statement.

The Trust does not isolate that portion of gains or losses on financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included within the net gains or losses on financial instruments held at fair value through profit or loss.

(p) **Unit Exit Prices**

Unit exit prices are determined in accordance with the Trust Constitution and are calculated on a historic pricing basis as the net assets attributable to unitholders of the Trust less estimated transaction costs divided by the number of units on issue.

(q) **Applications and redemptions**

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit prices are determined by reference to the net assets per the Trust Constitution divided by the number of units on issue at or immediately prior to the close of each business day. Issues and redemptions of units are processed simultaneously.

(r) **Goods and services tax (GST)**

The GST incurred on the costs of various services provided to the Trust by third parties such as management fees have been passed on to the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%. Hence, management fees and other expenses have been recognised in the income statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

(s) **Segment Reporting**

A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(t) **Accounting Period**

The Trust commenced operations on 1 July 2008. The information provided relates to the year 1 July 2008 to 30 June 2009.

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2009
\$

NOTE 3: AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

(a) Audit services

Audit Services

PricewaterhouseCoopers Australian firm

Audit of the Financial Statements of the Trust

9,702

Total remuneration for audit services

9,702

NOTE 4: RECEIVABLES

Dividends receivable

2,826

Distributions receivable

8,068

Outstanding settlements receivable

299,964

GST receivable

918

311,776

2009
\$

NOTE 5: FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Designated at Fair Value Through Profit or Loss

(a) Listed equity securities

Equities

843,180

Stapled securities

145,937

Total Financial Assets Held at Fair Value Through Profit or Loss

989,117

2009
\$

NOTE 6: FINANCIAL LIABILITIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Designated at Fair Value Through Profit or Loss

Listed equities sold short

Listed equities sold short

399,319

Total Financial Liabilities Held at Fair Value Through Profit or Loss

399,319

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2009
S

NOTE 7: PAYABLES

Management fees payable	3,424
Performance fees payable	72,332
Interest payable	1,176
Audit fees payable	9,702
Outstanding settlements payable	173,361
Dividends on equities sold short	566
Other expenses payable	5,679
	<u>266,240</u>

2009
Units

NOTE 8: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The movement in number of units on issue and net assets attributable to unitholders during the year was as follows:

(a) Units on Issue

Applications	<u>2,000,000</u>
Closing Balance	<u>2,000,000</u>

2009
S

(b) Net Assets Attributable to Unitholders

Applications	<u>2,000,000</u>
	2,000,000
Change in net assets attributable to unitholders	<u>(5,400)</u>
Closing Balance	<u>1,994,600</u>

S

Net assets attributable to unitholders are represented by:

Fair value of outstanding units based on redemption price	2,011,600
Other adjustments	<u>(17,000)</u>
Net assets attributable to unitholders	<u>1,994,600</u>

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2009
S

NOTE 9: CASH AND CASH EQUIVALENTS

(a) Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents at the end of the year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash on deposit	1,756,768
	<u>1,756,768</u>

(b) Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

Profit/(loss) for the year	-
(Increase)/decrease in net assets attributable to unitholders	427,471
Proceeds from sale of financial instruments held at fair value through profit or loss	5,228,964
Purchase of financial instruments held at fair value through profit or loss	(5,399,866)
Net gains/(losses) on financial instruments held at fair value through profit or loss	(545,499)
Net foreign exchange (gain)/loss	7,452
Net change in deposits held with brokers	(35,369)
Changes in assets and liabilities:	
(Increase)/decrease in receivables	(11,812)
Increase/(decrease) in payables	92,879
Net cash inflow/(outflow) from operating activities	<u>(235,780)</u>

NOTE 10: RELATED PARTY TRANSACTIONS

(a) General Information

The Trustee and Manager of the Trust is Pengana Capital Limited.

(b) Transactions with the Trustee and Manager

All transactions between the Trust and related parties have been at market value on normal commercial terms and conditions. This includes purchases and sales of investments as well as applications and redemptions of units.

In accordance with the Trust Constitution, the Trustee is entitled to receive fees for the provision of services to the Trust and to be reimbursed for certain expenditure incurred in the administration of the Trust.

There were no Trustee fees paid by the Trust for the year ended 30 June 2009.

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 10: RELATED PARTY TRANSACTIONS (Continued)

The Trust's management fee is currently 1.5% per annum of the net asset value of the Trust (plus GST net of reduced input tax credits).

The Trust's performance fee is currently 20% (plus GST net of reduced input tax credits) of the increase in the net asset value of the Trust's investments less any prior loss carried forward, subject to a high water mark. This fee is payable to Pengana at the end of each Fiscal Year. The fee is calculated and accrued monthly. Depending on the return of the Trust, this monthly accrual may be a positive or negative amount. The conditions for payment of the performance fee to Pengana are as follows:

- The performance fee is not payable if the performance is below the high water mark. The high water mark is the highest previous Performance Point. For example, if the Trust falls 10% after reaching a high water mark, it must make up the losses before a performance fee is payable.
- If no fee is payable to Pengana at the end of a Fiscal Year period, then the accrued performance fee, positive or negative, will be carried forward into the next Fiscal Year period and form part of the performance fee for that year .

	2009
	\$
Management fees payable	3,424
Performance fees payable	72,332
Management fees expensed during the year	33,969
Performance fees expensed during the year	115,900

(c) Key Management Personnel

AASB 124 "Related Party Disclosures" defines key management personnel (KMP) as including all non-executive directors, executive directors and any other persons having authority or responsibility for planning, directing and controlling the activities of the entity. The Trust has no direct employees, however the non-executive directors and the executive directors of the Trustee have been deemed to be directors of the Trust. These individuals and the Trustee comprise the KMP of the Trust.

The names of each person holding the position of Director of the Trustee at any time during the year and until the date of this report are as follows:

Name	Position	
Russel Pillemer	Director and Chief Executive Officer	
Katrina Glendinning	Director and Chief Operating Officer	
Stuart Stuckey	Director and Portfolio Manager	Resigned 7 February 2009
Nick Griffiths	Director and Chief Investment Officer	

Key management personnel unit holdings

At 30 June 2009, no key management personnel held units in the Trust.

Key management personnel compensation

Key management personnel are paid by the Trustee or a related party of the Trustee. Payments made from the Trust to the Trustee do not include any amounts directly attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Trust during the financial period and there were no material contracts involving key management personnel's interests existing at year end.

Remuneration paid to the Trustee is detailed in Note 10(b) above. No director of the Trustee was paid any remuneration by the Trust during the year and their compensation paid by the Trustee or related entities of the Trustee is not related to services they render to the Trust.

PENGANA ASIAN EQUITIES LONG SHORT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11: NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009
	\$
Net unrealised gain/(loss) on financial instruments designated as at fair value through profit or loss	10,588
Net realised gain/(loss) on financial instruments held for trading	295,479
Net realised gain/(loss) on financial instruments designated as at fair value through profit or loss	<u>239,432</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>545,499</u>

NOTE 12: SEGMENT INFORMATION

The Trust operates solely in the business of investment management.

The Trust is controlled from and is domiciled in Australia.

NOTE 13: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2009 other than those specified in the Financial Report.

NOTE 14: AUTHORISATION OF FINANCIAL REPORT

The financial report of the Pengana Asian Equities Long Short Fund for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors of Pengana Capital Limited on the th day of September 2009. The directors of the Trustee have the power to amend and reissue the financial report.

NOTE 15: EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2009 there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

PENGANA ASIAN EQUITIES LONG SHORT FUND

STATEMENT BY THE TRUSTEE

In the opinion of the directors of the Trustee:

- (a) the financial statements and notes of the Trust are in accordance with the requirements of the Trust Constitution, including:
 - (i) complying with Australian accounting standards; and
 - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors:



Director

RUSSEL PILLEY

Dated this ¹²th day of September 2009, Sydney

**Independent auditor's report to the unitholders of
Pengana Asian Equities Long Short Fund**

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Pengana Asian Equities Long Short Fund (the trust), which comprises the balance sheet as at 30 June 2009, the income statement and the statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the trustees' declaration.

The responsibility of the trustee for the financial report

The trustee is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 2 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the trust deed and are appropriate to meet the needs of the unitholders. The responsibility of the trustee also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 2, are appropriate to meet the needs of the unitholders. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trust's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to unitholders for the purpose of fulfilling the financial reporting obligations of the trustee under the trust deed. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the unitholders, or for any purpose other than that for which they were prepared.

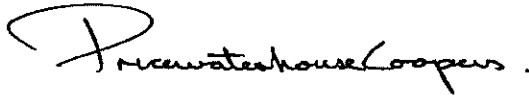
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's report to the unitholders of
Pengana Asian Equities Long Short Fund (continued)**

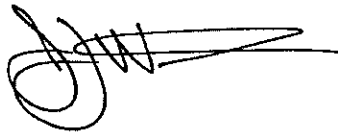
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Pengana Asian Equities Long Short Fund as of 30 June 2009 and its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.



PricewaterhouseCoopers



AJ Wilson
Partner

12 October 2009