Pengana Global Bond Fund
November 2009 Update, by Nick Griffiths

Fund Description

The Pengana Global Bond Fund (the Fund) uses a multi manager approach, investing with investment specialists in different debt asset classes to produce a global diversified bond portfolio. The characteristics of debt instruments vary widely requiring particular expertise for active management. Pengana has selected investment managers that demonstrate a superior understanding of the instruments in which they invest and the markets they trade in. The Fund currently invests in government issued securities, corporate debt, mortgages, bank loans and cash. The Fund's investments are managed within ranges to allow the Fund to take advantage of investment opportunities and manage risk. The exposure to international debt investments is hedged back into Australian dollars with the intention of limiting the Fund's exposure to currency risk.

Fund Features

Style	Multi manager	**Management Fees [1] (monthly)**	0.25% p.a.
Fund Benchmark	Barclays Global Aggregate Index	**Performance Fees [1] (quarterly)**	10% p.a. (plus GST net of RITC) over benchmark, net of fees
Fund Objective	To outperform, on an after fees basis and assuming distribution re-investment, the Fund Benchmark over rolling 5 year periods with lower risk	**Underlying Manager Costs**	Underlying investment management fees will not exceed 2%p.a. In addition, underlying managers may charge performance fees
Fund Structure	Australian unregistered wholesale fund with monthly pricing	**Income Distribution**	Annual
Minimum Initial Investment Amount	A$25,000	**Buy/Sell spread**	0.10%
Inception Date	May 2009	**Assets Under Management**	A$208.4m*

Fund Commentary

Fund Performance (A$, net of fees and after reinvestment of distributions) [2]													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD**
2009					1.6%	0.5%	1.5%	1.4%	1.1%	0.7%	0.4%*		7.4%*

*Manager estimate. This may change.

The Fund returned 0.4% (A$, estimate, net of fees and after reinvestment of distributions) for the month of November. By comparison, the Barclays Global Aggregate Index, driven by falling yield, generated a strong return of 1.3% for month. The Fund has delivered a return of 7.4% (A$, estimate, net of fees and after reinvestment of distributions) since inception in May 2009.

Global financial markets were caught off guard by Dubai Worlds' debt restructuring announcement. The knee-jerk reaction triggered some investors to shift out of risk assets and into safe havens. While Dubai World's debt moratorium received a disproportionate market reaction relative to the scale of the problem, it is a stark reminder that the global financial system is yet to fully purge itself of the excesses of cheap leverage from prior years. Nevertheless, we do not expect that these negative shocks will derail the rebound in global risk assets. Intensely stimulative policies, strengthening business activity and recovering corporate profitability in the world's major economies are the dominant macro economic trends. The Dubai fiasco, though creating a sense of panic in the short run, should prove to be a localised shock.

Yields in treasuries tightened further in November in the wake of Dubai. In addition, policymakers in the G7 have been successful at managing expectations and effectively talking down the long-end of the government curve. This may persist for the next couple of months, keeping yields near the low end of their trading range and providing support for economic growth and risk assets (including corporate bonds and other spread product). However, the intermediate-term outlook for government bonds remains bearish and yields are expected to begin to rise early next year.

Corporate bond spreads appear to be in a consolidation phase and should be range bound for the next few months. Consequently, security selection will be most important and in particular the ability to avoid downgrades. Bank loans are faced with a similar picture. Lower rated loans have performed strongly this year and the key will be avoiding defaults. Sectors that are likely to come under pressure include financials and retail. For this reason the bank loan portfolio continues to have a strong quality bias.

[1] Plus GST net of reduced input tax credits. Please refer to the Information Memorandum for more detail.
[2] Past performance is not a reliable indicator of future performance. The value of investments may rise and fall

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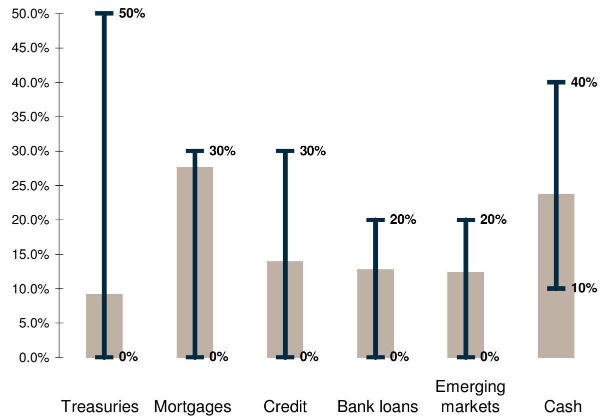
On the back of US government support for agency mortgages, the sector continues to perform well. Agency mortgages are now trading at tight spreads but are likely to remain there while the US Treasury auctions provide support. However, we believe the risks are now firmly to the downside and we are likely to reduce exposure to mortgages in the coming months.

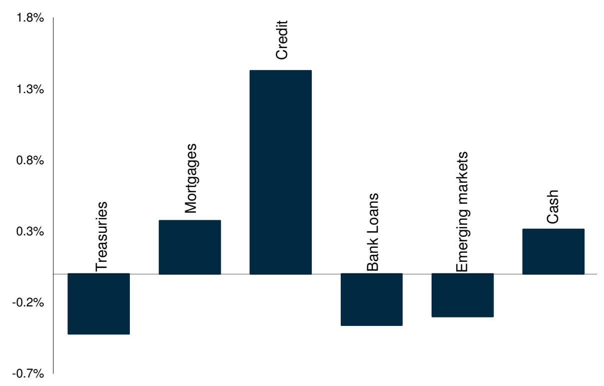
Generally, emerging market debt continues to perform well but Dubai has had an impact at a portfolio level. Despite this, we believe that the emerging portfolio is likely to perform well underpinned by strong growth in emerging economies. Our portfolio is invested in both US$ and local currency denominated debt with the allocation determined by the portfolio manager. It believes that the latter will perform particularly well as this asset class expands and investors move away from the US$.

During the month a rebalance of the portfolio was undertaken and further allocations were made to treasuries, mortgages, credit and emerging market debt.

Current Asset Allocation and Ranges

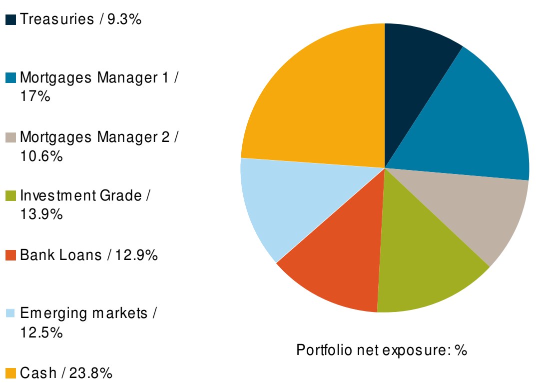


Performance by Asset Class – November 09*

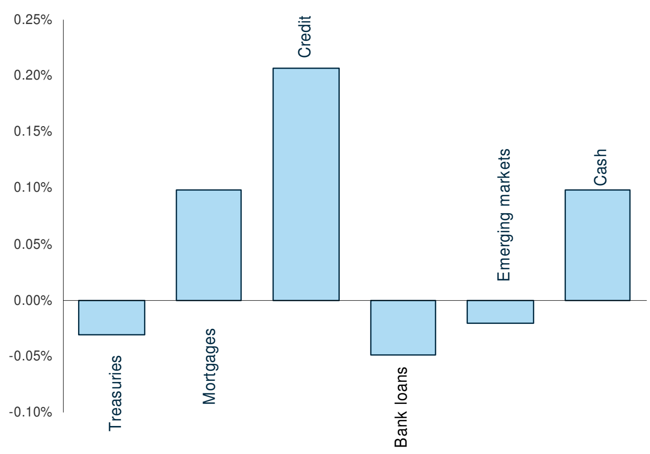


* Manager estimate. This may change.

Manager Allocations by Asset Class



Attribution by Asset Class – November 09**



** Manager estimate. Attribution is indicative only and may change.

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