

Pengana Global Resources Fund

November 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

Style	Fundamental, Long bias, Long Short	Management Fees ¹ (monthly)	1.5% p.a.
Fund Aim	To achieve a performance in excess of 15% p.a. ²	Performance Fees ¹ (quarterly)	20% of an increase in NAV subject to high water mark
Investors	Wholesale Clients Only	AUM at Month End	A\$4.90m
Minimum Initial Investment Amount	A\$100,000	Application Price at Month End	A\$1.5670
Inception Date	March 2007	Redemption Price at Month End	A\$1.5544

Fund Commentary

Fund Performance (A\$, net of fees) ³

	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%	0.24%	5.58%	1.70%	9.88%		45.17%
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%	-32.87%
2007			1.59%	4.91%	9.03%	11.51%	1.07%	-3.89%	10.84%	10.06%	-3.02%	0.16%	49.13%

- **India's central bank purchased 200 tons of gold from the International Monetary Fund**
- **U.S. dollar weakened 7.39% against the Euro and 4.80% against the Japanese Yen**
- **Year to date S&P/ASX 200 has appreciated 32.70% whilst the S&P 500 has climbed 21.3%**

A large divergence between the best performing commodity, gold (+13.64%), and the worst performing commodity, nickel (-13.19%), occurred during November. However, most commodity prices continued to move higher buoyed by U.S. dollar weakness. The U.S. dollar fell 4.80% against the Japanese Yen with a greater fall of 7.39% occurring relative to the Euro. Investor concern about a weakening U.S. dollar was a key driver in pushing the gold price to record highs as investors sought a store of value. News that India's central bank purchased 200 tons of gold bullion from the International Monetary Fund for US\$6.7 billion also proved a positive catalyst for the gold price as this action was seen to support the view that central banks globally may seek to diversify their reserves with a greater proportion of gold bullion. November was another strong month for equity markets with the S&P 500 rising 5.74%, S&P/ASX 300 rising 1.80% and FTSE 100 gaining 2.90%. So far in 2009 the S&P 500 has gained 21.30%, S&P/ASX 300 32.70% and FTSE 100 17.06%.

During November we increased both the gross exposure and net long position of the Fund which contributed to the strong performance for the month. As at the end of November the net long position of the Fund was 76.4% whilst the gross exposure had increased to 108.6%. We took the opportunity during the month to establish new long positions in Arcelor Mittal, First Quantum Minerals, Aquarius Platinum, Ampella Mining and Century Aluminum. Given the strong appreciation of some company share prices we also reduced long exposures to a number of companies including Oil Search, Freeport McMoran Copper and Gold and Silver Lake Resources.

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

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

³ 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 Outlook

The coming year should be a strong year for resources, with volatility remaining a key feature for the sector. While the asset class has performed strongly over the course of calendar 2009, we still see the global universe of resource and energy equities as fairly valued on sustainable earnings, with offshore exposures offering better relative value than their Australian counterparts.

A large portion of the past year's performance for resources is attributable to the depreciation of the U.S. dollar, with speculative and investment demand arguably being larger factors in the investment equation than consumption demand. The opportunity cost of holding hard assets such as U.S. dollar based commodities lessened with sustained low interest rates and investor focus turning to capital preservation and inflationary hedges. The U.S. dollar gold price has been a strong beneficiary of this environment, with investor uncertainty and nervousness leading to increased investor appetite for perceived safe-havens. In addition, central bank demand appears to be increasing concurrently with India's central bank recently concluding the purchase of 200 tons of gold from the International Monetary Fund.

Looking forward, commodities and gold, in particular, may perversely struggle for a period in 2010 as confidence grows in a sustained economic recovery in the United States and Euro-zone. The resultant stabilisation or appreciation of the U.S. dollar will likely have an adverse impact on investment demand as appetite for commodity and resource exposures wanes. Importantly, we see this as a potential window of opportunity as consumption replaces investment demand as the key driver for commodity prices, a pre-requisite for a self-sustaining rally in commodity prices and resource equities moving forward.

On the commodity front, we expect the oil price will outperform the gold price through 2010. The historic relationship between gold and oil has broken down in favour of the gold price this year. The United States is still the world's largest consumer of oil and the oil price is one of few commodities still trading around long term average prices. When investors start to embrace a more synchronous global economic recovery in 2010, the oil price will be one of the most leveraged mainstream commodity exposures.

Portfolio Action

During November the net long position of the portfolio increased from 54.3% as at the end of October to 76.4% as at month's end. In addition, the gross exposure of the portfolio increased from 81.6% to 108.6% during November. During November the Fund reduced long positions in Oil Search, Rio Tinto, Freeport McMoran Copper and Gold and Silver Lake Resources. Furthermore, new long positions were established in Arcelor Mittal, First Quantum Minerals, Aquarius Platinum, Ampella Mining and Century Aluminium.

In Australia, the S&P/ASX Metals and Mining Accumulation Index ended November posting a gain of 7.15%. A stronger gold price was responsible for gold producers moving sharply higher during the month with Resolute Mining (+61.54%), OceanaGold Corporation (+61.23%), Avoca Resources (+33.33%), Kingsgate Consolidated (+28.16%) and Medusa Mining (27.27%) among the top performers in November. On the other hand, a 13.19% decline in the nickel price during the month was largely responsible for a decline in the share prices of nickel producers with Minara Resources (-8.99%), Mincor Resources (-8.53%) and Mirabela Nickel (-6.91%) all notable underperformers during November. The S&P/ASX Energy Accumulation Index returned -0.08% in November against the backdrop of an oil price which gained just 0.36% for the month. Better performing companies in the Energy sector during the month included Aquila Resources (+52.23%), Molopo Energy (+16.54%), Berkeley Resources (+14.89%) and Riversdale Mining (+14.81%). In the United States, the S&P Metals and Mining index gained 13.97% in November. In London the FTSE 350 Mining Index ended the month up 15.97% whilst the S&P/TSX Global Mining Index posted a gain of 11.98%.

Key Contributors

Key contributors to the portfolio's performance during November included Terramin Australia (-25.0%), Silver Lake Resources (+36.47%), Barrick Gold Corporation (+18.81%), Rio Tinto (+14.67%) and Xstrata (+21.13%).

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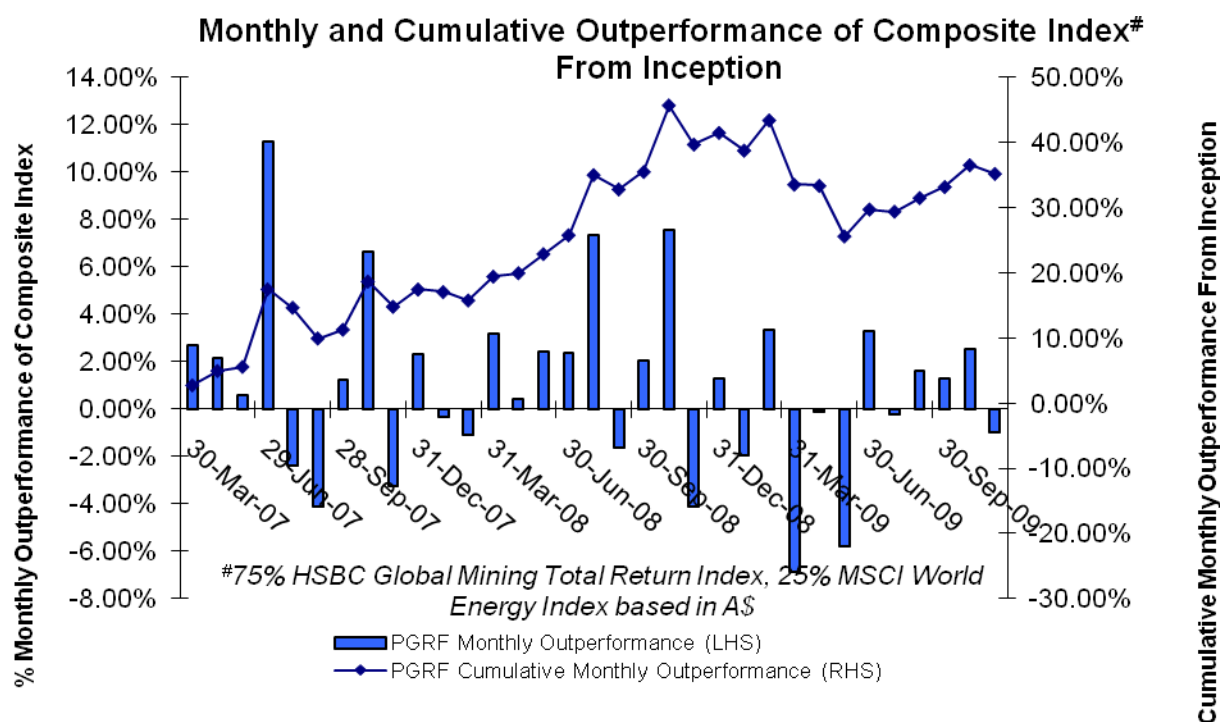


Fund Performance

Returns to 30 November 2009	Pengana Global Resources Fund ³	Composite Index *
1 Month	9.88%	10.85%
3 Months	17.98%	14.67%
6 Months	25.42%	16.17%
12 Months	44.60%	46.93%
Since inception⁴	+45.33%	+2.50%

*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.⁴



⁴ 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 November 2009

Commodity	US\$ Price Change	A\$ Price Change	€ Price Change
Oil	0.36%	-1.41%	-1.60%
Gold	13.64%	11.87%	11.68%
Copper	3.64%	1.87%	1.68%
Aluminium	5.47%	3.70%	3.51%
Zinc	1.44%	-0.33%	-0.52%
Nickel	-13.19%	-14.96%	-15.15%
Lead	-1.38%	-3.15%	-3.34%
Tin	0.30%	-1.47%	-1.66%

Portfolio Structure (as at end of November 2009)	
Number of Stocks	47
Gross Exposure	108.6%
Net Long Exposure	76.4%
Breakdown by Strategy	Pairs 31.24% Directional Long 72.46% Directional Short -3.70%

Top 5 Positions (in alphabetical order)
BHP Billiton
Matrix Composites and Engineering
Rio Tinto
Vale
Xstrata

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