

Pengana Global Volatility Fund

January 2010 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\$81m

Fund and Market 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
2010	2.3%												2.3%
2009	0.7%	0.4%	1.1%	1.0%	1.2%	1.7%	1.3%	0.7%	0.3%	0.9%	1.9%	1.0%	12.8%
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
2010	2.2%												2.2%
2009	0.7%	0.4%	1.1%	1.1%	1.0%	1.4%	1.3%	0.9%	0.3%	0.9%	1.7%	0.9%	12.2%
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 AUD Class A shares of the Fund in January 2010 was 2.3%^{3,4} the 15th consecutive month of positive returns. The annualised return for the Class A shares since inception in November 2007 is 10.0%^{2,3,4}.

Overall, January saw a steady rise in the S&P 500 until the week of 19 January. Starting the month at a level of 1133, the market rose to 1150 on 19 January, and then fell to a level of 1091 by 22 January. This was the largest one week move down for the S&P 500 since March of 2009, when the index was at a level of 700 with the VIX trading at 52.6.

The VIX started the month at 20.0, and then gradually dropped to a low of 17.5 on 19 January, its lowest level since May 2008. By the end of that week the VIX rose to a level of 27.3, which was the 4th highest weekly move in percentage terms (52.5%) for the VIX in history. So, while volume was at a two year average level, the Fund delivered another positive return for January, whilst at the same time maintaining protection against any catastrophic market event.

Net Returns to 31 January 2010^{2,3,4}	Class A Units	Class B Units
3 months	5.2%	4.9%
6 months	7.3%	6.9%
1 year	14.7%	13.8%
Annualised since inception	10.0% p.a.	9.1% 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

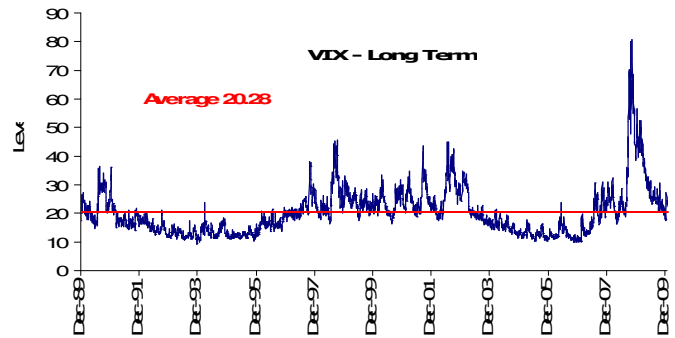
⁴ Total return performance figures are derived from the Manager's records and are shown after management fees and performance fees, and assume reinvestment of distributions. Investments can go up and down. Past performance is not a reliable indicator of future performance.

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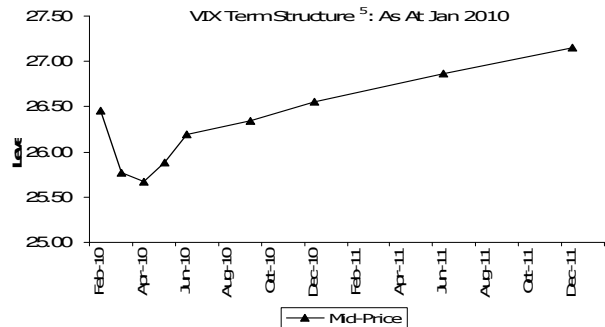
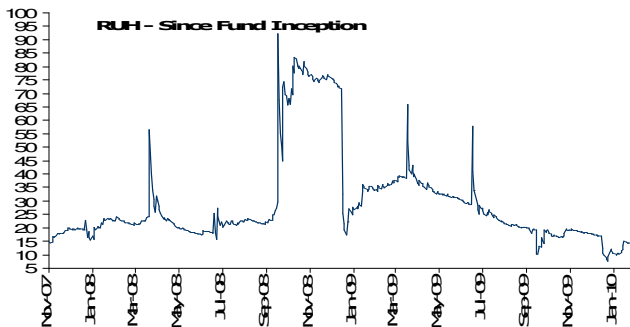
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CBOE Volatility Index (VIX)



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.

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