

Pengana Global Resources Fund

March 2010 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)	1.54% p.a. of the Net Asset Value of the Fund
Fund Aim	To achieve a performance of 15% p.a. ²	Performance Fees ¹ (quarterly)	20.5% of the performance above the Index
Investors	Open	AUM at Month End	A\$4.51m
Minimum Initial Investment Amount	A\$20,000	Application Price at Month End	A\$1.7167
Inception Date	March 2007 ³	Redemption Price at Month End	A\$1.7029
Index	75% HSBC Global Mining Total Return Index, 25% MSCI World Energy Index denominated in AUD	Identification Code(s)	ARSN 142 322 361 APIR PCL0003AU

Fund Commentary

Fund Performance (A\$, net of fees) ^{3,4}													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	-5.88%	0.54%	9.79%										3.90%
2009	2.43%	0.05%	0.45%	6.05%	6.01%	-2.35%	8.61%	0.24%	5.58%	1.70%	9.88%	5.44%	53.07%
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%

- **The nickel price gained 21.74% in March**
- **Contract pricing for (metallurgical) coal and iron ore moves to a quarterly basis**
- **Merger and acquisition activity sharply increases**

Commodity prices during March moved higher with the exception of gold (-0.36%) and lead (-0.87%). Nickel (+21.74%), aluminium (+11.58%), copper (+10.72%) and tin (+10.07%) all had double digit gains for the month. During the March quarter commodity prices generally moved higher with the laggards being zinc (-8.17%) and lead (-11.48%). Contract prices for hard coking coal were settled between BHP Billiton and customers at US\$200/tonne, a rise of 55% from prior contract levels. Significantly, pricing of contracts has reportedly moved from an annual to quarterly basis with tonnages assured on an annual basis. Unconfirmed reports suggest that both BHP Billiton and Vale have secured contract price rises for iron ore of between 90%-100% as well as instigating a change to shorter term contracts from traditional annual contracts.

During March long positions in Alumina, Mirabela Nickel and Gryphon Minerals were sold and the Fund's long position in Matrix Composites and Engineering was reduced. The net long position of the Fund as at the end of March was 82.1%, up from 72.6% as at the end of February. The gross exposure of the Fund was 117.9% as at month's end, up from 105.6% as at the end of February.

¹ Including GST less any reduced tax input credits. Please refer to the Information Memorandum for a more detailed explanation. Please note that these fees reflect the new fee arrangements which only take effect from 1 April 2010. The new fee arrangements introduce a hurdle to the performance fee and therefore are advantageous to investors.

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

³ Inception date: March 2007, launch date of external Fund: 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.

⁴ 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 Commentary

Greece announced an ambitious austerity programme aimed at cutting its budget deficit by 4% of GDP this year. In response, the European Union called for more cuts from Greece to achieve its target. During the month, Portugal also announced plans to cut its deficit to 2.8% of GDP by 2013 from 8.3% currently. Fitch Ratings of Portugal's sovereign credit rating was subsequently lowered one notch to AA-

These moves prompted the European Commission to say it was prepared to propose the creation of an IMF style European Monetary Fund to cope with future debt crises in the Euro single currency zone. However, Germany, Europe's biggest economy voiced its reluctance at present to offer financial aid to Greece. Greece later sold 5 billion Euros of 7-year bonds with lower than anticipated participation in the order book for the bond.

Chile, the world's leading copper producer was rocked by an 8.8 magnitude earthquake and several aftershocks. Mine production was interrupted for only a day or two, however, the damage to associated infrastructure and the ability to transport production is still to be fully understood.

On the 9 March, 2010, the Market had its first anniversary of the nadir of the Global Financial Crisis, with the MSCI's All Country World Stock Index up 73% from its closing low exactly 12 months ago.

In the United States, non-farm payrolls for February 2010 fell 36,000, less than the 50,000 expected, fuelling speculation that America was nearing a tightening cycle. The US Federal Reserve subsequently renewed its vow to keep interest rates near zero for an extended period.

India raised interest rates 0.25% to 3.50%, its first increase in over 2 years, saying containing inflation has become an "imperative". Malaysia also moved towards normalising monetary policy by increasing its policy interest rate 0.25% to 2.25%, despite the threat from inflation being modest. The Central Bank citing that the economy was recovering, removing the justification for emergency measures.

Chinese exports and imports grew faster than expected in February 2010. The gathering momentum behind the world's third largest economy drew speculation of a need for further policy tightening and attracted further comments from the US for China to abandon its currency peg against the Greenback, citing an unfair advantage in world trade and in so stealing American jobs.

The Obama administration also announced a US\$14billion effort to stem a rising tide of home foreclosures by giving lenders incentives to erase some mortgage debt and slash mortgage payments for the unemployed.

March 2010 was characterised by a plethora of corporate deals that sparked additional interest in the Resources Sector. In particular: BP acquired Devon Energy's deep water acreage in Brazil and Gulf of Mexico and Azerbaijan assets for US\$7billion and a 50% stake in its Kirby Oil Sands leases in Canada. Toho Zinc Company revised its proposal for CBH Resources which was accepted by the Independent Board of CBH in preference to a proposal from Nyrstar NV and in the absence of a superior proposal emerging. Peabody Energy approached Macarthur Coal with a conditional cash offer of \$13/share. A joint venture between Shell and PetroChina bid scrip and cash for the post-demerger issued capital of Arrow Energy. Mineral Resources made an off-market all scrip bid for Mesa Minerals. Aurox Resources and Atlas Minerals agreed to merge by way of a Scheme of Arrangement. Newcrest proposed a cash and scrip acquisition for Lihir Gold.

Portfolio Action

The net long position of the Fund at month's end was 82.1%, up from 72.6% as at the end of February. The gross exposure of the Fund was 117.9%, up from 105.6% as at the end of February. During March we sold long positions in Alumina, Mirabela Nickel and Gryphon Minerals as well as reducing our position in Matrix Composites and Engineering. In March the S&P/ASX Metals and Mining Accumulation Index gained 9.06% whilst the FTSE 350 Mining Index gained 16.25%. In North America, the S&P 500 Metals & Mining Index gained 11.00% and the S&P/TSX Global Mining Index increased 3.40%.

Key Contributors

Key contributors to the portfolio's performance during March included Anglo American (+20.25%), Atlas iron (+21.29%), BlueScope Steel (+20.25%) and Matrix Composites and Engineering (+34.62%).

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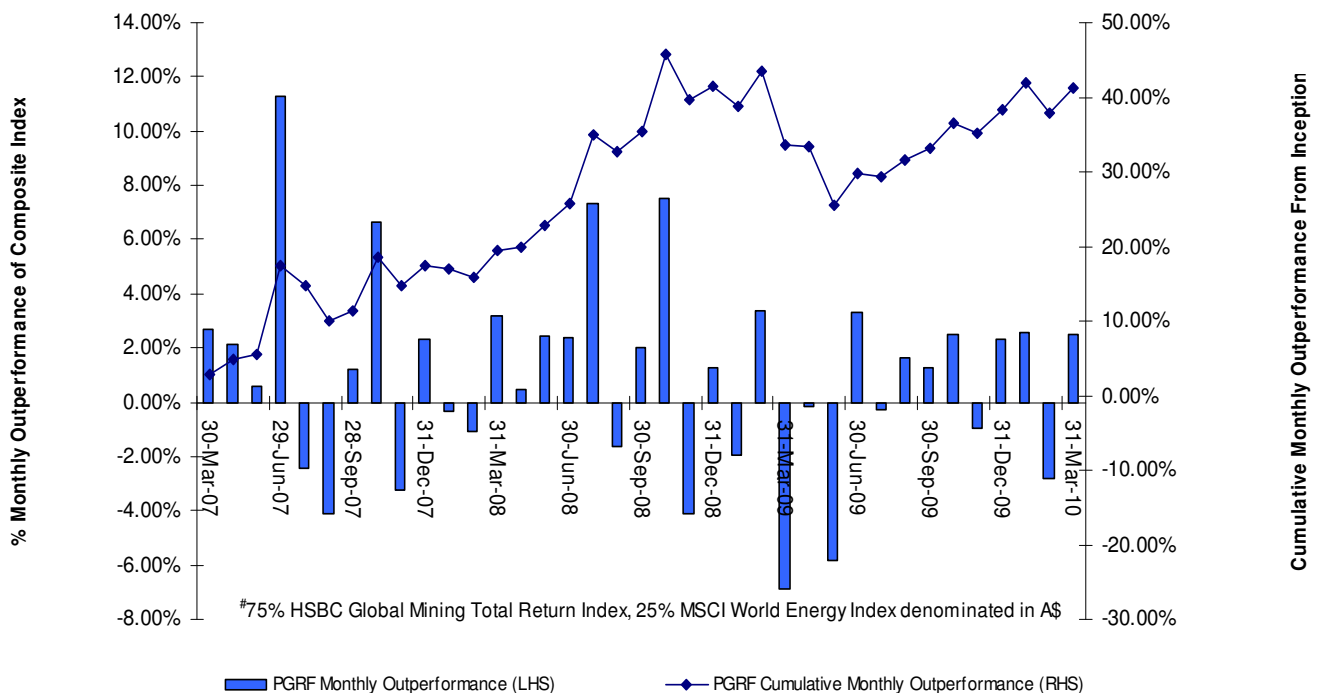


Fund Performance

Net Returns to 31 March 2010 ⁴	Pengana Global Resources Fund	Composite Index *
1 Month	9.79%	7.30%
3 Months	3.90%	1.53%
6 Months	22.42%	15.10%
12 Months	54.48%	44.43%
3 Years	16.16% p.a.	2.78% p.a.
Since inception ⁴	+16.28% p.a.	2.33% p.a.

*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.



Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services license number 226566) is the issuer of units in the Pengana Global Resources Fund (ARSN 142 322 361) (the "Fund"). A product disclosure statement for the Fund is available and can be obtained from our distribution team. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement 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.

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Commodity Price Changes for March 2010

Commodity	US\$ Price Change	A\$ Price Change	€ Price Change
Oil	5.13%	2.69%	6.00%
Gold	-0.36%	-2.62%	0.51%
Copper	10.72%	8.28%	11.59%
Aluminium	11.58%	9.14%	12.45%
Zinc	9.39%	6.95%	10.26%
Nickel	21.74%	19.30%	22.61%
Lead	-0.87%	-3.31%	0%
Tin	10.07%	7.63%	10.94%

Portfolio Structure (as at end of March 2010)

Number of Stocks	40
Gross Exposure	117.9%
Net Long Exposure	82.1%
Breakdown by Strategy	Pairs 26.95% Directional Long 75.24% Directional Short -2.19%

Top 5 Positions (in alphabetical order)

BHP Billiton
PanAust
Rio Tinto
Vale
Xstrata

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