

Pengana Asian Equities Fund (Onshore)

March 2010 Update



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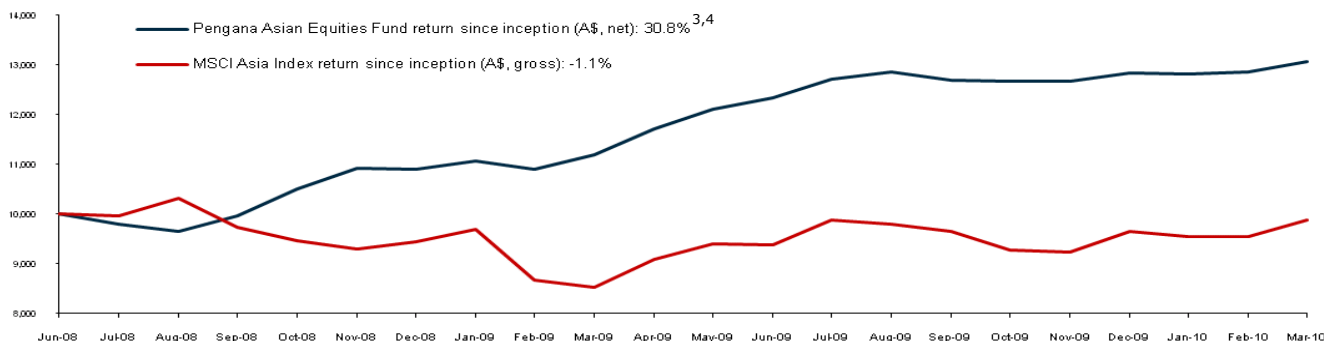
The Pengana Asian Equities Fund (Onshore) (the "Fund") provides investors with equity exposure to companies within the Asia Pacific region. The Fund is managed out of Sydney, Australia. The Fund utilises a core strategy of being both long and short securities in order to reduce volatility and generate stable long-term absolute returns.

Fund Features

Style	Long/Short Equity	Management Fees ¹ (monthly)	1.54% p.a.
Comparative Benchmark	MSCI AC Asia Index	Performance Fees ¹ (semi-annually)	20.5% of any increase in Net Asset Value subject to RBA target cash rate hurdle
Investors	Open	AUM at Month End	A\$5.2m
Minimum Initial Investment	A\$20,000	Application Price at Month End	A\$1.0700
Inception Date	01 July 2008 ^{2,4}	Redemption Price at Month End	A\$1.0646

Fund Commentary

Fund Performance (A\$, %, net of fees) ^{3,4}													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	-0.1	0.3	1.6										1.9%
2009	1.4	-1.5	2.7	4.6 ⁴	3.5	2.0	3.0	1.2	-1.3	-0.2	-0.1	1.3	17.7%
2008							-2.0	-1.5	3.3	5.4	4.1	-0.2	9.1%
MSCI AC Asia Index (A\$, %)													
2010	-1.0	0.1	3.5										2.5%
2009	2.8	-10.5	-1.8	6.6	3.6	-0.3	5.3	-0.9	-1.5%	-3.8	-0.5	4.4	2.1%
2008							-0.3	3.5	-5.6	-2.8	-1.8	1.6	-5.6%



¹ All percentages include GST net of reduced input tax credits. Please refer to the PDS for a more detailed explanation.

² On 26 August 2009 the Fund became a registered scheme, with a PDS. Identification codes for the Fund are: ARSN: 138 943 709; APIR: PCL 0002AU

³ Net performance, after all fees and charges, and assuming reinvestment of all distributions. Past performance is not a reliable indicator of future performance.

⁴ On 22 April 2009 the Fund expanded its investment universe from the Asia region to the Asia Pacific region.

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	Fund Features since Inception	Index Features since Inception
Annualized Return	16.6% ^{3,4}	-0.6%
Annualized Volatility	7.4%	13.7%
Sharpe Ratio ⁵	1.6	-0.4
Maximum Drawdown ⁶	-3.5%	-17.3%
Max. Recovery Period ⁷	2 months	12 months + ⁸
Best Monthly Return	5.4%	6.6%
Worst Monthly Return	-2.0%	-10.5%
% of Up Months	62%	43%
Correlation to Index	0.23	

The Fund returned 1.6%³ net of fees for March 2010, compared to the 3.5% return of the MSCI Asia Index. Since inception in July 2008, the Fund has returned 16.6% p.a.^{3,4} net of fees, compared to the Index's negative 0.6% p.a. return.

Regional equity markets performed strongly during the month, following the release of economic indicators showing a recovery in the US. Japan performed particularly well as the Japanese Yen depreciated against the US Dollar, pushing up exporters. The Fund's equity portfolio performed, helped significantly by the Japanese exposure, returning over 4% for the month. However, our cautiousness on Asia ex-Japan limited the upside overall, with the long portfolio underperforming the short portfolio, leading to negative returns in those markets. Some of the short positions in the material and industrial sectors, including Onesteel in Australia and Asahi Glass in Japan, delivered unsatisfactory outcomes.

In Japan, we reduced exporters, including the auto plays, during the month and shifted to domestic sectors through stocks such as SMFG, one of the three major banking groups in Japan. In China, we continued to reduce our exposure in the property sector and built a basket of companies that will benefit from a continued pick-up in economic activity, including electric power operators and commercial truck manufacturers. We believe the growth potential of these companies has been substantially undervalued. We added Sinotruck, one of China's largest truck producers. Despite strong earnings growth for 2010, led by a rapid recovery in the commercial vehicle sales, the stock is still only trading at 1.2x book value.

Top Five Performers	Bottom Five Performers
JAPAN WIND DEVELOPMENT (Japan, long)	MITSUBISHI CHEMICALS (Japan, short)
ORIX CORP (Japan, long)	HUADIAN POWER-H (China, long)
NICHICON CORP (Japan, long)	ASAHI GLASS (Japan, short)
ONWARD HOLDINGS (Japan, long)	ONESTEEL (Australia, short)
TOSOH CORP (Japan, long)	MITSUI & CO (Japan, short)

⁵ Using 5% risk-free rate for Sharpe ratio

⁶ The worst period of 'peak to valley' performance, regardless of whether or not the drawdown consisted of consecutive months of negative performance

⁷ Time taken to eclipse prior peak following Maximum Drawdown

⁸ Not yet returned to prior peak level

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Market Outlook

Recent economic data from the US confirm our view that the US economy will have a cyclical recovery this year, and this will eventually lead to interest rate increases and a strengthening of the US Dollar against the Yen. While it is too early to expect structural change in Japan, corporate earnings will show a strong recovery this year, led by a global cyclical recovery and the positive impact of cost controls implemented last year. We remain positive, particularly towards the tech sector, which will regain its global competitiveness as international demand recovers. On the other hand, we are cautious on Korean techs. We added Shinko Electric, one of the major electronic component suppliers to Intel in the US.

Exposure by Sector	Gross	Net	Exposure by Country	Gross	Net
Growth Sectors			HK & China	35%	18%
Energy & Materials	4%	0%	Taiwan	0%	0%
Ind., Con. Discretionary & Tech	40%	21%	South Korea	0%	0%
Financial & Real Estate	39%	14%	Singapore	8%	1%
Defensive Sectors			EM ASEAN	0%	0%
Con. Staples & Healthcare	8%	4%	Japan	38%	22%
Telecom & Utilities	4%	4%	Australia	15%	3%
Futures	0%	0%	Equities	96%	43%
Total	96%	43%			

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