Pengana Global Small Companies Solution November 2010 Update, by Greg Clarke

PENGANA CAPITAL

Fund Description

The Pengana Global Small Companies Solution uses a multi manager approach, investing with regional small company investment specialists to produce a global portfolio. Small companies have the potential to provide attractive returns to investors, and should perform well relative to the broader market over the long term due to their greater risk premium. Pengana has selected underlying managers that demonstrate a superior understanding of their respective markets and an ability to capitalise on this relatively inefficient asset class. The Fund currently invests in three regions: North America, Europe and Asia, with the Benchmark equally weighted between the three regions. The Fund is passively rebalanced back to the Benchmark, and exposure to international investments hedged back into Australian dollars, with the intention of covering the Fund's exposure to currency risk.

Fund Features

Style	Multi manager investing in regional small company specialists	**Management Fees [1] (monthly)**	0.7688% p.a.
Benchmark	Equally weighted to the three major developed regions: North America, Europe including UK, and Asia including Japan	**Performance Fees [1] (quarterly)**	10.25% p.a. over benchmark hurdle (net of fees and subject to High Water Mark)
Investors	Open to Retail Clients	**Underlying Manager Costs**	Expected to be within the range of 0.5% p.a. to 1% p.a.
Minimum Initial Investment Amount	A$25,000 (direct)	**AUM at Month End**	A$30.8 million
Inception Date	November 2005	**Application/ Redemption Price at Month End**	Application: A$0.7880 Redemption: A$0.7817
Identification Code	ARSN 120 300 450		

Fund Commentary

Fund Performance (A$, net of fees) [2, 3]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD**
2010	-2.0%	1.4%	8.5%	4.6%	-8.4%	-1.4%	4.2%	-2.8%	9.8%	2.6%	3.2%		20.0%
2009	-4.3%	-7.2%	4.3%	10.2%	6.5%	2.9%	5.5%	3.4%	3.3%	-3.2%	-1.3%	5.6%	27.2%
2008	-11.7%	-1.7%	-2.8%	3.8%	3.9%	-7.5%	-2.4%	-0.9%	-11.5%	-24.4%	-1.7%	-2.2%	-47.5%
2007	5.2%	0.1%	-1.0%	0.1%	2.3%	-3.4%	-2.0%	-4.0%	-0.4%	5.1%	-7.7%	-2.9%	-9.2%
2006	-0.4%	1.2%	9.2%	-3.7%	-4.9%	0.8%	-5.6%	3.0%	3.9%	0.1%	1.2%	2.6%	6.7%
2005											5.2%	8.8%	14.5%

The Fund delivered a return of 3.2%[2] and outperformed the benchmark return of 1.4%. All regional portfolios contributed to performance in November.

The significant market rise from late August through October flattened out in November. The completion of US mid-term elections and the US Federal Reserve meeting (at which the governors approved further quantitative easing) provided a boost in that first week of the month. For the rest of November, the market struggled with the persistent European sovereign crisis, the fate of the U.S. tax structure, the Korean conflict and the potential for Chinese policy to slow economic growth.

Fund Performance to 30 November 2010 (A$, net of fees) [2,3]

	1 Month	3 Months	1 Year	Financial YTD	Since Inception p.a. [4]	Standard Deviation
Fund	3.2%	16.2%	26.6%	17.7%	-2.2%	20.7%
Benchmark	1.4%	12.5%	19.2%	13.2%	-4.4%	19.7%
North America	5.4%	23.5%	29.1%	20.4%	3.9%	22.1%
Benchmark	3.4%	20.8%	25.4%	19.3%	-0.5%	23.2%
Europe	1.0%	13.0%	20.8%	14.3%	-0.6%	24.5%
Benchmark	-1.1%	7.6%	17.9%	11.1%	1.0%	22.4%
Japan	7.6%	4.5%	3.4%	-5.0%	-11.9%	25.3%
Benchmark	6.0%	5.0%	4.0%	-1.3%	-15.9%	20.5%
Asia ex Japan	2.8%	23.5%	n/a	36.3%	n/a	n/a
Benchmark	-2.3%	13.3%	n/a	19.5%	n/a	n/a

[1] Including GST less any reduced tax input credits. Please refer to the Product Disclosure Statement for a more detailed explanation.
[2] Total return performance figures are shown net of all fees and charges and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance. The value of investments can rise and fall.
[3] The Fund's currency exposure was unhedged until 30 June 2007
[4] Inception: November 2005

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Fund Commentary (cont'd)

North America

Manager	Cortina AM
Benchmark	Russell 2000
Fund Allocation	32.2%
Month Return [2]	5.4%
Benchmark	3.4%

Top 5 Positions

1.28%	Crocs Inc
0.92%	CommVault Systems
0.92%	WMS Industries
0.89%	NxStage Medical
0.84%	Vocus

The US portfolio delivered a strong 5.4%[2] return and outperformed the index. Market leadership was driven by economically sensitive sectors. The Energy, Consumer, Industrial and Materials sectors were the November standouts. At the other end of the spectrum were the more defensive sectors – Utilities, Health Care and the persistently struggling Financial sector.

In the Energy sector, a 12% November return trumped all others by nearly two-fold. The sector has surged 35% over the past three months, helping drive strong outperformance of the portfolio. A number of favourable factors have driven many energy stocks to record highs. From a macro perspective, "Quantitative Easing 2" weakens the dollar and makes dollar-based crude oil less expensive for foreign consumption. Propping up global growth via QE2 adds further crude oil demand for this finite resource. From a micro perspective, major oil companies continue to acquire domestic natural gas acreage (Atlas Energy +47% in November). Major oil companies are also circling crude oil reserves owned by smaller public companies in North Dakota's Bakken Shale (Oasis Petroleum +19%). Moreover, oil service companies levered to "well completion" are firing on all cylinders (Complete Production Services +21%).

Europe (including UK)

Manager	Munros CM
Benchmark	HSBC Europe
Fund Allocation	29.8%
Month Return [2]	1.0%
Benchmark	-1.1%

Top 5 Positions

1.29%	C & C Group
1.16%	Lamprell
1.11%	Aberdeen Asset Management
0.99%	Ten Cate
0.98%	Ipsos

The European portfolio delivered at return of 1%[2] in November and outperformed the benchmark return of -1.1%. European markets lost ground in November as fears of contagion in the Euro bloc spooked investors. The Euro drifted lower over the month as the Irish bailout package was formally approved. All the Irish stocks in the portfolio have very limited exposure to the domestic economy.

The best performing markets were Netherlands (+1.3%), Austria (+1.3%) and Switzerland (+0.1%) while those countries most at risk underperformed significantly. These include Greece (-14.1%), Spain (-13.4%) and Portugal (-13.3%). Portfolio activity included a reducing Spanish exposure by selling Prosegur after excellent absolute and relative performance over a number of years.

Stocks that contributed to performance include Kloeckner which rose as the company delivered significant improvements in sales volumes, sales and earnings for the first nine months and confirmed full year guidance and FL Smidth which reacted positively to better than expected Q3 earnings. In addition, recently acquired Loomis (+12.3%) rose after positive feedback from investors. Poor performers included Geox which fell on marginally disappointing Q3 numbers.

Japan

Manager	Sparx AM
Benchmark	MSCI Japan Small
Fund Allocation	14.9%
Month Return [2]	7.6%
Benchmark	6.0%

Top 5 Positions

0.44%	Yamaichi Electronics.
0.35%	NPC Inc.
0.32%	Macnica,
0.31%	Otsuka Kagu.
0.30%	Yushin Precision Equipment

The Japanese equity market gained sharply in November and was the only market among major equity markets that delivered strong performance. Stocks primarily rose after the Yen weakened against the USD in reaction to increased expectations that many nations may announce additional monetary easing measures and the better-than-expected health of the U.S economy. Despite reignited concerns about the sovereign risks in the Euro-zone and a further decline in the EUR due to fresh turmoil in the Irish debt market, the impact on Japanese stocks remained muted.

Both large-cap and small-cap stocks rallied, with MSCI Japan Small Cap Index up 6.0%. The portfolio advanced 7.6%, outperforming the index. Contributing to performance were technology-related firms rebounding after last month's drop while the laggards were domestic-oriented firms and those with less liquidity.

Going forward, the Japanese equity market is likely to continue to benefit from better-than expected economic fundamentals in Europe, the U.S. and South-East Asia. However, there are risks which include a further tightening of Chinese monetary policy. Therefore, going forward, our investment strategy will be to increase our exposure to those firms which we believe will benefit from a recovery in global economic growth, especially in the developing countries.

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Asia ex Japan

Manager	Yeoman Capital
Benchmark	MSCI Asia Small
Fund Allocation	18.2%
Month Return [2]	2.8%
Benchmark	-2.3%

Top 5 Positions

1.24%	SIS International
0.84%	Chen Hsong Holdings
0.62%	Hung Hing Printing Group
0.59%	Proton Holdings
0.56%	Tan Chong International

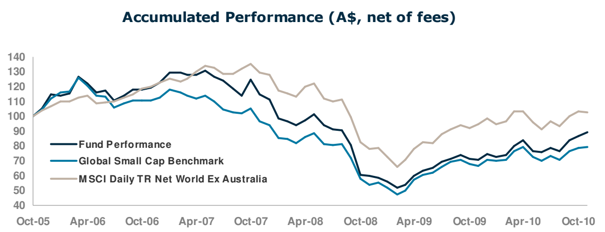
The Asian portfolio delivered a return of 2.8%[2] for month significantly outperforming the index which was down -2.3%.

The month was littered with a number of potential concerns for Asian investors. Sovereign debt problems in the EU returned culminating in a bailout package for Ireland by the EU and the IMF. Other vulnerable PIIGS countries came back under media, policy makers' and speculators' scrutiny, namely Portugal, Spain and once again, Greece. More locally, cross border artillery fire on the Korean Peninsula and the subsequent government posturing contributed to the cautious sentiment in the region. The other matter that upset market sentiment was base interest rate increases in China in the face of perceived inflation pressures.

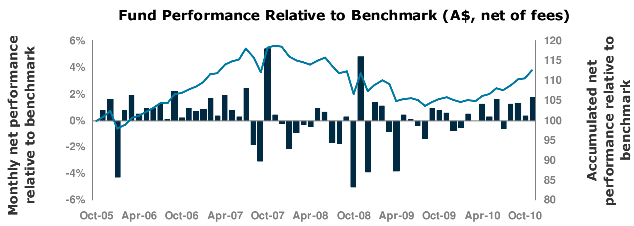
It appears that "hot" money continues to stream into the emerging markets driving up asset prices. Governments have responded with further interest rate increases (except for HK which is USD pegged and Singapore which has maintained rates but allowed the Singapore dollar to appreciate against the USD) and further measures to restrain galloping real estate prices. In addition, there is increasing, concern that an emerging market bubble is beginning to manifest itself, although stock and economic fundamentals remain supportive.

No stocks were sold this month however cash continues to be invested into undervalued stocks.

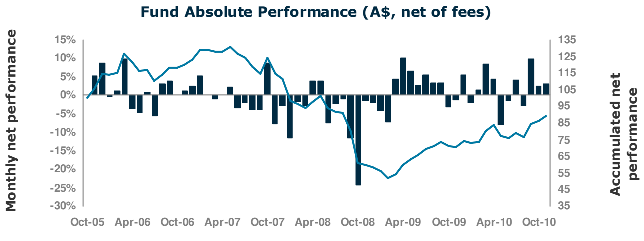
Accumulated Fund and Benchmark Performance [2,3]



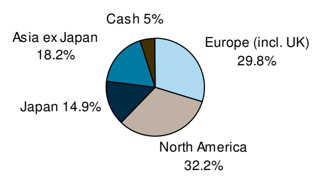
Monthly Fund Relative Performance [2,3]



Monthly Fund Absolute Performance [2,3]



Fund Allocation



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