Pengana Global Bond Fund
November 2010 Update, by Greg Clarke

PENGANA CAPITAL

Fund Description

The Pengana Global Bond Fund (the Fund) uses a multi manager approach, investing with investment specialists in different debt asset classes to produce a global diversified bond portfolio. The characteristics of debt instruments vary widely requiring particular expertise for active management. Pengana has selected investment managers that demonstrate a superior understanding of the instruments in which they invest and the markets they trade in. The Fund currently invests in government issued securities, corporate debt, mortgages, bank loans and cash. The Fund's investments are managed within ranges to allow the Fund to take advantage of investment opportunities and manage risk. The exposure to international debt investments is hedged back into Australian dollars with the intention of limiting the Fund's exposure to currency risk.

Fund Features

Style	Multi manager	**Management Fees [1] (monthly)**	Class A: 0.25%; Class B: 0% p.a.
Fund Benchmark	Barclays Global Aggregate Index	**Performance Fees [1] (quarterly)**	Class A: 10%; Class B: 20% p.a. (plus GST net of RITC) over benchmark, net of fees
Fund Objective	To outperform, on an after fees basis and assuming distribution re-investment, the Fund Benchmark over rolling 5 year periods with lower risk	**Underlying Manager Costs**	Underlying investment management fees will not exceed 2% p.a. In addition, underlying managers may charge performance fees
Fund Structure	Australian unregistered wholesale fund with monthly pricing	**Income Distribution**	Annual
Minimum Initial Investment Amount	A$25,000	**Buy/Sell spread**	0.10% / 0.10%
Inception Date	May 2009	**Assets Under Management**	A$231.3*

Fund Commentary

Fund Performance (Class A Units, A$, net of fees and after reinvestment of distributions) [2]													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	1.0%	0.6%	1.9%	1.1%	-0.1%	1.0%	0.6%	1.1%	1.2%	0.9%	-0.2%*		9.3%*
2009					1.6%	0.5%	1.5%	1.4%	1.1%	0.7%	0.5%	0.7%	8.2%
Fund Performance (Class B Units, A$, net of fees and after reinvestment of distributions) [2]													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	1.1%	0.6%	1.8%	1.1%	-0.1%	1.0%	0.7%	1.1%	1.3%	1.0%	-0.2%*		9.5%*
2009										0.7%	0.5%	0.6%	1.8%
Barclays Global Aggregate Index (A$)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	1.4%	0.8%	0.6%	0.9%	1.2%	1.2%	1.1%	2.1%	0.2%	0.3%	-0.7%		9.3%
2009					0.4%	1.1%	1.5%	1.3%	1.0%	0.5%	1.3%	-0.6%	6.7%

*Manager estimate, this may change. Net of fees and after reinvestment of distributions.

The Class A units delivered a return of -0.2%* in November outperforming the benchmark return of -0.7%. Since inception the Class A units of the Fund have returned 11.2%pa* versus the benchmark return of 10.2%pa. Contributors for the month included bank loans and mortgages while emerging market debt detracted from performance.

November was a month of two halves, with the beginning seeing optimism regarding the second quantitative easing plan (QE2) from the US Government. However, sovereign debt concerns re-emerged in the second half of the month with the Irish government forced to take a bailout from their European peers. Concerns of contagion have re-emerged that both Spain and Portugal may require bail outs as well. Inflation worries continue to weigh on the Chinese market, with speculation of imminent rate rises. So far the only effort that the government has made has been a 50bps increase in their reserve ratio, which has locked up circa RMB1trillion worth of liquidity in China and it demonstrates the government's determination in tightening monetary conditions. Other offshore concerns included the continued tension between North and South Korea.

Government bond yields rose in November after the announcement of QE2 and better US economic data. The US 10 year treasury yield rose almost 20 basis points, a trend that has continued with vigour into December. Consequently, returns from the global treasury bonds were negative for the month. The Fund's underweight to treasury assets helped both absolute and relative

[1] Plus GST net of reduced input tax credits. Please refer to the Information Memorandum for more detail.

[2] Past performance is not a reliable indicator of future performance. The value of investments may rise and fall

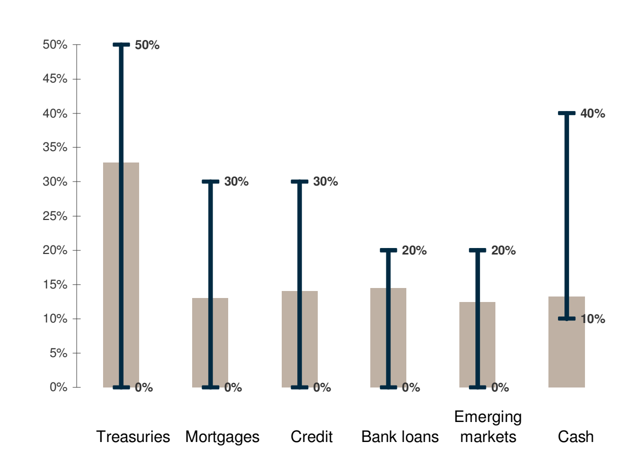
performance. We continue to believe that treasury yields will continue to rise although the current move appears to be overdone. Therefore we retain our underweight position to treasury bonds.

Credit markets were also impacted by the back up in treasury yields and a renewed focus on risk. Credit market returns were negative for the month (-1.05%). However, the floating rate nature of bank loan exposure helped the asset class against rising bond yields and the asset class delivered a positive return of 0.77%. This helped relative and absolute returns at the fund level.

In November, EM external debt and local markets fell sharply on the back of the "spike up" in global volatility. This began with a bailout of Ireland by the IMF and the EU and a rating downgrade from AA- to A. This led to renewed concerns over bonds of highly indebted countries with Portuguese, Spanish and Italian bond spreads widening. These events have had no impact on fundamentals in emerging markets which remain in a very strong position.

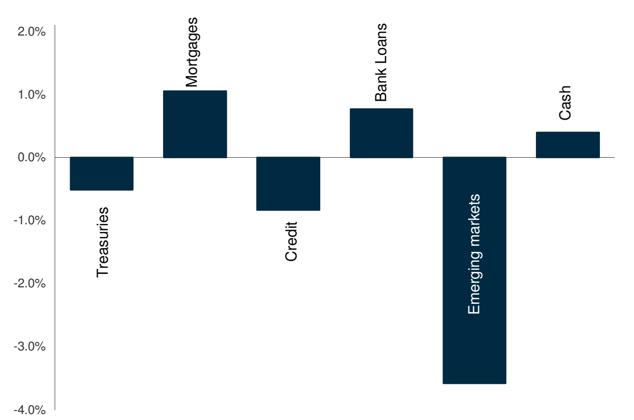
Over the month, Latin American external debt saw the biggest move in spreads for some time. Asia was the best performing region down less than 1%. The portfolio is overweight in the Philippines where the government has announced aggressive plans to reduce external debt over the next year. Eastern European local markets were significantly more negative than other regions primarily due to links with the Eurozone where the Euro sold off.

Current asset allocation and ranges*



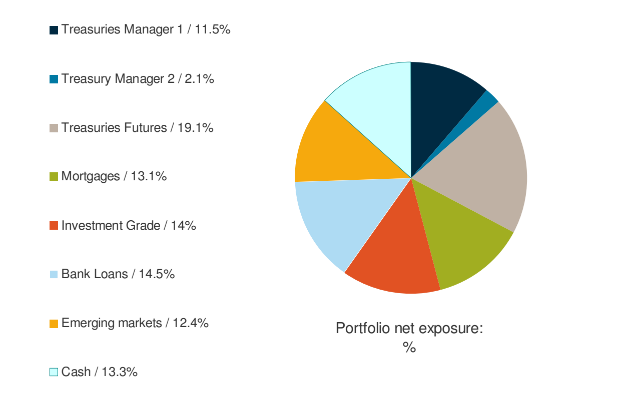
* Adjusted for applications/redemptions and manager changes at month end.

Monthly performance by asset class**



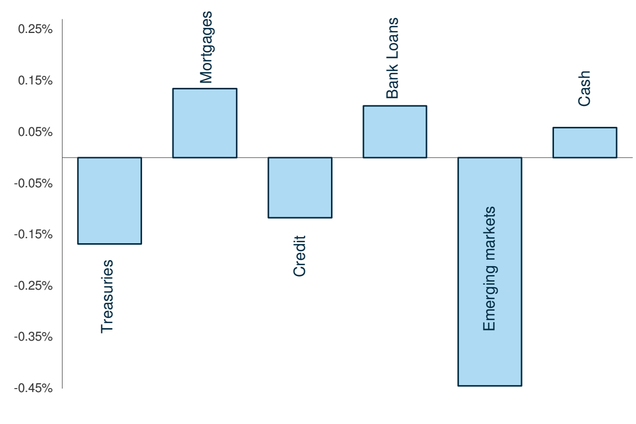
** Manager Estimate. These may change.

Manager allocations by asset class***



*** Adjusted for applications/redemptions and manager changes at month end.

Monthly attribution by asset class****



**** Manager estimate. Attribution is indicative only and may change.

Contact Details

Pengana Capital Limited ▪ Level 12, 167 Macquarie Street, Sydney, NSW 2000, Australia ▪ T +61 2 8524 9900 ▪ F +61 2 8524 9901

ABN 30 103 800 568, AFSL 226566

For further information, please visit our website at **www.pengana.com** or contact:

Institutional Clients: Denis Carroll, +61 2 8524 9974, denis.carroll@pengana.com

Private Clients: Juliet Dunworth, +61 2 8524 9984, juliet.dunworth@pengana.com

Advisors & Retail Clients: Justin Brooks, +61 3 8663 7906, justin.brooks@pengana.com