

Pengana Global Resources Fund February 2011 Update



1 of 4

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.
Fund Aim	To achieve a performance in excess of 15% p.a. ²	Performance Fees ¹ (quarterly)	20.5% of the performance above the Index*
Investors	Open	AUM at Month End	A\$6.50m
Minimum Initial Investment Amount	A\$20,000	Application Price at Month End	A\$2.2150
Inception Date	March 2007	Redemption Price at Month End	A\$2.2016
Index*	*75% HSBC Global Mining Total Return Index, 25% MSCI World Energy Accumulation Index denominated in AUD	Identification Code(s)	ARSN 142 322 361 APIR PCL0003AU

Fund Commentary

Fund Performance (A\$, net of fees) ³													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	2.19%	0.96%											3.17%
2010	-5.88%	0.54%	9.79%	-1.91%	-2.05%	-3.66%	3.94%	2.50%	7.93%	5.25%	5.01%	6.43%	30.07%
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%

- **North Africa and Middle East civil unrest**
- **BHP made a US\$4.75 billion purchase of Fayetteville Shale assets from Chesapeake Energy**
- **Continued improvement in the US economy**
- **Mining mergers and acquisitions hit a record \$27 billion in the first one and a half months of calendar 2011**

With the exception of lead (-1.59%) commodity prices moved higher during February. Civil unrest in Egypt, Libya, Bahrain and Yemen fuelled concerns about security of oil supplies and propelled the price of oil up 5.07% in February. Gold (+5.65%) also benefitted from the uncertainty as investors became increasingly risk averse during the month. Tin (+7.19%), nickel (+6.52%) and zinc (+6.15%) were the best performing commodities during February whilst copper (+1.41%) and aluminium (+1.97%) were laggards.

¹ Including GST less any reduced tax input credits. Please refer to the Information Memorandum for a more detailed explanation.

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

³ 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.

Pengana Global Resources Fund February 2011 Update



2 of 4

Market Commentary

US private employers added more jobs than expected in January 2011, the 12th consecutive month that companies took on staff, adding to the hopes that the weak American labour market was slowly improving. Official payroll data saw the US unemployment rate fall to 9 percent in January 2011, down an absolute 0.8 percent since November 2010, the biggest two month consecutive decline since 1958. Notwithstanding the above, Federal Reserve Chairman Ben Bernanke, while sounding a more upbeat note on the economy, said it will be several years before the unemployment rate returns to a more normal level. Later in the month, new US claims for unemployment benefits dropped to their lowest level in two and a half years, evidencing the improvement in the labour market.

Despite the continued improvement in US economic data, investors were more focussed on the civil unrest in Egypt, with the emergence of Mubarak loyalists heightening casualties and the threat of contagion to larger oil producing countries. China's trade surplus fell to its lowest level in nine months in January 2011 after imports surged, highlighting Beijing's massive appetite for raw materials and supporting the government's call in moving the economy towards greater reliance on consumption and less on exports. Over the month, China increased bank reserve requirements for a fifth time since October 2010 in a continued attempt to dampen inflationary pressures which have been broadening beyond food to property and consumer goods.

A rally in US stocks where the S&P 500 has doubled in value (from a 12 year low) in under two years was tempered by news that pro-democracy unrest in the Middle East had spread to Bahrain, Libya and Yemen post the successful removal of Mubarak in Egypt. A consequent spike in Brent crude to US\$120 per barrel, the highest level since August 2008, in concert with an unexpected rise in both US consumer prices and new claims for unemployment benefits weighed on markets that have exhibited lower than average volumes since the start of the calendar year.

On the mergers and acquisitions front, BHP Billiton agreed to buy shale gas reserves from Chesapeake Energy Corporation for US\$4.75 billion. Price Waterhouse Coopers reported that global mining mergers and acquisitions hit a record \$27 billion in the first one and a half months of calendar 2011.

Portfolio Action

As at the end of February, the net long position of the Fund was 66.4%, up from 64.7% as at the end of January. The gross exposure of the Fund was 94.4%, down from 98% a month earlier. In February the Fund reduced its shareholdings in Bandanna Energy, Doray Minerals and Bathurst Resources. Furthermore, the Fund exited long positions in ExxonMobil, REY Resources and Independence Group. Existing positions in Rio Tinto, BHP Billiton and BlueScope Steel were increased and new long positions were established in Petroleo Brasileiro, Kinross Gold Corporation and Integra Mining. The S&P/ASX Metals and Mining Accumulation Index gained 3.66% in February while the FTSE 350 Mining Index gained 3.32% in local currency terms. In North America, the S&P500 Metals & Mining Index gained 2.27% and the S&P/TSE Global Mining Index gained 2.27%.

Key Contributors

Key contributors to the portfolio's performance during February included ABM Resources (+30.77%), Bandanna Energy (+19.10%), Barrick Gold Corporation (+11.18%), Bathurst Resources (+11.17%) and Resource Generation (+22.88%).

Pengana Global Resources Fund February 2011 Update

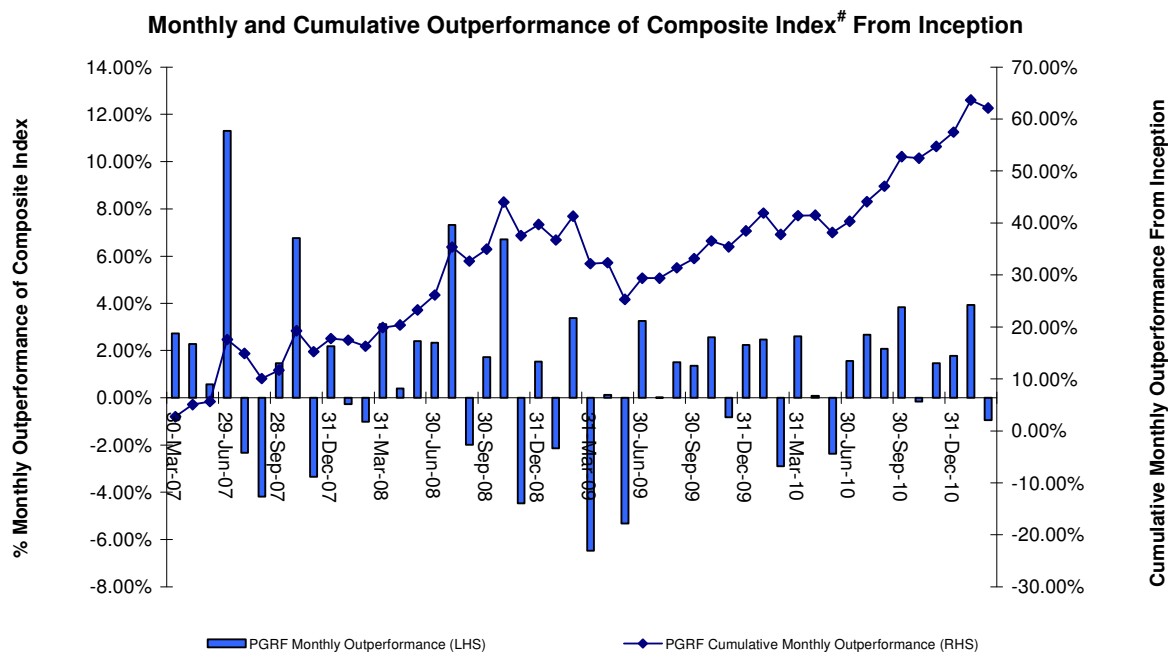


Fund Performance

Net Returns to 28 February 2011	Pengana Global Resources Fund	Composite Index *
1 Month	0.96%	1.92%
3 Months	9.80%	4.79%
6 Months	30.97%	19.06%
12 Months	41.80%	20.90%
2 Years	41.57% p.a.	31.39% p.a.
3 Years	11.13% p.a.	-1.96% p.a.
Since inception⁴	+19.75% p.a.	+5.03% p.a.

*75% HSBC Global Mining Total Return Index, 25% MSCI World Energy Accumulation Index denominated in AUD

Pengana Global Resources Fund – Monthly and Cumulative Outperformance of Composite Index # From Inception.



[#] 75% HSBC Global Mining Total Return Index, 25% MSCI World Energy Accumulation Index based in A\$

⁴ Inception date: March 2007, launch date: 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

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Pengana Global Resources Fund February 2011 Update



4 of 4

Commodity Price Changes for February 2011

Commodity	US\$ Price Change	A\$ Price Change	€ Price Change
Oil	5.07%	2.90%	4.25%
Gold	5.65%	3.48%	4.83%
Copper	1.41%	-0.76%	0.59%
Aluminium	1.97%	-0.20%	1.15%
Zinc	6.15%	3.98%	5.33%
Nickel	6.52%	4.35%	5.70%
Lead	-1.59%	-3.76%	-2.41%
Tin	7.19%	5.02%	6.37%

Portfolio Structure (as at end of February 2011)	
Number of Stocks	41
Gross Exposure	94.4%
Net Long Exposure	66.4%
Breakdown by Strategy	Pairs 21.58% Directional Long 81.68% Directional Short -3.26%

Top 5 Positions (in alphabetical order)
BHP Billiton
Integra Mining
Rio Tinto
Royal Dutch Shell Petroleum
Vale SA

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