

Pengana Global Resources Fund

March 2011 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.
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\$6.59m
Minimum Initial Investment Amount	A\$20,000	Application Price at Month End	A\$2.1893
Inception Date	March 2007 ⁴	Redemption Price at Month End	A\$2.1762
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) ^{3,4}													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	2.19%	0.96%	-1.15%										1.98%
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%

- **Japan's Tohoku earthquake and tsunami unsettled financial markets during March**
- **United Nations Security Council approved a "no-fly zone" in Libya**
- **Portugal's government collapses as Standard & Poor's downgrades both Greece and Portugal's credit ratings**

With unrest in North Africa and the Middle East escalating to a point where the United Nations declared a no-fly zone over Libya the oil price reflected increased concerns about security of supply with a gain of 10.12% over the month. Overall, commodity price movements were mixed during March, reflecting high levels of uncertainty about the implications of events such as Middle East and North African unrest, European sovereign debt woes and Japanese earthquake and tsunami. Gold (+2.13%), aluminium (+2.71%) and lead (+7.30%) all posted gains during the month. Conversely, copper (-4.65%), zinc (-6.42%), nickel (-9.57%) and tin (-1.94%) all moved lower in March. For the March quarter most commodities moved higher with tin (+17.42%) the standout, closely followed by oil (+16.79%). Zinc (-4.69%) was the worst performer of the base metals with copper (-3.49%) also losing ground since the beginning of 2011.

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.

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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Market Commentary

On 11th March 2011 the Tohoku earthquake and tsunami devastated Japan. The magnitude 9.0 earthquake was the most powerful earthquake ever experienced in Japan and was one of the five most powerful earthquakes since records began in 1900. Millions of households were left without electricity and water as a result of the combined effects of both earthquake and tsunami and over 13,000 people lost their lives. In addition, three nuclear reactors at the Fukushima Nuclear Power Plant had explosions which complicated recovery efforts due to the very real threat of nuclear contamination.

The Japanese sharemarket exhibited extreme volatility during March. At its weakest point the Nikkei 225 was down 22.5% from where it began the month, but managed to recover to finish March down 8.2%. Preliminary estimates of the impact of the Tohoku natural disaster see Japanese GDP impacted by around 1% and the cost of the rebuild could be as high as 25 trillion yen. Already the impact has been felt in the Japanese auto sector with March auto sales down 37% year on year.

North African and Middle Eastern tensions heightened during March when the United Nations Security Council voted in favour of imposing a "no-fly zone" in Libya to protect civilians and impose a ceasefire on the Libyan military. Unrest within the region continues to add to security of supply concerns in the near term and as a result the West Texas Intermediate oil price has risen from US\$91.28/bbl as at the end of 2010 to US\$106.61 as at the end of 2011.

European sovereign debt concerns continued to linger in March. Standard & Poor's cut its sovereign credit ratings for both Portugal and Greece during the month. Portugal's rating was downgraded to BBB- from BBB, with a negative outlook. BBB- is Standard & Poor's second lowest investment grade rating and is just one notch above junk status. Greece's rating, which is already at junk status, was lowered further from BB+, to BB-. The downgrade to Portugal's credit rating follows a tumultuous month where the country's government collapsed after it failed to ratify further austerity measures.

Portfolio Action

As at the end of March, the net long position of the Fund was 64.5%, down from 66.4% as at the end of February. The gross exposure of the Fund was 89.0%, down from 94.4% a month earlier. In March the Fund reduced its shareholding in Alkane Resources and exited positions in Avanco Resources, Berkeley Resources, Bursleson Energy and ConocoPhillips. Existing long positions in Petroleo Brasileiro, Teck Resources, ABM Resources and Xstrata were increased whilst a new position was established in GoldCorp Inc. The S&P/Metals and Mining Accumulation Index gained 1.54% in March while the FTSE 350 Mining Index gained 0.08% in local currency terms. In North America, the S&P500 Metals & Mining Index gained 1.41% and the S&P/TSE Global Mining Index gained 0.27%.

Key Contributors

Key contributors to the portfolio's performance during March included Alkane Resources (+63.52%), Bathurst Resources (+18.66%), BC Iron (-19.61%), Paladin Energy (-27.07%) and Resource Generation (+27.59%).

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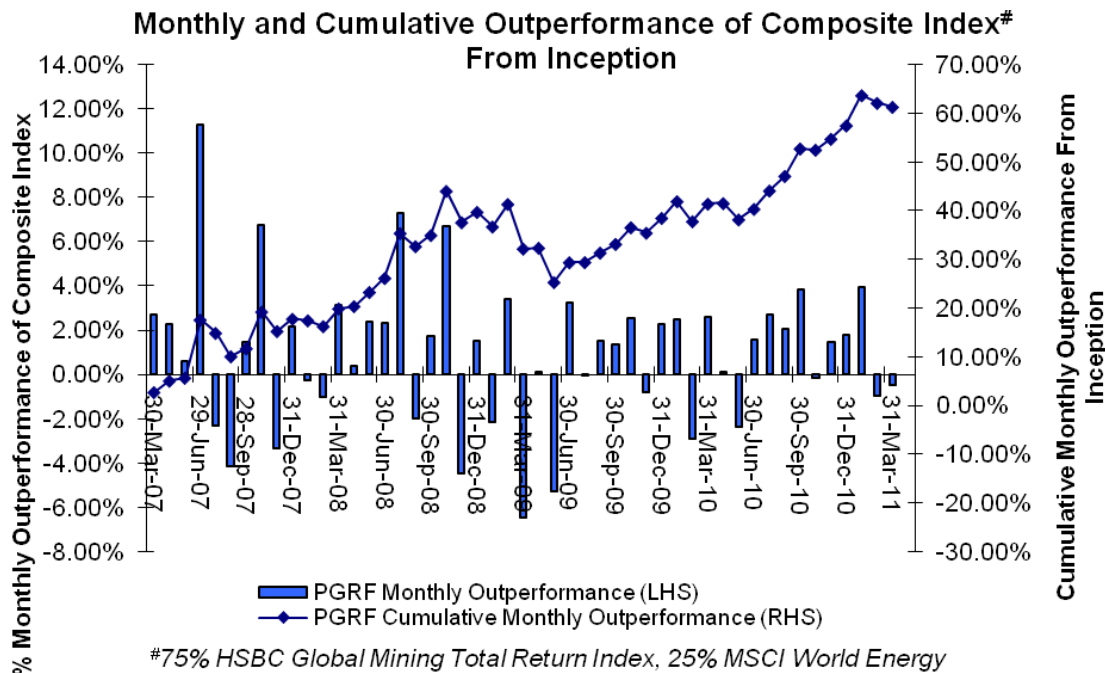


Fund Performance

Net Returns to 31 March 2011	Pengana Global Resources Fund ^{3,4}	Composite Index *
1 Month	-1.15%	-0.65%
3 Months	1.98%	-0.52%
6 Months	19.95%	13.63%
12 Months	27.66%	12.07%
2 Years	40.44% p.a.	26.65% p.a.
3 Years	11.70% p.a.	-0.20% p.a.
Since inception⁴	+18.97% p.a.	+4.76% 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.



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Commodity Price Changes for March 2011

Commodity	US\$ Price Change	A\$ Price Change	€ Price Change
Oil	10.12%	8.74%	7.59%
Gold	2.13%	0.75%	-0.40%
Copper	-4.65%	-6.03%	-7.18%
Aluminium	2.71%	1.33%	0.18%
Zinc	-6.42%	-7.80%	-8.95%
Nickel	-9.57%	-10.95%	-12.10%
Lead	7.30%	5.92%	4.77%
Tin	-1.94%	-3.32%	-4.47%

Portfolio Structure (as at end of March 2011)	
Number of Stocks	35
Gross Exposure	89.0%
Net Long Exposure	64.5%
Breakdown by Strategy	Pairs 21.31% Directional Long 81.41% Directional Short -2.72%

Top 5 Positions (in alphabetical order)
BHP Billiton
Integra Mining
Rio Tinto
Vale
Xstrata

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