

Pengana Global Resources Fund

April 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\$6.54m
Minimum Initial Investment Amount	A\$20,000	Application Price at Month End	A\$2.1865
Inception Date	March 2007	Redemption Price at Month End	A\$2.1734
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%	-1.15%	-0.13%									1.84%
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%

- **Silver price gained 27.1% during April**
- **China's central bank continued its tightening bias, raising rates for the fourth time since last October**
- **Standard and Poor's threatened to cut the United States' AAA credit rating unless the Federal budget deficit is meaningfully reduced within 2 years.**

Commodity prices, in US dollar terms, were broadly higher during April. The increase in commodity prices was buoyed by a weaker US dollar. The US dollar fell sharply during April with a fall of 4.62% against the euro and a fall of 6.22% against the Australian dollar. Silver was the stellar performer during the month registering a gain of 27.1% and as at the end of April had registered a gain of 156% in the past 12 months. In comparison gold registered a modest 8.09% gain during April and has gained 31% in the past 12 months. Lead (-6.95%) was the worst performer during April whilst zinc (-4.18%) and copper (-0.31%) also lost ground. On the other hand, aluminium (+6.62%), nickel (+2.03%), oil (+6.76%) and tin (+2.01%) all gained.

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.

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Market Commentary

US employment grew for a second straight month in March and the jobless rate hit a 2 year low of 8.8% after the largest four month decline since February 1984. US factory activity also grew strongly in March, but backed off a nearly 7 year high touched in February 2011. Investors responded favourably to the data, starting off April 2011 by lifting the Dow Jones Industrial Average to its highest level since June 2008 with the US dollar climbing to a more than 6 month high against the Yen.

China's Central Bank increased interest rates for the fourth time since October 2010, impacting metals and crude prices on fears that tighter policy will restrict the country's demand for commodities.

The European Central Bank (ECB) raised interest rates for the first time since the 2008 financial crisis. However, policy is still described as "accommodative" with the ECB "monitoring closely" price risks, with oil prices at a two and a half year high as some member economies continue to struggle with high debt.

The ensuing weakness in the greenback with record low interest rates and crushing weight of the US budget deficit saw the US dollar fall to a 3 year low against major currencies, propelling the gold price to record highs and silver to levels last seen in 1980. Brent crude futures settled above US\$126 a barrel, the highest level in 32 months on the weak dollar and fighting in Libya as prospects faded for a military overthrow of Gaddafi.

Credit rating agency Moody's cut Portugal's sovereign debt rating by one notch on belief that an incoming government would need to seek financing from the EU as a matter of urgency. Saying this, Moody's evaluation of Portugal's debt situation is still 2 notches higher than Standard and Poor's. Fears grew that Lisbon will also follow Greece and Ireland in asking the EU and International Monetary Fund for a bailout.

Following a major earthquake, tsunami and radioactive incident, the Japanese government stated that the world's third largest economy is now in a "severe condition". Several countries have restricted food imports from Japan over radiation fears. Compounding this is the damage to Japanese infrastructure and supply chains with power blackouts and restrictions, factory shutdowns and a sharp drop in tourism hitting the world's most indebted nation which faces a damage bill as high as US\$300 billion. Japan subsequently raised its nuclear crisis to the same level as Chernobyl.

Prices paid by US factories picked up in March as the disruption caused by Japan's earthquake began to be felt in the auto industry and fuel prices rose sharply. China and India both reported higher than expected inflation results, securing expectations of further tightening in the future.

Standard and Poor's threatened to downgrade the United States' AAA credit rating unless the government slashes the federal budget deficit within 2 years. US housing starts rebounded more strongly than expected after a weather impacted February, but a glut of housing on the market from foreclosed properties will make further gains difficult. Single family homes in the US fell for an eighth straight month in February, with prices in 20 cities falling 3.3% year on year to be at levels seen in 2003. The US Federal Reserve trimmed its growth forecast for 2011 economic growth to between 3.1% and 3.3% and restated that the Central Bank is in no rush to scale back stimulus as economic growth braked sharply in the first quarter as higher food and gasoline prices dampened consumer spending and sent inflation to its fastest pace in two and a half years.

Corporate activity continued through the month with commodity trader Glencore proposing to raise US\$12.1 billion through a dual listing in London and Hong Kong. Barrick Gold Corp. agreed to pay C\$7.3 billion cash for copper miner Equinox Minerals, trumping China's Minmetal's C\$6.3 billion cash bid.

Portfolio Action

As at the end of April, the net long position of the Fund was 65.9%, an increase from 64.5% as at the end of March. The gross exposure of the Fund was 93.3%, up from 89.0% a month earlier. In April the Fund exited its shareholdings in Paladin Energy, BlueScope Steel and BP plc. In addition, the fund added new positions in Ausdrill and Aquarius Platinum. The S&P/Metals and Mining Accumulation Index fell 1.98% in April while the FTSE 350 Mining Index gained 0.55% in local currency terms. In North America, the S&P500 Metals & Mining Index gained 0.13% and the S&P/TSE Global Mining Index gained 0.68%.

Key Contributors

Key contributors to the portfolio's performance during April included ABM Resources (+33.33%), Alkane Resources (+17.59%), BC Iron (+19.61%), Freeport McMoran Copper & Gold (-6.40%) and Goldcorp (+12.11%).

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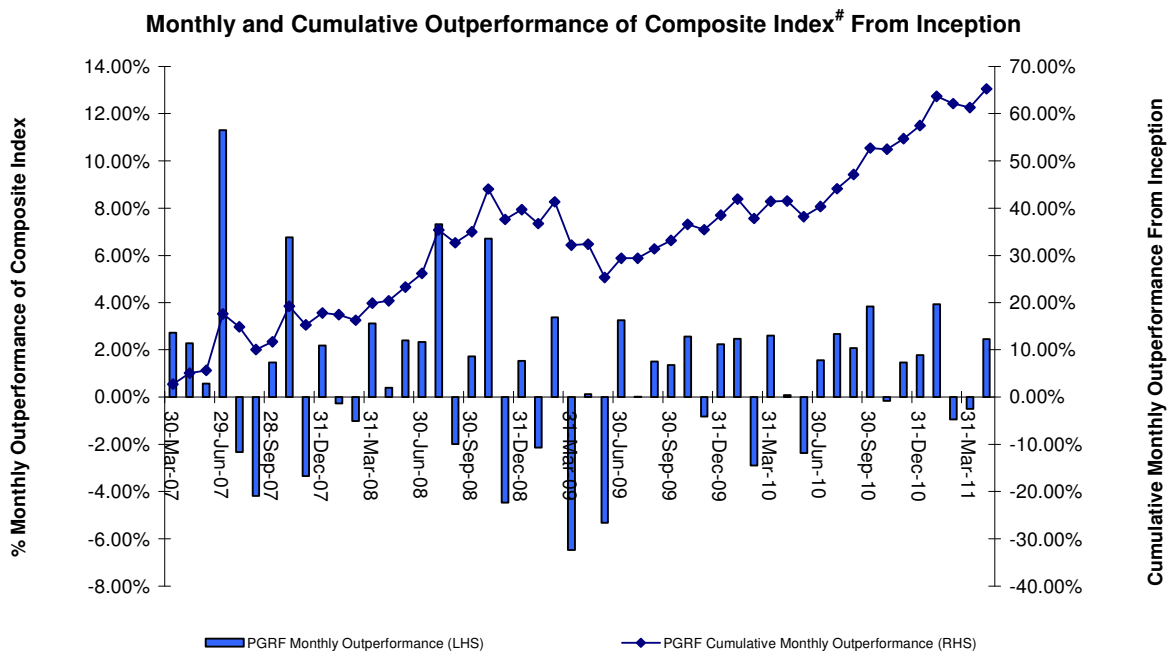
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Fund Performance

Net Returns to 30 April 2011	Pengana Global Resources Fund ³	Composite Index *
1 Month	-0.13%	-2.59%
3 Months	-0.34%	-1.38%
6 Months	13.82%	5.00%
12 Months	29.98%	11.38%
2 Years	36.28% p.a.	21.45% p.a.
3 Years	9.75% p.a.	-2.64% p.a.
Since inception⁴	+18.52% p.a.	+4.00% 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.^{3,4}



[#] 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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Commodity Price Changes for April 2011

Commodity	US\$ Price Change	A\$ Price Change	€ Price Change
Oil	6.76%	0.54%	2.14%
Gold	8.09%	1.87%	3.47%
Copper	-0.31%	-6.53%	-4.93%
Aluminium	6.62%	0.40%	2.0%
Zinc	-4.18%	-10.40%	-8.80%
Nickel	2.03%	-4.19%	-2.59%
Lead	-6.95%	-13.17%	-11.57%
Tin	2.01%	-4.21%	-2.61%

Portfolio Structure (as at end of April 2011)

Number of Stocks	40
Gross Exposure	93.3%
Net Long Exposure	65.9%
Breakdown by Strategy	Pairs 17.67% Directional Long 86.63% Directional Short -4.30%

Top 5 Positions (in alphabetical order)

BHP Billiton
Integra Mining
Rio Tinto
Vale
Xstrata

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