

Pengana Australian Equities Core Fund

June 2011 Update, by Rhett Kessler



Fund Description

The Pengana Australian Equities Core Fund aims to provide investors with an annualised return of 12 to 15%¹ over the medium term via a concentrated core portfolio of principally listed Australian securities. The Fund is managed out of Sydney, Australia and uses fundamental research to evaluate investments capable of generating the target return over the medium term.

Since inception in June 2008 the Fund has consistently protected capital and provided investors with a robust total return of **10.8%**² (compounded annually). If you had invested \$100,000 on 1 July 2008, your investment would be worth \$136,010² as at 30 June 2011. These returns are particularly pleasing given the very difficult investment environment as evidenced by the Reserve Bank's Cash Rate of **4.2%** p.a. and the Australian All Ordinaries Accumulation Index's (the share market's) negative return of **-0.2%** p.a. over the three year period.

Fund Features

Application Price at Month End	A\$1.2931	Redemption Price at Month End	A\$1.2867
Style	Fundamental	Current FUM Fund/Strategy	A\$39m / A\$59m
Investors	Retail & Wholesale Clients	Management Fees	1.025% p.a. of NAV (including GST, net of RITC)
Benchmark	The average of the daily target Australian Cash Rate used by the RBA	Performance Fees (quarterly)	10.25% (including GST, net of RITC) of increase in net asset value subject to the Australian Cash Rate and High Water Mark
Inception Date	30 June 2008	Minimum Initial Investment	A\$20,000

Fund Commentary

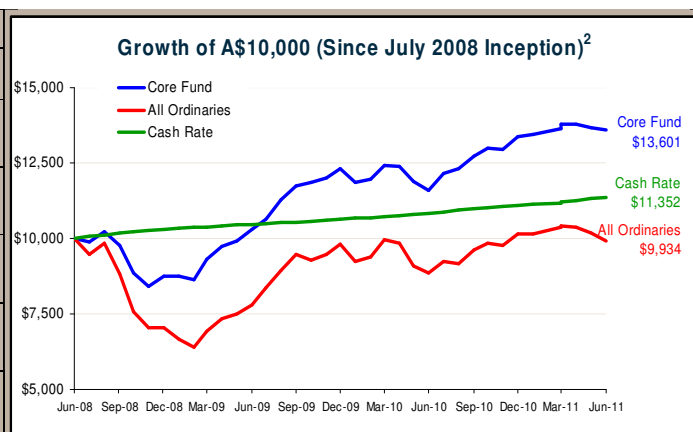
Fund Performance (A\$, net of fees) ²													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
2008/9	-1.0%	3.5%	-4.7%	-9.0%	-5.3	3.9%	0.2%	-1.4%	7.9%	4.4%	2.2%	3.7%	3.0%
2009/10	3.5%	6.1%	3.8%	1.2%	1.0%	2.5%	-3.6%	1.1%	3.6%	-0.2%	-4.0%	-2.5%	12.5%
2010/11	5.1%	1.1%	3.6%	1.8%	-0.1%	3.0%	0.7%	1.5%	1.0%	0.0%	-0.8%	-0.5%	17.4%

The Fund fell 0.5%² during June, net all fees and costs. By way of comparison the Australian All Ordinaries was down 2.4% for the month and the prevailing cash rate stood at 0.4% during the same period.

As at June 30th, cash represented **18%** of the fund. The top five holdings by value are: **DUET, NIB Holdings, CBA, Seven Group Holdings and McMillan Shakespeare**. Large positive contributors to the past month's performance included Metcash, Seven Group Holdings, Duet and Commonwealth Bank. The larger detractors included McMillan Shakespeare, NIB Holdings, Telstra, and Resmed. New holdings in Seven West Media and CSG Group were acquired during June. In addition the Fund bought Orica Preference Shares (essentially 5 month corporate bond yielding over 8% to maturity). Significant acquisitions to existing holdings during June included NAB, News Corporation, NIB Holdings CSL and Mermaid Marine. There were no significant disposals.

Net Returns to 30th June 2011²

	Pengana Core	Cash Rate	All Ords	Std Dev	Sharpe Ratio
1 Month	-0.5%	0.4%	-2.4%	N/A	N/A
3 Months	-1.3%	1.2%	-4.8%	N/A	N/A
6 Months	1.9%	2.3%	-2.0%	N/A	N/A
1 Year	17.4%	4.6%	12.2%	6.1%	2.08
3 year Annualised	10.8%	4.2%	-0.2%	11.8%	0.55



¹ This is not intended to be a forecast, but merely an indication of what the Fund aims to achieve over the medium to long term. The Fund may not be successful in meeting this objective. Returns are not guaranteed.

² Total return performance figures are derived from Managers' records and are shown after all fees and expenses, and assume reinvestment of distributions. Investments can go up and down. Past performance is not a reliable indicator of future performance. Inception date: 30 June 2008.

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