

MEDIA RELEASE

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Pengana shows how to perform in tough market

Sydney: Pengana Australian Equities Core Fund marks its 3 year anniversary by returning 10.8% (compounded annually, net of fees and expenses and assuming reinvestment of distributions) to its investors against a backdrop of low interest rates (4.2% p.a.) and a weak share market (-0.2% p.a.)

The Fund has achieved its primary objective of protecting investors' capital, while navigating through a difficult environment and generating a healthy return for investors. If you had invested \$100,000 on 1 July 2008 in the Pengana Australian Equities Core Fund, your investment would now be worth \$136,010 as at 30 June 2011 (assuming reinvestment of distributions), compared to \$113,517 invested in cash and \$99,337 invested in the All Ordinaries over the same period.

The Fund has a strong track record through a very difficult 3-year period, which proves that a good active fund manager can still make money in a tough market. The mandate has been crafted to reflect the Core Fund's objective which is to protect and enhance investor wealth on a consistent and repeatable basis. In order to achieve this, the Core Fund will go to cash if the fund manager cannot find value in the market. The Fund is not concerned with tracking the market; it will employ the most suitable strategies to meet its objective.

By way of comparison, most traditional equity funds have a mandate to be at least 90% to fully invested at all times in order to track the market, and as such these managers are at times forced to play the game of trying to lose less than the next guy during market downturns.

The Fund has achieved these exceptional returns through a commonsense approach to investing which clients can relate to, and through fundamental research which allows the investment team to develop a deep understanding of a company. This enables them to craft a robust investment thesis on each company, providing the foundation on which they can test this thesis over time. This means that the Fund doesn't exit stocks and get shaken out of the market at the wrong time, and can deploy cash to buy good companies when they are sold down.

"We can take advantage of opportunities when they arise. For example, we were able to deploy our cash reserve in March this year to take advantage of falls in high quality companies which shouldn't have been impacted by the catastrophic events in Japan," said Rhett Kessler, Fund Manager of the Pengana Australian Equities Core Fund.

Rhett Kessler is the Fund's biggest retail investor. He has undertaken not to invest outside of the Fund, a promise that always ensures alignment of interest between Rhett and the Fund's investors.

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NOTES TO THE EDITORS:

About Pengana Capital Ltd

Pengana Capital Ltd ("Pengana") is a diversified funds management business focused on delivering exceptional long term returns to its investors. It has approximately AUD1.4 billion in funds under management through ten funds, focusing on three central investment strategies – equities, volatility and bonds.

Pengana is headquartered in Sydney, Australia, with additional offices in Melbourne, Singapore, Chicago and Lakeville (Connecticut). Pengana has approximately 50 staff members including over 30 investment professionals. The National Australia Bank is a significant minority shareholder in Pengana, with the remaining shares majority owned by Pengana's directors and staff.

Pengana's performance and innovation has been recognised by the *AFR Smart Investor* Blue Ribbon Awards (2010), Australian Hedge Fund Awards (2010), *Money Magazine* Awards (2009), AIMA's Australia Hedge Fund Awards (2008), the *Money Management* awards (2008, 2007, 2006) and Standard & Poor's fund manager awards (2007).

For further information visit www.pengana.com.

Notes

Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services license number 226566) is the issuer of units in the Pengana Australian Equities Core Fund (ARSN 146 346 929) (the "Fund"). A product disclosure statement for the Fund is available and can be obtained from our distribution team. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana Capital Ltd and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana Capital Ltd nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund. Past performance is not a reliable indicator of future performance.