

Pengana Global Bond Fund

June 2011 Update, by Greg Clarke



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Fund Description

The Pengana Global Bond Fund (the Fund) uses a multi manager approach, investing with investment specialists in different debt asset classes to produce a global diversified bond portfolio. The characteristics of debt instruments vary widely requiring particular expertise for active management. Pengana has selected investment managers that demonstrate a superior understanding of the instruments in which they invest and the markets they trade in. The Fund invests in government bonds, mortgage and asset backed securities, corporate credit, senior secured back loans, emerging market debt and cash. The Fund's investments are managed within ranges to allow the Fund to take advantage of investment opportunities and manage risk. The exposure to international debt investments is hedged back into Australian dollars with the intention of limiting the Fund's exposure to currency risk.

Fund Features

Style	Multi manager	Management Fees¹ (monthly)	Class A: 0.2563%; Class B: 0% p.a.
Fund Benchmark	Barclays Global Aggregate Bond Index (hedged into Australian Dollars).	Performance Fees¹ (quarterly)	Class A: 10.25%; Class B: 20% p.a. (including GST net of RITC) over benchmark, net of fees
Fund Objective	To outperform, on an after fees basis and assuming distribution re-investment, the Fund Benchmark over rolling 5 year periods with lower risk ³	Underlying Manager Costs	Underlying investment management fees do not currently exceed 2% p.a. In addition, underlying managers may charge performance fees.
Fund Structure	Australian registered fund with daily pricing	Income Distribution	Annual
Minimum Initial Investment Amount	A\$20,000	Buy/Sell spread	0.10% / 0.10%
Inception Date	May 2009	Assets Under Management	A\$85.0m

Fund Commentary

Fund Performance (Class A Units, A\$, net of fees and after reinvestment of distributions)²													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.6%	0.7%	0.8%	1.1%	0.9%	0.5%							4.8%
2010	1.0%	0.6%	1.9%	1.1%	-0.1%	1.0%	0.6%	1.1%	1.2%	0.9%	-0.2%	-0.1%	9.2%
2009					1.6%	0.5%	1.5%	1.4%	1.1%	0.7%	0.5%	0.7%	8.2%
Fund Performance (Class B Units, A\$, net of fees and after reinvestment of distributions)²													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.6%	0.7%	0.8%	1.1%	1.0%	0.6%							4.8%
2010	1.1%	0.6%	1.8%	1.1%	-0.1%	1.0%	0.7%	1.1%	1.3%	1.0%	-0.2%	0.0%	9.5%
2009										0.7%	0.5%	0.6%	1.8%
Barclays Global Aggregate Index (A\$)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.1%	0.5%	0.3%	1.2%	1.4%	0.2%							3.9%
2010	1.4%	0.8%	0.6%	0.9%	1.2%	1.2%	1.1%	2.1%	0.2%	0.3%	-0.7%	0.0%	9.3%
2009					0.4%	1.1%	1.5%	1.3%	1.0%	0.5%	1.3%	-0.6%	6.7%

The Class A units delivered a return of 0.5%² in June and outperformed the benchmark return of 0.2%. Since inception the Class A units of the Fund have returned 10.4%pa² versus the benchmark return of 9.2%pa. The mortgage, bank loan and cash portfolios all contributed to performance for the month with treasuries and the global credit portfolio detracting from returns.

Slowing U.S. and China growth prospects and Greek sovereign concerns weighed heavily on investors in June. While traditional safe havens like U.S. Treasuries, U.K. Gilts, and German Bunds enjoyed an initial rally at the start of the month, investors began to sell these bonds by month end, leading to flat to negative returns. There was no place to hide in June as asset classes, including equities, high yield, investment grade corporate credit, and treasuries all posted low returns for the month.

¹ Please refer to the Product Disclosure Statement for more detail.

² Total return performance figures are shown net of all fees and charges and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance. The value of investments may rise and fall.

³ This is not intended to be a forecast. It is only an indication of what the Fund aims to achieve over the medium to long term. The Fund may not be successful in meeting its objective. Returns are not guaranteed.

Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services license number 226566) is the issuer of units in the Pengana Global Bond 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.

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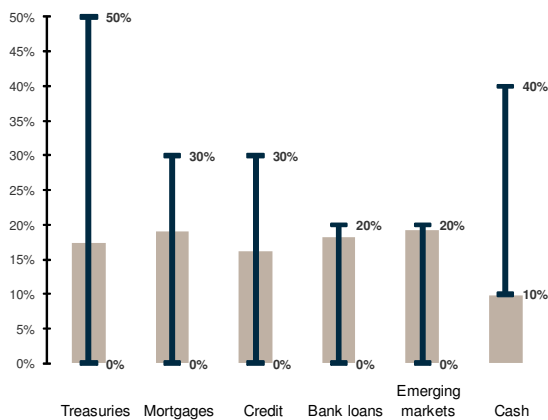


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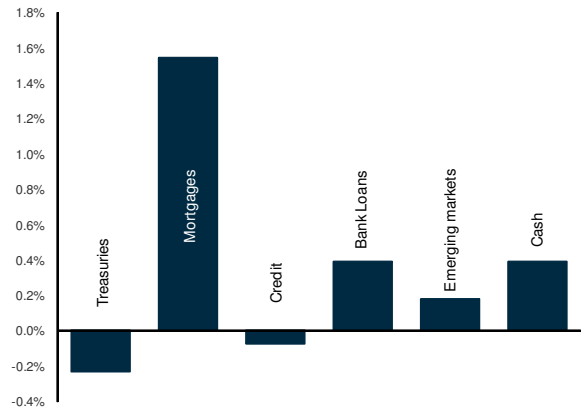
With a heightened level of risk, spreads widened across the rating spectrum this month. However, bank loans held up relatively well as lower credit ratings were relatively resilient and due to their floating rate characteristics. The mortgage exposures in the portfolio performed well as the manager takes little duration exposure. In addition, its overweight to more "seasoned" mortgage pools provided additional security.

Emerging Market external debt again showed strong resilience ending the month in positive territory. In the emerging space, the environment is quite different with a number of countries experiencing an upgrade by the major ratings agencies. Colombia's sovereign rating was upgraded by Moody's; Colombia is now rated investment grade by both Moody's and S&P. The Philippines and the Dominican Republic also received an upgrade. However, China released a set of economic data that seemed to imply that an orderly slowdown is on the cards. Weaker growth should be seen as a positive to allow a soft landing of the economy towards a more sustainable pace. Elsewhere in Asia, a number of central banks tweaked interest rates as inflation continued to remain on the agenda. India and Thailand increased rates while Indonesia held their rates static.

Current asset allocation and ranges*

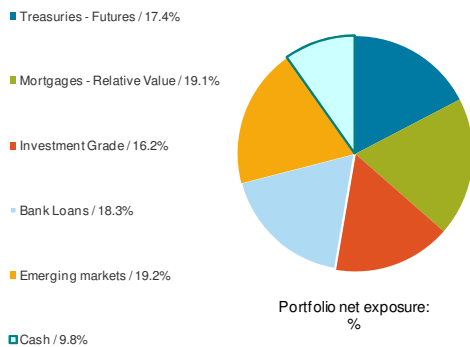


Monthly performance by asset class**



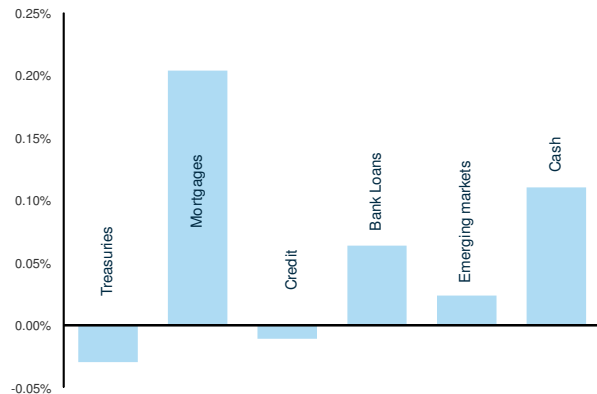
* Adjusted for applications/redemptions and manager changes at month end.

Manager allocations by asset class***



** Manager Estimate. These may change.

Monthly attribution by asset class****



*** Adjusted for applications/redemptions and manager changes at month end.

**** Manager estimate. Attribution is indicative only and may change.

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