Pengana Global Bond Fund
July 2011 Update, by Greg Clarke

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 Fees [1] (monthly)**	Class A: 0.2563% Class B: 0% p.a.
Fund Benchmark	Barclays Global Aggregate Bond Index (hedged into Australian Dollars).	**Performance Fees [1] (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$86.4m

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%	1.9%						6.8%
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%	1.9%						6.8%
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%	1.5%						5.4%
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 1.9%[2] in July and outperformed the benchmark return of 1.5%. Since inception the Class A units of the Fund have returned 10.9%pa[2] versus the benchmark return of 9.6%pa. With the exception of the mortgage portfolio all sectors contributed to performance for the month with treasuries and the global credit portfolio the best performers.

During July, events in the US deteriorated as both sides of the political fence struggled to agree terms on raising the debt ceiling. Although an agreement has now been reached, thus avoiding a US default, it has had a meaningful impact on investor confidence as there are growing concerns about the impact austerity measures are likely to have on an already soft US economy. Within the EU, sovereign debt issues continued when Greece was downgraded. Italian bond yields also spiked to unsustainable levels and Portugal was rated sub-investment grade by Moody's.

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[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.

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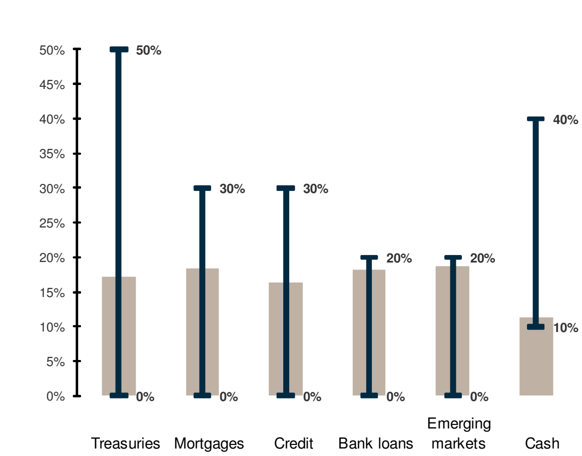
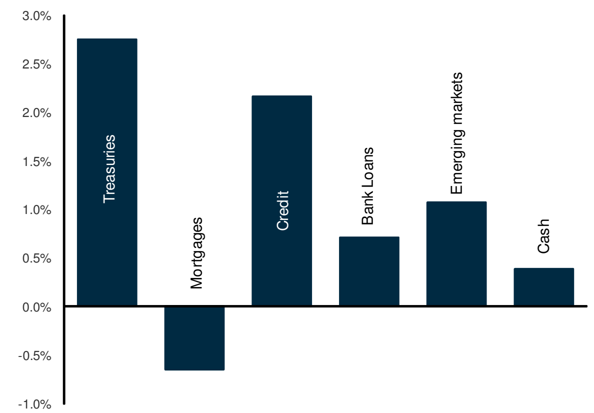
Corporate credit proved resilient in July. Coupons helped minimise volatility and strong fundamentals provided investors with a good degree of comfort. Companies in general are well capitalised and their bonds, unlike equities, do not require strong growth to generate attractive returns. One takeaway from the sovereign debt crisis is that corporate balance sheets are generally in better shape than those of many sovereigns and offer the significant advantage of transparency. In contrast to sovereign indebtedness, with all of its political and social uncertainties, corporate credit risk is more easily analysed and we continue to believe that investors are being well compensated for the risk they are taking with corporate bonds.

While global markets remained volatile over the course of the month, Emerging Markets held up well despite US and European sovereign debt worries increasing. Emerging external debt reached a new high, as technicals remain strong, and the asset class is increasingly being accepted as a valid alternative to US Treasuries. As we move through a resolution of these global issues, indicators in Emerging Markets point to a better scenario in the second half of 2011; indicators are positive in much of the emerging universe with inflation appearing to be peaking and rate hikes ready to pause.

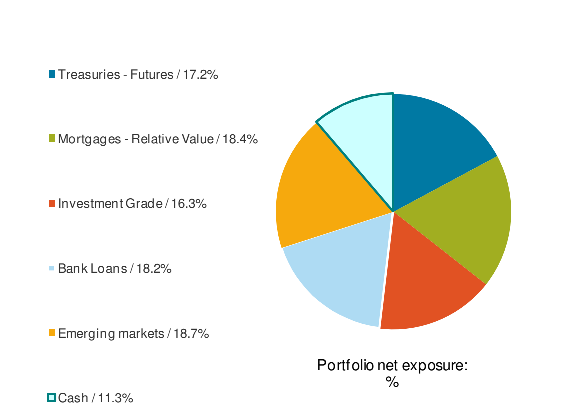
Current asset allocation and ranges



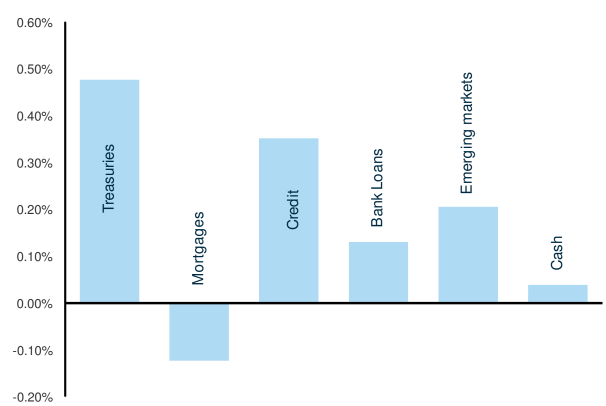
Monthly performance by asset class



Manager allocations by asset class



Monthly attribution by asset class



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