

Pengana Global Bond Fund

August 2011 Update, by Greg Clarke



1 of 2

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\$82.9m

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%	-0.4%					6.4%
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%	-0.4%					6.4%
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%	1.7%					7.2%
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 -0.4%² in August and underperformed the benchmark return of 1.7%. Since inception the Class A units of the Fund have returned 10.3%pa² versus the benchmark return of 10.0%pa. In an absolute sense, the major detractor was the Fund's exposure to bank loans while the treasury position and exposure to mortgages contributed to performance. On a relative basis the Fund's underweight to sovereign debt hurt performance.

The first 10 days of August tell the story of this volatile and difficult month. On August 5, 2011, S&P downgraded the credit rating of the United States to AA+ from AAA, setting the stage for a major correction in the securities market. Rumours of a French sovereign downgrade, weak economic data and GDP revisions added to investor fears of a double dip recession. U.S. Treasuries, U.K. Gilts, and German Bunds rallied in a flight to quality as investors still considered these government bonds to be safe havens, while gold reached all-time highs. Equities, on the other hand, experienced sharp declines in August.

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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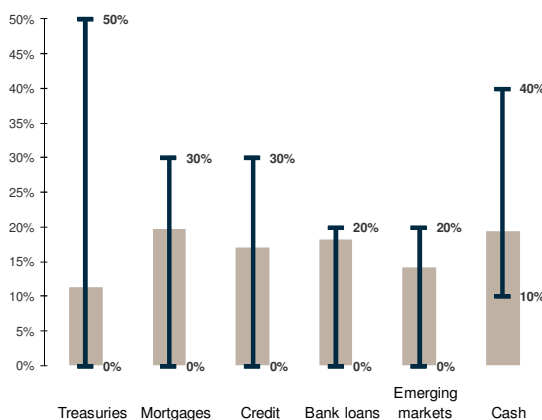
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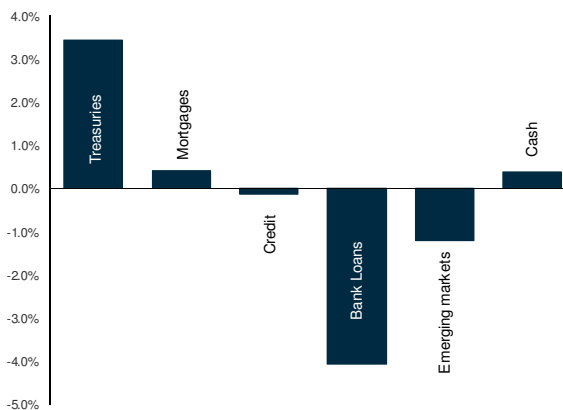
Investors sold risk-assets en masse in the first half of the month, forcing funds to raise liquidity wherever they could. This resulted in higher quality, liquid names experiencing the sharpest declines in the first half of the month. These subsequently rallied the most in the second half of the month. Credit's August sell-off was driven by factors outside of company fundamentals, similar to all temporary corrections over the past two years. In contrast to the macro news that negatively impacted the market, were generally positive and corporate earnings were mostly in-line or above expectations. Although the credit market will be subject to volatility based on macro and sovereign fears, we believe current spreads represent an attractive buying opportunity based on corporate credit fundamentals. Investors are being more than compensated for the corporate credit risk they are taking.

While there were very few hiding places, Emerging Markets performed relatively well. Fundamentally, emerging markets are stronger compared with developed markets which can be seen in their resilience over the month. Emerging market currencies suffered as most emerging currencies lost ground in August. A degree of silver lining was the fact that emerging market currencies on the whole experienced only moderate losses.

Current asset allocation and ranges

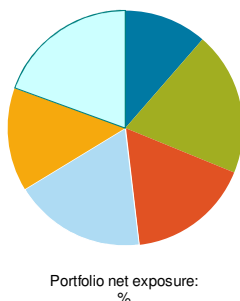


Monthly performance by asset class

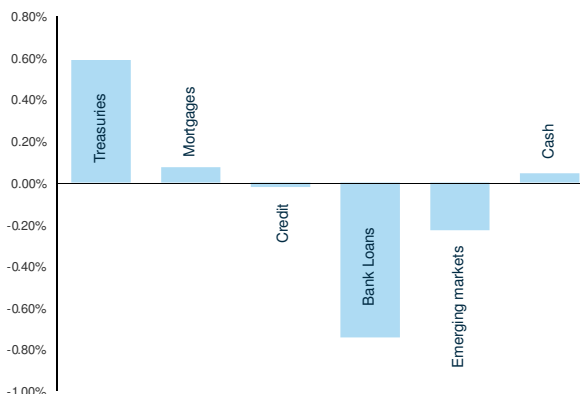


Manager allocations by asset class

- Treasuries - Futures / 11.4%
- Mortgages - Relative Value / 19.8%
- Investment Grade / 16.9%
- Bank Loans / 18.2%
- Emerging markets / 14.2%
- Cash / 19.5%



Monthly attribution by asset class



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