

Pengana Global Bond Fund

November 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%; Class C 0.3% p.a.
Fund Benchmark	Barclays Global Aggregate Bond Index (hedged into Australian Dollars).	Performance Fees¹ (quarterly)	Class A: 10.25%; Class B: 20%; Class C 15% p.a. (incl. 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\$81.1m

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%	-0.9%	2.2%	-0.6%		7.1%
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%	-0.9%	2.2%	-0.6%		7.2%
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%

Fund Performance (Class C 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%		-0.6%

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%	1.1%	0.3%	-0.2%		8.5%
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 -0.6%² in November and underperformed the benchmark return of -0.2%. Since inception the Class A units of the Fund have returned 9.5%pa² which is line with the benchmark return. Driving performance this month were negative returns from the investment grade credit and emerging markets. In a relative sense underperformance was primarily driven by the emerging market exposure.

Global markets retreated in November after October's strong market rally although the month did end positively following coordinated central bank intervention to provide liquidity in G10 markets. October's rally was essentially driven by the EU's

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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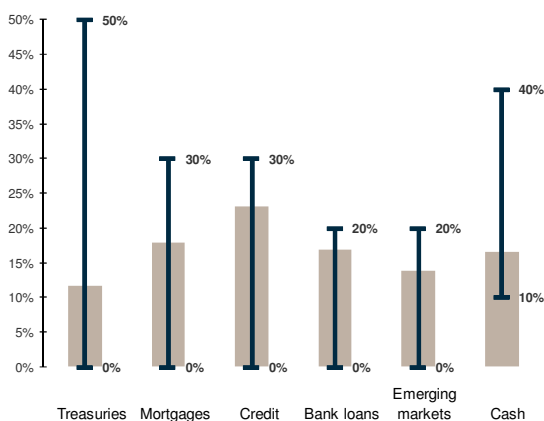
proposal to fix the Eurozone debt crisis. However, that optimism soon receded as investors quickly realised that the solution provided very little detail on how the EFSF would be expanded. The Eurozone crisis brought about government change in Greece and Italy with both Papandreou and Berlusconi stepping down and being replaced by unelected technocrats. Soon after bond yields in all Eurozone countries began to rise culminating in poor bond sales in Spain, France and surprisingly Germany. Away from Europe, unsurprisingly, the US debt super committee failed to agree on ways to cut fiscal spending. This now increases the downside risks to US growth. Towards the end of the month, markets rallied strongly in relief at the coordinated central bank intervention to provide liquidity. Whilst this doesn't change anything fundamentally, it does provide the EU with a bit of breathing space.

Corporate bond returns continued to be driven by news out of Europe. Investment grade and hi yield spreads widened resulting in negative returns. There were two high profile defaults during the month as MF Global (investment grade) and American Airlines (hi yield) filed for bankruptcy, neither of which are in the portfolio. While default rates are unlikely to significantly increase given strong corporate fundamentals it does highlight importance of using conservative managers in credit markets.

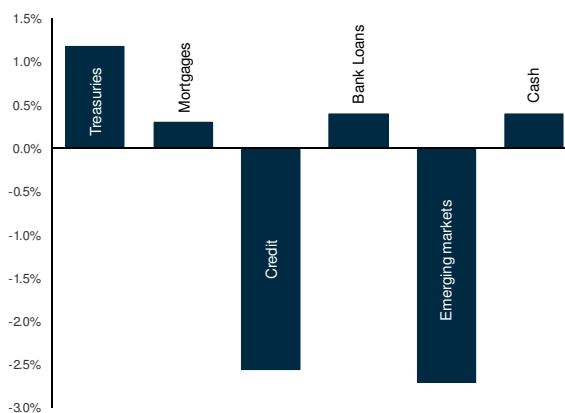
Although sentiment in the Emerging Markets remains strong they remain vulnerable to market volatility surrounding the Eurozone. This was particularly the case with Local Currency debt that gave back 3% in November. However Emerging Markets have the capacity and policy tools to act in the event of slowing growth. Indonesia cut rates by 50 bps and Thailand also cut rates but by 25 bps as it looks to kick start the economy after the recent flooding. Chinese inflation declined in October while investment, retail sales and industrial production came in line with expectations. China also announced a 50bp cut in the bank reserve ration requirement.

Markets have traded on events in Europe for some time now and we expect continued volatility going forward. However fundamentals in both emerging markets and corporate credit remain strong and we expect them to continue to reward investors over the medium term.

Current asset allocation and ranges

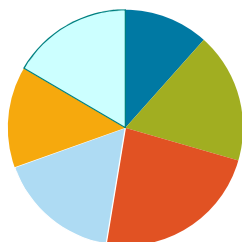


Monthly performance by asset class



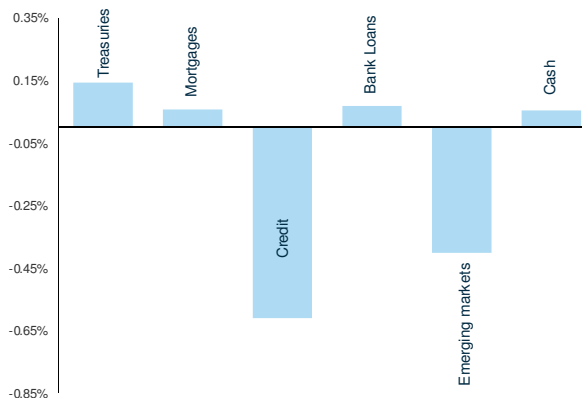
Manager allocations by asset class

- Treasuries - Futures / 11.6%
- Mortgages - Relative Value / 17.9%
- Investment Grade / 23.2%
- Bank Loans / 16.9%
- Emerging markets / 13.9%
- Cash / 16.6%



Portfolio net exposure: %

Monthly attribution by asset class



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