Pengana Global Resources Fund
December 2011 Update

PENGANA CAPITAL

Fund Description

The Pengana Global Resources Fund provides investors with equity exposure to companies within the global mining, energy, steel, commodities and associated services sectors. The Fund is managed out of Melbourne, Australia and uses multiple strategies to profit from inefficiencies in the pricing of companies in its investment universe. Among the strategies utilised by the Fund is the ability to be both long and short securities which allows market volatility to be better managed.

Fund Features

Style	Fundamental, Long bias, Long Short	**Management Fees [1] (monthly)**	1.54% p.a.
Fund Aim	To achieve a performance in excess of 15% p.a.[2]	**Performance Fees [1] (quarterly)**	20.5% of the performance above the Index*
Investors	Open	**AUM at Month End**	A$5.85m
Minimum Initial Investment Amount	A$20,000	**Application Price at Month End**	A$1.5293
Inception Date	March 2007	**Redemption Price at Month End**	A$1.5202
Index*	**75% Global Mining Total Return Index, 25% World Energy Accumulation Index denominated in AUD*	**Identification Code(s)**	ARSN 142 322 361 APIR PCL0003AU

Fund Commentary

- The US economy continues to show signs of recovery.
- Market scepticism remains over efforts to resolve the Euro-zone's sovereign debt issues.
- China eases loan restrictions after both inflation and manufacturing activity fall.

Lingering concerns about global economic growth weighed heavily on commodity prices during December. The price of gold fell 10.48% during the month as long speculative positions were unwound. Despite a sharp sell-off in December the gold price managed to record a gain of 10.23% for 2011. Oil (-1.53%) fell slightly during the month, but along with gold was one of few exchange traded commodities to register a positive movement for 2011 with a gain of 8.30%. Copper (+2.01%) and nickel (+7.94%) both registered gains despite solid headwinds during December. However, 2011 was not a good year for industrial metals with copper finishing the year down 22.44% and nickel finished down 26.76%. Lead (-0.28%) and aluminium (-0.33%) were both little changed during December, but recorded falls of 23.46% and 19.93% respectively for the year.

Fund Performance (A$, net of fees) [3]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD**
2011	2.19%	0.96%	-1.15%	-0.13%	-1.37%	-1.60%	-0.55%	-3.06%	-10.59%	6.06%	1.58%	-5.00%	**-12.80%**
2010	-5.88%	0.54%	9.79%	-1.91%	-2.05%	-3.66%	3.94%	2.50%	7.93%	5.25%	5.01%	6.43%	**30.07%**
2009	2.43%	0.05%	0.45%	6.05%	6.01%	-2.35%	8.61%	0.24%	5.58%	1.70%	9.88%	5.44%	**53.07%**
2008	-7.53%	8.67%	-2.68%	5.29%	6.20%	0.30%	-4.27%	-1.99%	-20.28%	-12.45%	-6.16%	-0.39%	**-32.87%**
2007			1.59%	4.91%	9.03%	11.51%	1.07%	-3.89%	10.84%	10.06%	-3.02%	0.16%	**49.13%**

[1] Including GST less any reduced tax input credits. Please refer to the Information Memorandum for a more detailed explanation.

[2] This is an objective only. No guarantee can be given that this objective will be achieved

[3] Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance. The value of investments can go up and down.

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Market Commentary

The US economy continues to show encouraging signs of recovery, albeit off a low base. The unemployment rate for the month of November decreased to 8.6%, weekly claims for jobless benefits dropped to a 3.5 year low, and US consumer sentiment improved to its highest level in six months. Furthermore, pending sales of previously owned homes jumped to a 2.5 year high in November, indicating better than expected conditions in the housing market, while inflation remains ostensibly unchanged.

China cut its reserve requirement ratio by 50 bps as manufacturing in November 2011 shrank for the first time in three years. Year on year Chinese inflation decreased to 4.2% from 5.5%, evidencing the effects of tighter policy and heightening the prospects of a loosening in policy. Brazil and Australia cut their benchmark interest rates by 50 bps and 25 bps respectively. The European Central Bank cut rates by 25 bps and further stimulated by providing unlimited three year loans, eased collateral requirements, and cut its reserve ratio to 1 percent of total assets. Despite this, the Market's response was muted as Mario Draghi, the President of the European Central Bank played down expectations of the ECB increasing its purchases of sovereign bonds.

A highly anticipated meeting of the Euro-zone's Heads of States resulted in an agreement in principle that will promote closer financial integration. However, as previously seen, a lack of detail for this agreement was met with a subdued response by the Market. Also worthy of note is Britain's decision not to join this treaty. Ratings Agencies continued to remain skeptical of the progress made in the Eurozone, with Standard & Poors putting 15 Eurozone countries on credit watch, Fitch stating that the comprehensive solution to the Eurozone problem is beyond reach, and Moody's downgrading Belgium's credit rating by two notches. Despite this, pleasingly, Italy saw its debt costs decrease in bond auctions made at the end of December.

Portfolio Action

As at the end of December, the net long position of the Fund was 66.0%, down from 67.7% as at the end of November. The gross exposure of the Fund was 92.1%, down from 96.7% a month earlier. In December the Fund exited long positions in Crusader Resources and Bandanna Energy. The S&P/ASX Metals and Mining Accumulation Index fell 4.50% in December and was down 26.3% for the 2011 year. The FTSE 350 Mining Index fell 4.14% in December and finished 2011 down 29.68%. In North America the S&P500 Metals and Mining Index fell 8.44% in December and down 26.52% for 2011. The S&P/TSX Global Mining Index fell 10.04% in December and finished 2011 with a loss of 26.11%.

Key Contributors

Key contributors to the portfolio's performance during December included Iluka Resources (+6.16%), Royal Dutch Shell Petroleum (+6.61%), ExxonMobil (+5.37%) and Mirabela Nickel (-24.32%).

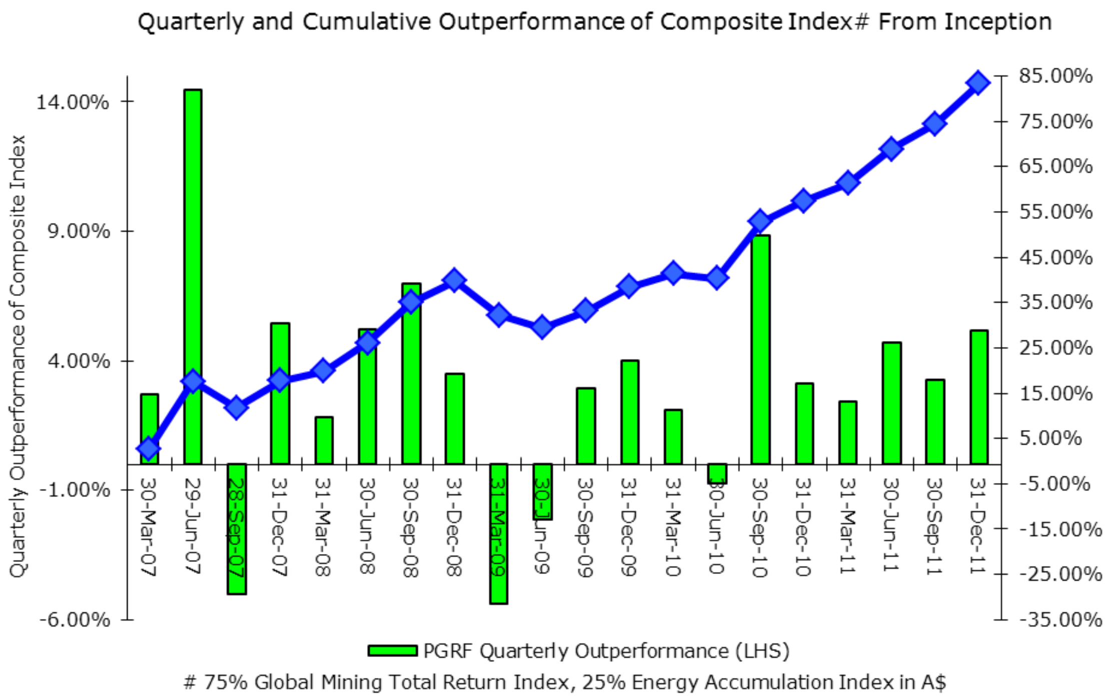
Fund Performance

Net Returns to 31st December 2011	Pengana Global Resources Fund[3]	Composite Index *
1 Month	-5.00%	-6.86%
3 Months	2.35%	-2.77%
6 Months	-11.78%	-18.97%
12 Months	-12.80%	-25.47%
2 Years	6.50% p.a.	-7.64% p.a.
3 Years	20.19% p.a.	9.11% p.a.
Since inception[4]	**+12.12% p.a.**	**-2.06% p.a.**

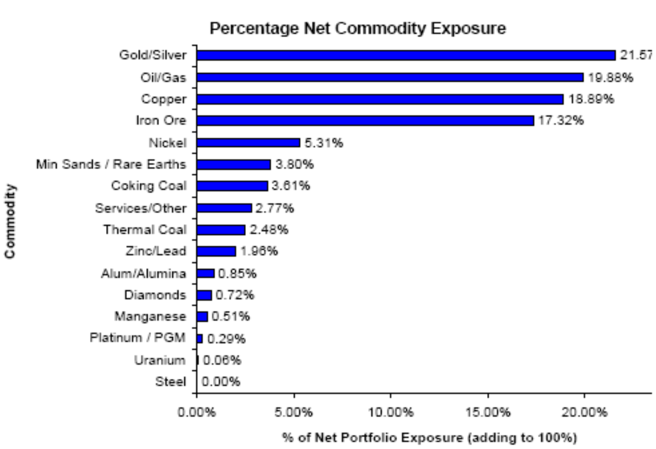
**75% Global Mining Total Return Index, 25% World Energy Accumulation Index denominated in AUD*

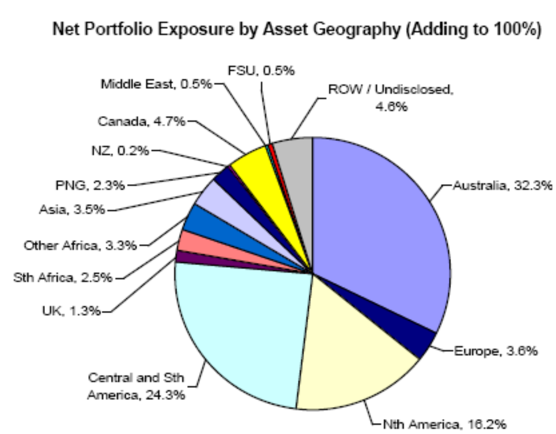
[4] Inception date: March 2007, launch date: September 2007. March 2007 – September 2007: Performance of internal fund seeded by Pengana Capital. Past performance is not a reliable indicator of future performance. The value of investments can go up and down

Pengana Global Resources Fund – Quarterly and Cumulative Outperformance of Composite Index # From Inception[3,4].



Portfolio Commodity and Geography Exposures for December 2011





Commodity Price Changes for December 2011

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Commodity	US$ Price Change	A$ Price Change	€ Price Change
Oil	-1.53%	-0.86%	2.21%
Gold	-10.48%	-9.81%	-6.74%
Copper	2.01%	2.68%	5.75%
Aluminium	-0.33%	0.34%	3.41%
Zinc	-5.92%	-5.25%	-2.18%
Nickel	7.94%	8.61%	11.68%
Lead	-0.28%	0.39%	3.46%
Tin	-5.72%	-5.05%	-1.98%

Portfolio Structure (as at end of December 2011)	
Number of Stocks	30
Gross Exposure	92.1%
Net Long Exposure	66.0%
Breakdown by Strategy	Pairs 22.36% Directional Short 1.87% Directional Long 75.77%

Top 5 Positions (in alphabetical order)
Antofagasta
BHP Billiton
Freeport McMoran Copper & Gold
Rio Tinto
Xstrata

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