Pengana Asia Special Events Fund Onshore January 2012

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Fund Description

The Pengana Asia Special Events Fund (the "Fund") fully invests in the A$ Class of the Pengana Asia Special Events (Offshore) Fund ("the Offshore Fund"). The Offshore Fund employs an event-driven investment strategy that seeks to exploit the mispricing of securities of companies involved in corporate transactions within the Asian (including Japan and Australia) region. The Offshore Fund invests in events such as mergers and acquisitions, corporate reorganisations, capital management initiatives, index changes, earnings surprises, equity-capital structure arbitrage, holding company arbitrage and directors' trades. Where appropriate, investments in these situations will be combined with the systematic hedging of broad market risk. The Fund aims to provide investors with consistently positive annual returns irrespective of Asian stock market conditions.

Fund Features

Style	Asia-Pacific event-driven	**Management Fees [1]**	1.50% p.a. (charged at the Offshore Fund level)
Comparative Benchmark	-FTSE Asia Pacific Index -HFR Event Driven Index	**Performance Fees [1]** **(annually)**	20.5% p.a. of any increase in the NAV greater than the hurdle (the average of the daily RBA cash rate for the relevant month)
Investors	Retail and Wholesale	**AUM (Fund/Strategy)**	A$15.8 Million/US$52.4 Million
Minimum Initial Investment	A$20,000	**Identification Codes**	APIR: PCL0004AU ARSN: 145 116 810
Inception Date Fund/Strategy	1st Sep 2010 / 1st Oct 2008	**A$ Price at Month End**	A$1.1126

Performance Summary Onshore Fund A$ share class (net of fees)[2]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	1.5%												**1.5%**
2011	0.8%	0.9%	0.2%	1.1%	1.3%	0.5%	1.7%	-0.4%	-1.1%	1.5%	0.6%	1.3%	**8.8%**
2010									2.8%	1.3%	0.9%	-0.1%	**5.0%**

The Fund has been operating since 1 September 2010. To give a longer term view of our performance in this asset class we have included below the since inception returns for the Australian dollar denominated class of the Offshore Fund (into which the Fund is fully invested) adjusted to reflect the different fees which apply to the Fund.

Performance Summary Offshore Fund A$ share class (net of fees)[2]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	1.3%	-1.0%	0.9%	1.5%	-2.3%	1.0%	1.0%	1.8%					**4.2%**
2009	0.7%	1.8%	0.0%	2.3%	4.4%	0.7%	1.4%	0.7%	-1.0%	0.5%	1.9%	1.1%	**15.4%**
2008										11.8%	2.1%	-0.7%	**13.4%**

Performance Summary and Risk Statistics Offshore A$ share class (net of fees)[3]

1 month return [3]	**1.5%**	**Volatility**	**6.1%**
3 month return [3]	**3.4%**	**Sharpe Ratio: (ØRfr=4.25%)** **Risk Reward Ratio:**	**1.7** **2.4**
6 month return [3]	**3.4%**	**Max drawdown**	**-2.3%**
1 year return [3]	**9.5%**	**Positive months**	**80%**
Since inception p.a. [3] (1 Oct 2008)	**14.6%**	**Beta [4]**	**0.11**

[1] Please refer to the Product Disclosure Statement (PDS) for a more detailed explanation.

[2] Total return performance figures are shown after all fees and charges and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance. The value of investments can go up and down.

[3] These performance figures show the returns of the Pengana Asia Special Events Fund (Onshore) ("Fund") from inception on 1 September 2010 to the current date and, for the period prior to 1 September 2010, the since inception returns for the Australian dollar denominated shares issued by the Pengana Asia Special Events (Offshore) Fund ("Offshore Fund") adjusted to reflect the different fees which apply to the Fund. The strategy inception date is 1 October 2008. The Fund is fully invested into the Offshore Fund. Total return performance figures are shown after all fees and charges. Past performance is not a reliable indicator of future performance.

[4] FTSE Asia Pacific Total Return Index

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Fund Commentary

The Fund finished up 1.5%[2] for the month of January 2012, compared to the FTSE Asia Pacific Index which closed +8.1% and the HFR Event Driven Index which closed +2.8%. The rally in risk assets was a reflection of growing optimism that the European sovereign crisis was nearing a resolution. Implied volatility continued declining and the VIX index found consolidation at a level of 18. As part our systematic hedging process, the Fund accumulated a long position in the VIX at attractive levels. Average gross-net exposure during the month averaged 120%/7% respectively.

Asian Event Landscape

January was a slow month for the M&A markets in Asia, with just 10 deals announced that met our investment criteria. In fact, January 2012 was the slowest month for M&A activity in the last 5 years in our investment universe. We attribute this to the uncertainty in the markets in the last quarter of 2011 which made corporations hold back on bringing deals to the market. Deal activity continues to be concentrated in the mid market capitalization space, with only 1 transaction announced in January having deal value greater than USD1 billion. As market volatility declines, we anticipate deal activity to pick up given the high correlation with general market conditions. In addition, we continue to expect deal activity to be concentrated in the mid market capitalization space as corporations look to earnings accretive strategic deals financed through internal cash on the balance sheet. By end January, the Fund was actively monitoring 38 live situations across Asia with deal count spread as 16 in Australia (42%), 9 in Japan (23%) and 13 in rest of Asia (35%). Earnings season kicked off in Japan with the 3Q results season in mid-January. Overall, Japanese company earnings have been relatively weak with misses out numbering beats by 60% as many Japanese motor and electronics companies with operations in Thailand were impacted by the floods there. The strong yen also has been weighing on the Japanese exporters. The wide dispersion in the earnings has presented numerous trading opportunities.

M&A Events

The first new deal the Fund added to the portfolio during 2012 was Exxaro Resources (EXX SJ) bid for African Iron (AKI AU). The deal has been structured as a tender offer of A$0.51/share (conditional on 50% acceptance) being stepped up to A$0.57 if acceptances reach 75%. The critical element of the stepped up consideration is monitoring Equatorial Resources (EQX AU) decision on whether they would tender, as they presently own ~19% of African Iron. Although acceptances can still reach the key 75% level without Equatorial given support from other major shareholders and significant risk arbitrage participation, Equatorial's support for the tender would significantly de-risk the transaction. In Taiwan, the Fund exploited a unique trading opportunity in Greatek Electronics (2441 TT) in a partial takeover approach from Powertech Technology (6239 TT) at TWD25.28/share. With all regulatory approvals in place, the key condition of this trade was the acceptance level being between 30%-51%. The deal would fail if acceptances were to fall below 30% while any acceptances above 51% level were to be equally pro-rated among accepting shareholders (in the process lowering the blended consideration). The Fund initiated a position at TWD24/share, implying a gross and annualized spread of 5.3% and 33% respectively. The Fund's detailed share registry turnover analysis concluded that final acceptance levels were to fall safely at ~40% level, implying a full pro-rate on any tendered shares. The large price inefficiency was a due to a lack of risk arbitrage participation in the Taiwan market and a lack of sell side event coverage in this name which the Fund managed to exploit. In Malaysian risk arbitrage activity, the Fund initiated a position in Proton Holdings (PROH MK) after Khazanah's sale of the 43% stake to DRB-Hicom (DRB MK) triggered a mandatory general offer. With the minimum acceptance condition met by DRB's on market purchases, we view this as a safe rate of return trade annualizing an attractive 9%.

Stubs

The month saw the creation of a new holding company structure when Swire Pacific (19 HK) spun off its real estate assets through a separate listing of Swire Properties (1972 HK). The Fund shorted Swire Pacific and hedging the exposure through a long position in Swire Properties as the market was mispricing the holding company discount. From our experience, the price inefficiency in newly created holding company structures is most pronounced at inception due to liquidity factors (index and long only funds activity) which is unsustainable in the medium term. By month end, this trade had contributed to 10bps in performance towards the Stub strategy. The Fund also shorted the Singtel (ST SP) stub as it rallied to 52 weeks high as a funding short. The stub value had fallen by ~5% since initiating the short against rallying Asian markets.

Directional Strategies (Earnings Surprise & Capital Management)

The busy Japanese reporting season and the volatile earnings presented excellent trading opportunities for the directional book. The Fund initiated a long position in Advantest (6857 JT) as the reported results marked the bottom for the company in terms of earnings. For the whole of 2011, the company had been missing expectations as demand for its semiconductor testing devices was weak. Although the company reported 3Q results that fell to losses, guidance for the 4Q was positive possibly signifying a turnaround in the company. Following results, we initiated a long position in the stock and by the end of the month we were up by 10%. We saw a similar situation in Leighton (LEI AU), an Australian construction company. The company had de-rated substantially after guiding for huge losses in April 2011 due to provisioning for its projects in the Middle East. In mid January, the company provided positive guidance for its upcoming interim results. This gave comfort that the cost overruns were in the past and the stock promptly rallied. We captured a return of more than 10% by end January. In terms of earnings which shocked the market, we initiated a short position in Fuji Electric (6702 JT). The company reported a loss in 3Q and lowered guidance which allowed us to book absolute return of 6% in the trade. In the months ahead, we expect gross exposure in the directional book to increase as companies start reporting full year numbers to the market. The macro headwinds of the past year had made earnings forecast less reliable and our expectations is a larger dispersion of misses/ beats would present excellent trading opportunities for the Fund to capture Alpha.

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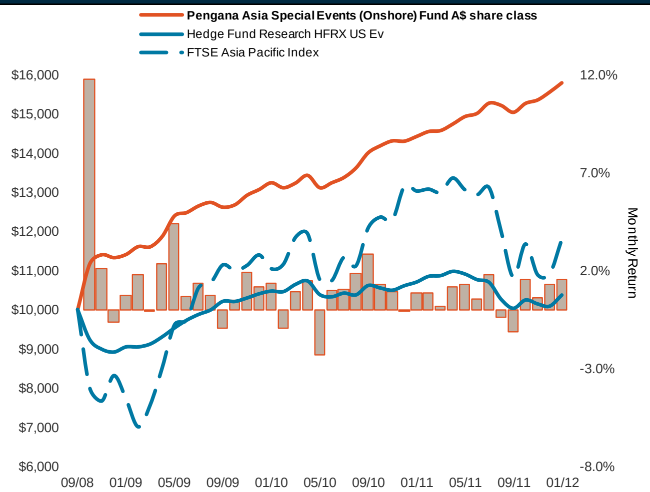
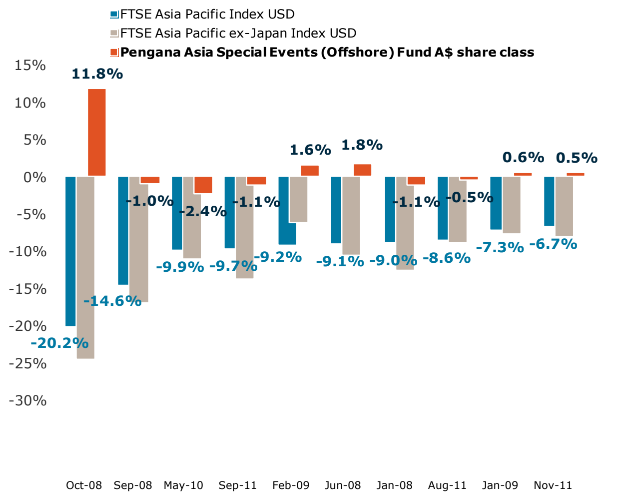
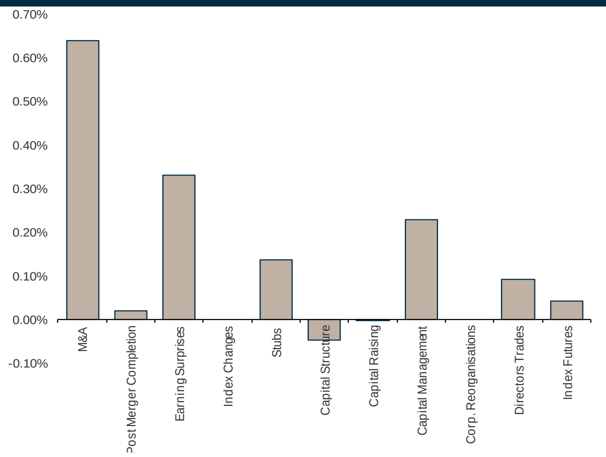
Monthly Returns Since Inception [3]



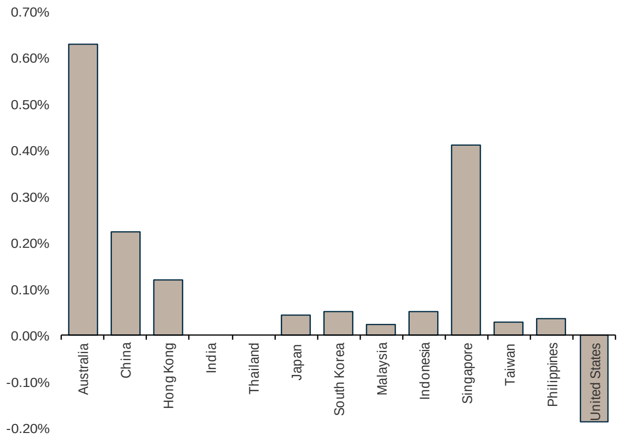
Comparison During Down Months [3]



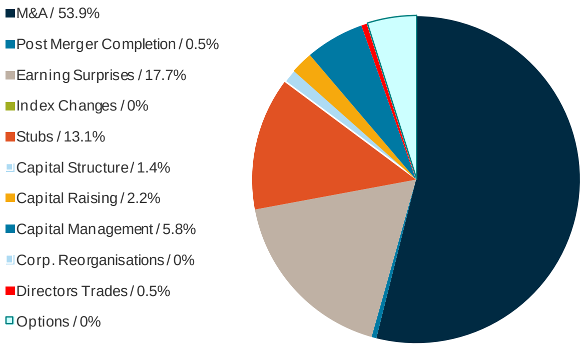
Monthly Contribution by Strategy



Monthly Contribution by Region



Gross Exposure by Strategy



Exposure by Region as a Percentage of NAV

Country	Gross	Adj Gross*	Net	Adj Net*
Australia	42.7%	14.5%	24.3%	5.1%
China	10.9%	4.6%	3.1%	-3.3%
Hong Kong	26.5%	15.8%	12.2%	3.9%
India	0.0%	0.0%	0.0%	0.0%
Indonesia	1.2%	1.2%	1.2%	1.2%
Japan	13.0%	10.9%	2.6%	2.0%
Korea	0.0%	0.0%	0.0%	0.0%
Malaysia	8.1%	0.0%	8.1%	0.0%
New Zealand	0.0%	0.0%	0.0%	0.0%
Singapore	12.4%	1.8%	10.0%	-1.1%
Philipines	0.0%	0.0%	0.0%	0.0%
Taiwan	2.0%	0.0%	2.0%	0.0%
Thailand	0.0%	0.0%	0.0%	0.0%
United States	1.7%	1.7%	0.8%	-0.8%
Total	**118.7%**	**50.6%**	**64.5%**	**7.2%**

*** Excluding M&A and capital structure arbitrage and not beta adjusted**

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Contact Details

Pengana Capital Limited ▪ 8 Eu Tong Sen Street, #19-85 The Central, Singapore 059818, ▪ T +65 6593 6020, www.pengana.com
Pengana Capital Limited ▪ Level 12, 167 Macquarie Street, Sydney, NSW 2000, Australia ▪ T +61 2 8524 9900 ▪ F +61 2 8524 9901
ABN 30 103 800 568, AFSL 226566

For further information, please visit our website at www.pengana.com or contact:

Senior Fund Manager: Antonio Meroni, +65 6593 6023, +61 2 8524 9912, antonio.meroni@pengana.com

Advisors: Damian Crowley, +61 2 8524 9970, damian.crowley@pengana.com