



SUPERVISED HIGH YIELD FUND

Supervised High Yield Fund
Performance Report
31 December 2011

Key Facts

APIR SIA0001AU

Fund Commencement	31 st March 2009
Legal Structure	Wholesale Managed Investment Trust
Base Currency	Australian Dollar
Investment Horizon	Recommended 3 – 5 years plus.
Benchmark	RBA Cash Rate + 1.00%.
Hedging	Currency Hedged
Distribution Policy	Annual; interest and capital gain receipts
Dealing Day for Fund Redemptions	Last business day of every month
Entry Fee	Nil
Exit Fee	Nil
Management Fee	1.25%pa
Performance Fee	20% (plus GST) of any return above the Benchmark subject to annual high watermark
Minimum Investment	AUD100,000.00
Additional Investment	AUD100,000.00

Objectives of the Fund

The objective of the Supervised High Yield Fund (SHYF) is to deliver high yield returns from liquid marketable investments whilst avoiding the risk of losing invested capital.

Investment Management

The SHYF management process is founded on the philosophy of “conservative opportunism.” The management of the SHYF is headed by Philip Carden who since 1980 has specialised in managing and trading all forms of risk in the global debt securities market. All investment decisions for the fund are reviewed and approved by the board of Supervised Investments Australia Limited.

Investment Policy

SHYF is managed using the Supervised Theory of Absolute Returns (STAR). This process uses economic analysis and asset research combined with historic worst case stress testing to search out and discover the best risk reward investment opportunities in the debt market.

Fundamental to STAR is a tenet that no debt security will qualify for investment unless it can repay 100% of its principal and interest obligations in a worst case economic environment.

Performance at 31 December 2011

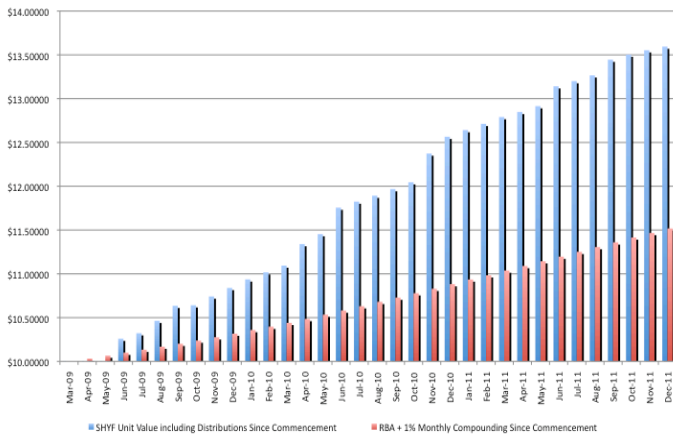
NAV: AUD 12.2589 per unit	December 2011	Past 3 months	Past 6 months	Past 1 year	Past 2 years	Past 3 years	Since Commencement
SHYF (%)	0.31	1.11	3.45	8.20	24.30	-	36.33
RBA + 1 (%) Benchmark	0.45	1.39	2.87	5.84	11.24	-	15.18
Relative Returns (%)	-0.14	-0.28	0.55	2.36	13.06	-	21.15
Standard Deviation (%)	-	-	-	-	-	-	2.63
Sharpe Ratio	-	-	-	-	-	-	2.83

Calendar year results	2011	2010	2009 (April to Dec)
SHYF (%)	8.20	15.92	8.39
RBA + 1 (%) Benchmark	5.84	5.48	3.17
Relative Returns (%)	2.36	10.44	5.22

Past Performance is no guarantee of future performance and no guarantee of future performance is implied.

SHYF Since Commencement

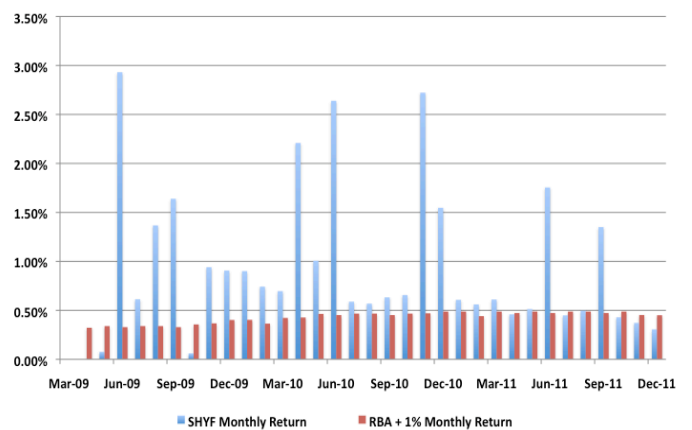
SHYF unit value since commencement including distributions



This chart illustrates the value of \$10.00 invested in the SHYF since its commencement date of 31st March 2009, compared with the value of \$10.00 invested in the SHYF's Benchmark, the Reserve Bank of Australia Cash Rate plus 1.00%. All distributions have been reinvested in new units in the SHYF at the prices available on the date the distributions were paid.

Monthly Returns vs Benchmark

SHYF Monthly Return vs Benchmark



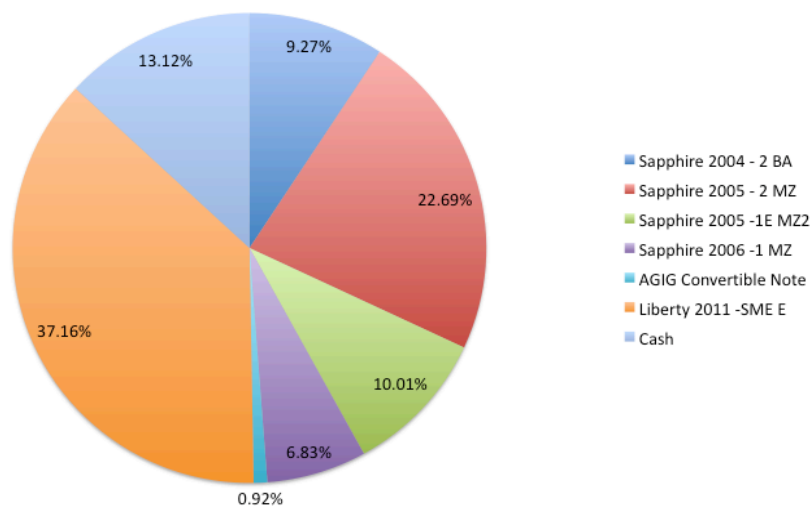
This chart illustrates the monthly performance of the SHYF since its commencement date of 31st March 2009, compared with the monthly performance of the SHYF's Benchmark, the Reserve Bank of Australia Cash Rate plus 1.00%. All distributions have been reinvested in new units in the SHYF at the prices available on the date the distributions were paid.

Portfolio Holdings

Security Description	Last Month's Value (\$)	This Month's Value (\$)	% Change	Market Value End of Month (\$)	% Of Portfolio
Sapphire 2004 – 2 BA	95.78	95.96	0.19	1,247,436	9.27
Sapphire 2005-2 MZ	88.37	86.40	-2.28	3,053,529	22.69
Sapphire 2005-1 MZ2	88.65	88.56	-0.10	1,347,128	10.01
Sapphire 2006-1 MZ	85.33	85.30	-0.04	918,558	6.83
Liberty 2011 – SME E	100.00	100.00	0.00	5,000,000	37.16
AGIG Convertible Note	1.33	1.30	-2.31	124239	0.92
Cash	-	-	-	1,765,279	13.12

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Asset Concentration %





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How to Apply

Applications can be made by completing the Subscription Form contained in the Information Memorandum and posting or faxing it to the Fund's Administrator TMF FundServices (Australia) Pty Ltd. Units will be issued on the first day of each month. The Information Memorandum can be downloaded from the website www.supervisedfund.com.au. Please contact Mr Phil Carden or any of the Directors for further information.

The minimum initial investment is AUD100,000 if the investor meets the definition of a Wholesale Client; refer to the Information Memorandum for details.

Trustee

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