



Key Facts

APIR SIA0002AU

Fund Commencement	1 st December 2007
Legal Structure	Wholesale Managed Investment Trust
Investment horizon	Recommended 3 – 5 years plus.
Benchmark	RBA Cash Rate + 1.00%
Base currency	Australian Dollar
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 an annual high water mark
Minimum Investment	AUD 100,000.00
Additional Investment	AUD 100,000.00

Fund Objective

The objective of The Supervised Fund (TSF) is to deliver competitive returns from global equities whilst avoiding the risk of losing capital.

Investment Management

The investment manager of TSF is Mr. David Constable AM. Mr. Constable was a member of the ASX from 1961 until 1998 and during that time was Chief Executive and Senior Partner of two different stockbroking firms. He has considerable experience in the Financial Planning industry as Chairman of Directors of a large Australian firm and a Director of Towry Law PLC. Mr. Constable founded Supervised Investments Limited in 1999 while he was a resident of the UK living in London.

Investment Policy

The management process is founded on the philosophy of “conservative opportunism”. Through its proprietary investment management software, the *Supervised System*, TSF harnesses global data gathering capabilities to identify investment opportunities independent of geography or sector. Opportunities are screened through criteria and following further research, investments may be made.

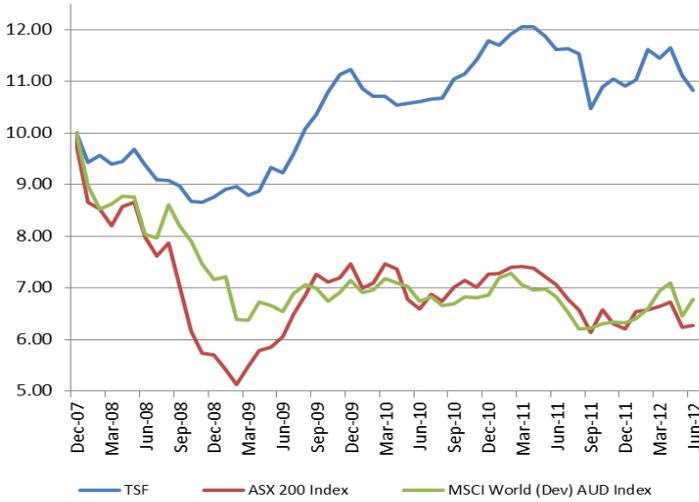
The portfolio is typically comprised of long positions in a range of global equities, investments in managed funds, currencies and occasionally commodities.

Performance at 30 June 2012

NAV: AUD 9.5451 per unit	3 months	6 months	1 year	2 years	3 years	Inception
TSF (After Perf. Fees) %	-5.44	-0.75	-6.81	1.98	17.37	8.23
MSCI World (AUD) %	-2.43	7.16	-0.58	0.48	3.51	-32.24
ASX 200 %	-5.54	0.94	-11.14	-4.81	3.53	-37.32
Excess Return on MSCI World (AUD) %	-3.01	-7.91	-6.23	1.50	13.87	40.47
Excess Return on ASX 200 %	0.11	-1.69	4.33	6.79	13.84	45.56

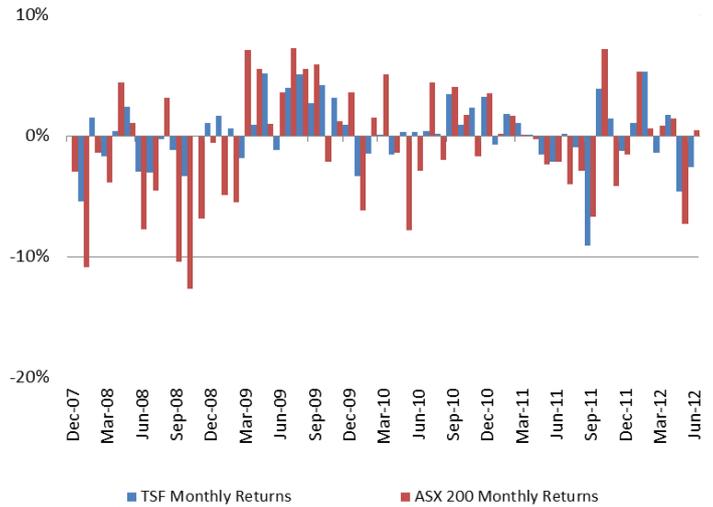
Financial Year	2011-2012	2010-2011	2009-2010	2008-2009	2H 2007-2008
TSF (After Perf. Fees) %	-6.81	9.43	15.10	-1.73	-5.81
MSCI World (AUD) %	-0.58	1.06	3.01	-18.52	-19.15
ASX 200 %	-11.14	7.13	8.76	-24.17	-17.74

The Supervised Fund Since Inception



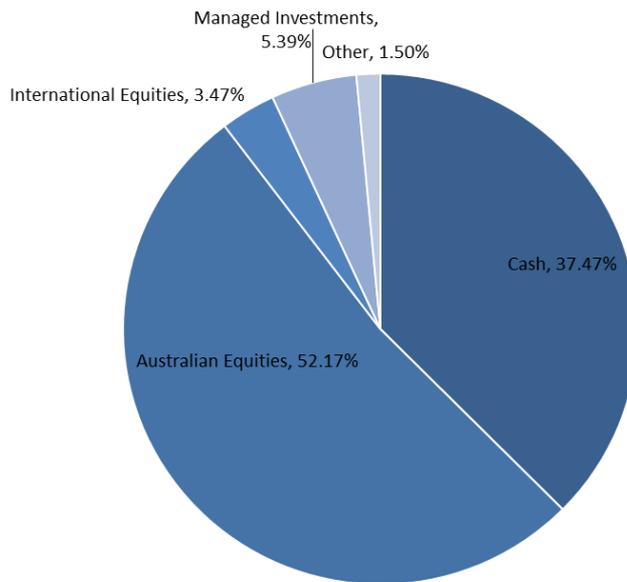
This chart illustrates the value of \$10.00 invested in TSF since inception in November 2007, compared with the value of \$10.00 invested in the ASX 200 and the MSCI World Dev (AUD).

Monthly Returns vs ASX 200



This chart illustrates the monthly performance of TSF since inception in November 2007, compared with the monthly performance of the ASX 200.

Portfolio Analysis



Top Equity Holdings

Company	Main Business	Country	Net Assets
Sirtex Medical Limited	Biotechnology	Australia	8.92%
Domino's Pizza Enterprises Limited	Food	Australia	5.89%
NIB Holdings Limited	Accident and Health Insurance	Australia	5.47%
RuralAus Investments Limited	Lumber, Wood Production	Australia	4.33%
Pancurri Investments Limited	Managed Investments	Bermuda	3.34%
Gold Bullion Sec. Ltd	Gold	Australia	3.27%
Mintails Limited	Gold	Australia	3.08%
Hunter Hall Limited	Ethical Investments	Australia	2.98%
HGL Limited	Conglomerate	Australia	2.75%
Gage Roads Brewing Co Limited	Brewing	Australia	2.42%
Yellow Brick Road Holdings Limited	Financial Services	Australia	2.28%
Number of Positions Held			39
Net Assets (AUD)			\$ 13,961,815.30

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

Comment from the Chairman

The past twelve months have seen significant levels of volatility in global financial markets. The Supervised Fund (TSF) has weathered these winds relatively well, outperforming the ASX 200 by 4.33%. Since inception TSF has outperformed the ASX 200 and MSCI World Developed (AUD) Indices by 45.56% and 40.47% respectively. TSF's 12 month returns have exceeded those of the ASX 200 in all but 6 of our 55 months of operation. Those who invested in London based Supervised Investments Limited (merged with TSF in 2009) experienced similar levels of outperformance; over the last decade of operation Supervised Investments Limited achieved an average annual return of 11.2%.

TSF's proprietary investment tool, the *Supervised System* has been responsible for much of our success. The *Supervised System* screens global financial markets for securities possessing fundamental criteria. We look at 10 key indicators including minimum market capitalisation, earnings ratios, sales growth, and shareholders ownership of the business. Such screening generally returns several hundred opportunities; management then refines these securities further based on technical indicators, sector analyses and finally broker research before investments are made. This investment means that TSF's portfolio is primarily comprised of small- mid cap global equities. Securities of this nature tend to outperform during good times and underperform during difficult times. TSF's recent outperformance is a testament to our propriety system; we have been able to minimise capital losses whilst investing in growth sectors.

This being said, I am somewhat disappointed with TSF's most recent returns, and must take responsibility. For the past several months I have been bullish on Gold and have weighted into gold producing companies accordingly. Such a view has proven to be premature: it is my opinion that Gold will climb in the coming months, TSF is well placed to take advantage of this.

In the 2011 Annual Report I voiced my expectation for Japanese and South Korean Equities to outperform, as a result of this TSF weighted into the region. Over the first 9 months of financial year 2012 the South Korean KOSPI and Japanese MSCI Indices outperformed the ASX 200 by 6.5% and 9% respectively. In the March 2012 Investment report I commented my expectation for South Korean outperformance to come to an end and TSF exited positions accordingly. Since March 31 the KOSPI has lost 2.41% against the ASX 200.

One of the holdings I would like to highlight is Sirtex Medical Limited (ASX: SRX). Sirtex is a medical company which researches, develops and commercialises medical products for the treatment of Liver Cancer. The flag-ship technology has been proven to significantly extend the lifespan for approximately 5% of all late stage Liver Cancer sufferers. TSF initially invested in Sirtex some years ago, the stock is currently our largest shareholding. The stock has surged recently on a 26% quarter over quarter sales advancement; it has now seen dosage sales increase for the past 32 consecutive quarters. Current sales levels, although impressive, represent less than 1% of the market potential- It is for this reason I continue to believe in this stock.

For the months ahead, I expect to see continued volatility in global Equity markets, and will retain a cash allocation in the range of 30-40% of the portfolio. I do not believe we have seen an end to the European debt issues and anticipate a headwind to Asian Growth. In the US, I believe 'election frenzy' may exacerbate volatility. Australia's two speed economy continues to disappoint and the current government's economic management seems to be affecting investor confidence. However, there are always opportunities to be taken advantage of. I feel confident that our recognition of the current climate, combined with our powerful proprietary tool, will ensure continued performance of TSF. Investors prepared to take a longer term view could find this a favourable time to consider investing in TSF.

David Constable AM
Chairman
Supervised Investments Australia Limited



THE SUPERVISED FUND

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 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.

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