



## Key Facts

## APIR SIA0002AU

Fund Commencement	1 <sup>st</sup> 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 & realised capital gain receipts
Dealing Day for Fund Redemptions	First 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 25,000.00
Additional Investment	AUD 25,000.00

## 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.

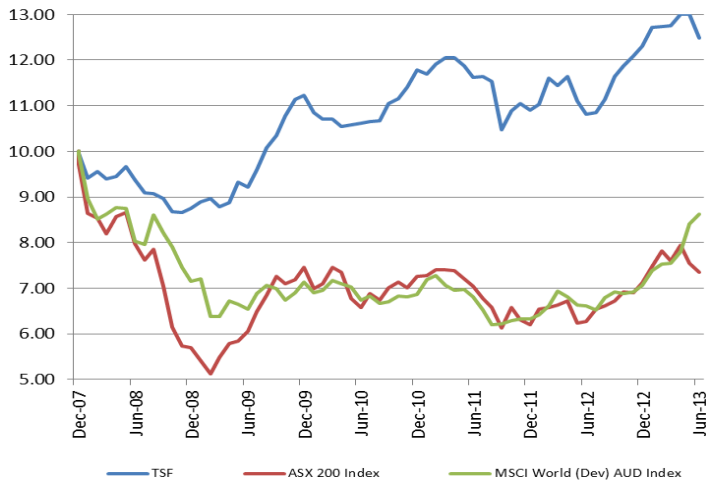
The portfolio is typically comprised of long positions in a range of global equities, investments in managed funds, currencies and occasionally commodities.

## Performance at 30 June 2013

NAV: AUD 9.7123 per unit	3 months	6 months	1 year	2 years	3 years	Inception
TSF (After Perf. Fees) %	-2.16	1.47	15.30	7.45	17.58	24.79
MSCI World (AUD) %	14.07	21.92	30.18	26.45	27.80	-13.81
ASX 200 %	-3.30	3.30	17.29	4.22	11.65	-26.49
Excess Return on MSCI World (AUD) %	-16.23	-20.45	-14.88	-19.00	-10.21	38.60
Excess Return on ASX 200 %	1.14	-1.84	-1.99	3.22	5.94	51.28

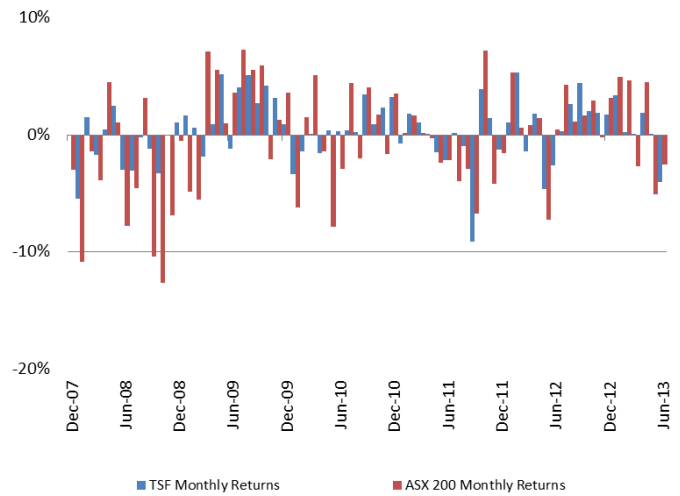
Financial Year	2013	2012	2011	2010	2009	2H 2008
TSF (After Perf. Fees) %	15.30	-6.81	9.43	15.10	-1.73	-5.81
MSCI World (AUD) %	30.18	-2.86	1.06	3.01	-18.52	-19.15
ASX 200 %	17.29	-11.14	7.13	8.76	-24.17	-17.74

## The Supervised Fund Since Inception



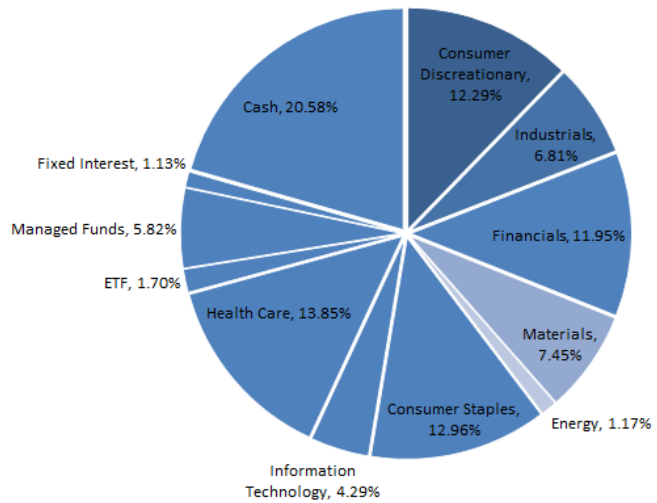
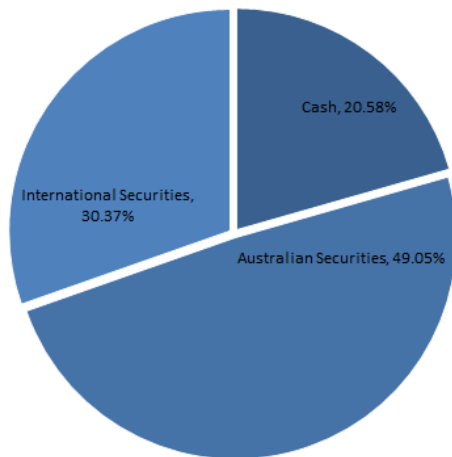
This chart illustrates the value of \$10.00 invested in TSF since inception in November 2007, compared with the value of \$10.00 invested in the ASX 200 and the MSCI World Dev (AUD).

## 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



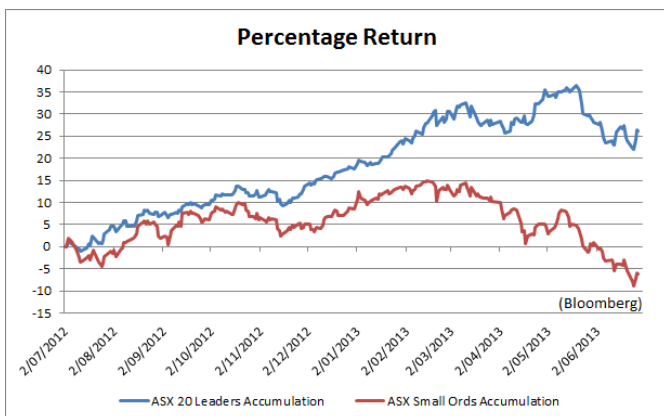
## Top Equity Holdings

Company	Main Business	Country	% Assets
Sirtex Medical Limited	Biotechnology	Australia	10.0%
Gage Roads Brewing Co Limited	Brewing	Australia	8.0%
Samsung Electronics Co Ltd	Electronics	Republic of Korea	4.2%
HGL Limited	Conglomerates	Australia	3.7%
Qingling Motors Co Ltd	Vehicle Manufacturing	Hong Kong	3.5%
Slater and Gordon Ltd	Legal Practice	Australia	3.0%
Thai Beverage Public Company Limited	Brewing	Thailand	3.1%
NIB Holdings Limited	Accident and Health Insurance	Australia	2.9%
Funds under Management (AUD)			\$14,389,407.55

## Comment from the Chairman

The Supervised Fund (TSF) returned 15.30% after all fees during the financial year ending 30 June 2013, underperforming the ASX 200 by 1.99%. Since inception in December 2007 TSF has outperformed the ASX 200 by 51.28%; in fact financial year 2013 is the first year TSF has underperformed the ASX 200. Unit holders of TSF's predecessor Supervised Investments Limited (merged with TSF in 2009) enjoyed an average return of 11.2% during the last decade of operation.

The rally in equity markets during the current period was driven by large, dividend yielding stocks. The chart below illustrates the performance of the top twenty stocks on the ASX versus the Small Caps. We see the Small Caps Index lost 6.2% during the year.



My conservative opportunism has always leaned towards investment in the smaller capitalised companies; at June 30, less than 1% of assets were invested in the twenty largest Australian companies by market capitalisation. This has meant our portfolio did not benefit from the public's shift into large cap equities. Our performance has largely been driven by several companies within the portfolio and my decision not to hedge foreign holdings.

The economic environment is still uncertain. Japan's "Abenomics" represents a risky experiment that may have dire consequences for the world's third largest economy. The US economy is improving but it is uncertain whether such improvement would be sustainable if the Fed were to taper Quantitative Easing. Fed Chairman Bernanke has committed to sustain QE if necessary, the long term implications of

would present sizable structural problems to the world's largest economy.

Despite the sell-off in China exposed stocks during June, I am still an advocate of investing in the China consumer story. The ever growing middle class is forcing retail sales growth of 13-15%. We have found a number of companies exposed to this growth who have remarkably strong balance sheets, cheap valuations and substantial catalysts. As at June 30, approximately 20% of the fund was invested in Asia.

In Australia there has been a shift in the two-speed economy away from mining. We are seeing the RBA attempting to accommodate growth by spurring housing and conveniently devaluing the AUD.

One holding I would like to highlight is Samsung Electronics Co. It is an unusually large company for TSF but it is rare to see such value in a very well known company. The stock had a poor June on the back of Broker target price revisions; we took this opportunity to increase our holding. The company is the largest player in the global smartphone market which is growing 10% P.A. It has a net cash position and EBITDA of 3 times Enterprise Value. I think margin pressure expectations have been overdone and expect to see this stock perform well in the coming year.

Looking ahead, I am confident TSF's unique investment strategy in conjunction with management's experience will serve investors well in the future. Investors who take a longer term view could find this a favorable time to consider investing in TSF.

David Constable AM  
Chairman  
Supervised Investments Australia Limited



# SUPERVISED INVESTMENTS AUSTRALIA LTD

## 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](http://www.supervisedfund.com.au). Please contact any of the Directors for further information.

The minimum initial investment is AUD25,000 if the investor meets the definition of a Wholesale Client; refer to the Information Memorandum for details.

### Trustee

Supervised Investments Australia Ltd.  
Suite 431, 5 Lime Street  
Sydney NSW 2000  
T: +61 (2) 8459 0095  
[www.supervisedinvestments.com](http://www.supervisedinvestments.com)  
ABN: 45 125 580 305  
AFSL: 317 155

### Directors

Mr David Constable AM (Chairman)  
Mr David Young  
Dr John Harvey AO  
Mr Damien Cooper

### Support

#### Auditor

Ernst & Young  
680 George Street  
Sydney NSW 2000  
+61 (2) 9248 5555  
[www.ey.com/au](http://www.ey.com/au)

#### Fund Administrator

TMF FundServices Pty Ltd.  
GPO Box A2224  
Sydney South NSW 1235  
+61 (2) 9232 2746  
[www.tmf-group.com](http://www.tmf-group.com)

#### Custodian

JP Morgan Worldwide Securities  
Services  
Level 21, J.P Morgan House  
85 Castlereagh Street  
Sydney NSW 2000

#### Legal Advisor

Henry Davis York  
44 Martin Place  
Sydney NSW 2000  
+61 (2) 9947 6660  
[www.hdy.com.au](http://www.hdy.com.au)