



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 & 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.

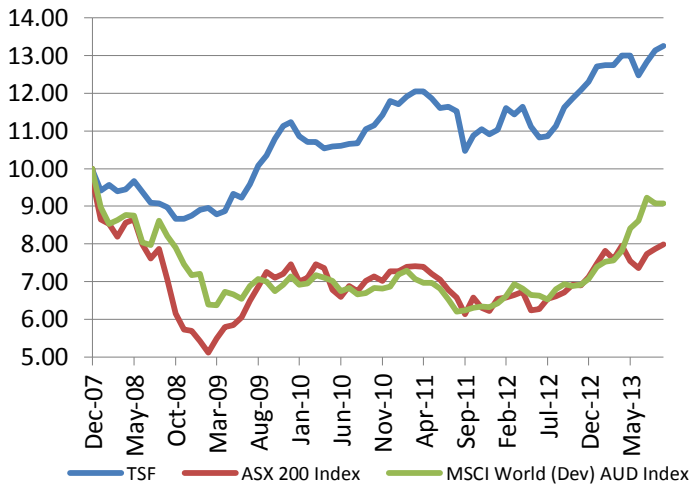
Performance at 30 September 2013

NAV: AUD 9.8199 per unit	3 months	6 months	1 year	2 years	3 years	4 years	Inception
TSF (After Perf. Fees) %	6.18	3.88	13.91	26.47	19.93	27.99	24.79
MSCI World (AUD) %	5.19	19.99	30.93	45.61	35.38	29.65	-9.34
ASX 200 %	8.67	5.08	18.96	30.19	13.88	10.02	-20.12
Excess Return on MSCI World (AUD) %	0.99	-16.10	-17.02	-19.14	-15.45	-1.66	34.13
Excess Return on ASX 200 %	-2.49	-1.20	-5.06	-3.72	6.05	17.97	44.91

Financial Year	2014FYTD	2013	2012	2011	2010	2009	2H 2008
TSF (After Perf. Fees) %	6.18	15.30	-6.81	9.43	15.10	-1.73	-5.81
MSCI World (AUD) %	5.19	30.18	-2.86	1.06	3.01	-18.52	-19.15
ASX 200 %	8.67	17.29	-11.14	7.13	8.76	-24.17	-17.74

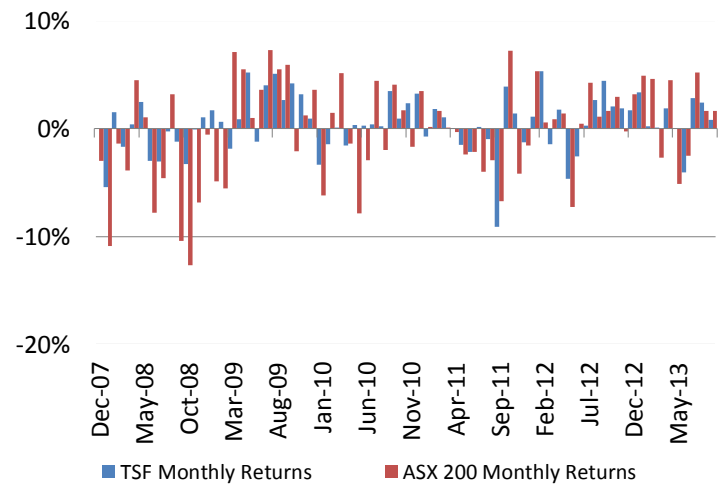
Past performance is no guarantee of future performance and no guarantee of future performance is implied

The Supervised Fund Since Inception



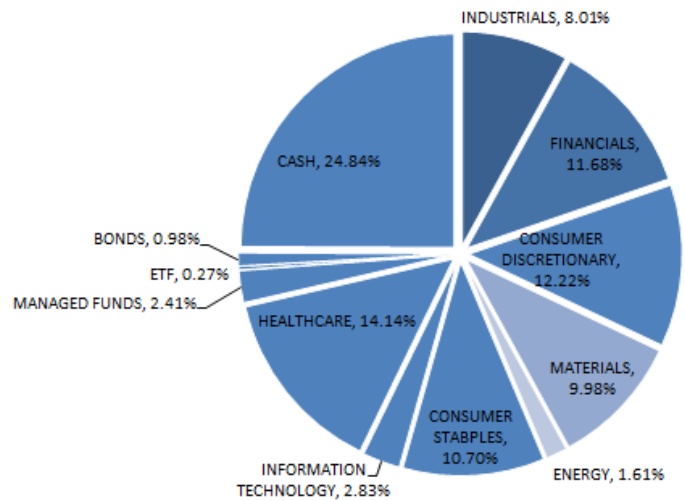
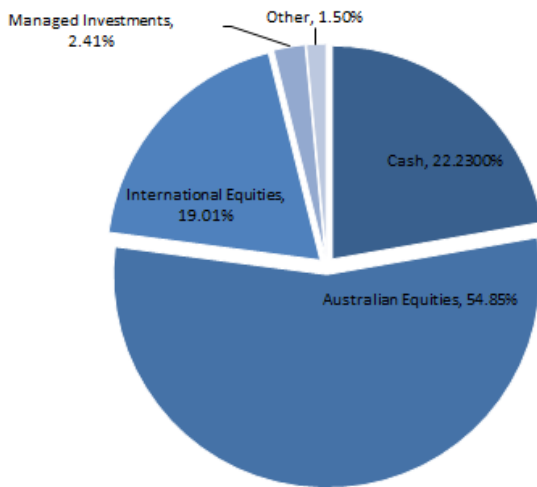
This chart illustrates the value of \$10.00 invested in TSF since inception in November 2007, compared with the value of \$10.00 invested in the ASX 200 and the MSCI World Dev (AUD).

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 Holdings

Company	Main Business	Country	% Assets
Sirtex Medical Limited	Biotechnology	Australia	11.03%
Gage Roads Brewing Co Limited	Brewing	Australia	7.51%
Hancock and Gore Limited	Conglomerates	Australia	4.79%
APN News & Media	Media	Australia	3.72%
Yellow Brick Road Holdings Ltd	Financial Services	Australia	3.61%
Slater and Gordon Ltd	Legal Practice	Australia	3.22%
Samsung Electronics Co Ltd	Electronics	Republic of Korea	2.67%
IMF Australia Ltd	Litigation Funding	Australia	2.46%
Samuel Terry Absolute Return Fund	Managed Fund	Australia	2.41%
Qingling Motors Co Ltd	Vehicle Manufacturing	Hong Kong	2.06%
FUM (AUD)			\$15,012,685.8

Comment from the Chairman

The Supervised Fund (TSF) returned 6.18% after all fees during the first quarter of the 2014 financial year; this compares to the ASX200 and the MSCI World (AUD) respective performance of 8.67% and 5.19%. TSF and its UK based predecessor Supervised Investments Limited (merged with TSF in 2009) have consistently outperformed stock market indices. Investors in the funds USD denominated predecessor achieved an annualized return of 10.65% during the 9 years and 11 months of operation.

Global markets seem to have settled following the recent US political standoff. Implied volatility on the US stock market is near the lowest we have seen since 2007. Market participants are expecting the public to continue its rotation into equities, and corporates are expected to begin investing excess capital into new projects, thus spurring economic growth.

The ASX 200 is currently trading on a blended forward price earnings ratio of approximately 15x. While this does not sound overly expensive, it is worth noting that the current valuation implies Australia's largest companies will grow earnings at approximately 20% over the next 12 months. This is no easy feat, there is risk of analyst downgrades.

TSF invests in companies with cheap valuations, good balance sheets, competent management and catalysts for growth. We screen global Equity markets for certain criteria and undertake substantial research before investments are made. I continue to see value in Asian midcaps exposed to the China consumer story. TSF continues to invest in this sector but will not allocate more than 1.5% of funds into a Chinese company due to uncertain corporate governance regulation.

One Asian holding we have taken up recently is Dukang Distillers Holdings Limited (DKNG SP), a Chinese Baijiu producer listed on the Singapore Stock Exchange. We have undertaken rigorous research including interviewing management and as a result have invested more than 1% of funds under management. Dukang trades on a forward price earnings ratio of 4x, has net cash of almost half its market cap, is seeing revenue growth of 25% p.a and improving margins. A recent change in the major shareholder may prompt a maiden dividend which could draw attention to the stock. We hope to see good things from Dukang over the coming 18 – 24 months.

In the months ahead I expect the public to continue to look to the small and mid caps for value. We have several holdings with near term catalysts which may boost performance considerably. I am confident TSF's unique investment strategy in conjunction with management experience will serve investors well in the future. Those who take a longer term view could find this a favorable time to consider investing our fund.

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. 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.

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