



## Key Facts

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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 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.

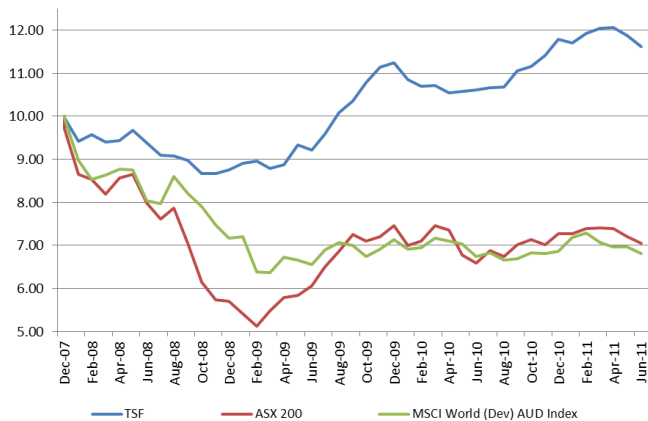
The portfolio is typically comprised of long positions in a range of global equities, investments in managed funds, currencies and occasionally commodities.

## Performance at 30 June 2011

NAV: AUD 11.6143 per unit	3 months	6 months	1 year	2 years	3 years	Inception
TSF (After Perf. Fees) %	-3.58	-1.47	9.43	25.95	23.77	16.14
MSCI World (AUD) %	-3.55	-0.66	1.06	4.11	-15.17	-31.84
ASX 200 %	-4.75	-2.89	7.13	16.51	-11.64	-29.47
Benchmark %	1.44	2.89	5.81	10.86	17.06	22.73
Excess Return on MSCI World (AUD) %	-0.03	-0.81	8.37	21.85	38.95	47.98
Excess Return on ASX 200 %	1.17	1.43	2.31	9.44	35.42	45.61
Excess Return on Benchmark %	-5.02	-4.35	3.62	15.10	6.71	-6.59

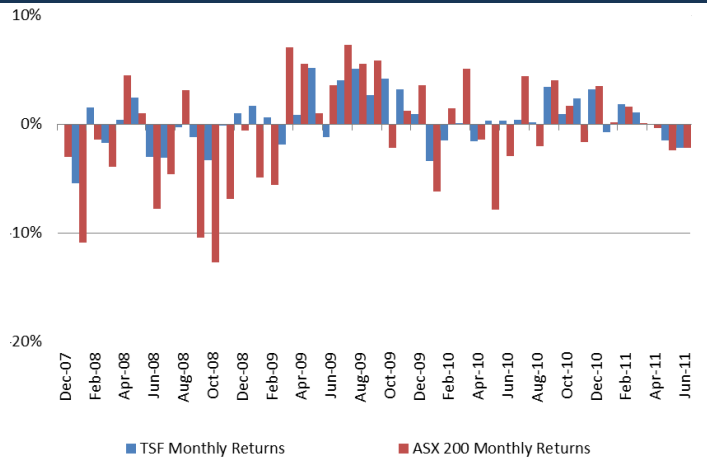
Financial Year	2010-2011	2009-2010	2008-2009	2H 2007-2008
TSF (After Perf. Fees) %	9.43	15.10	-1.73	-5.81
MSCI World (AUD) %	1.06	3.01	-18.52	-19.15
ASX 200 %	7.13	8.76	-24.17	-17.74
Benchmark %	5.81	4.77	5.60	4.16

## The Supervised Fund Since Inception



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

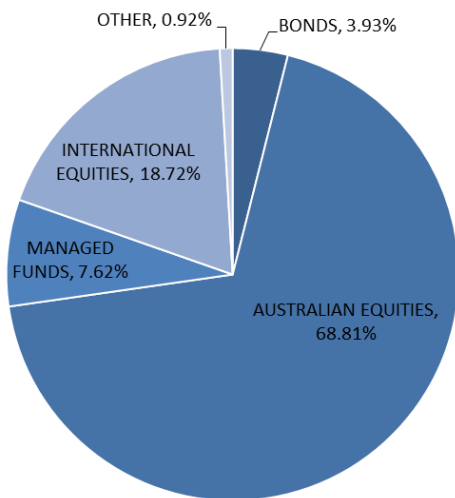
## Monthly Returns vs ASX 200



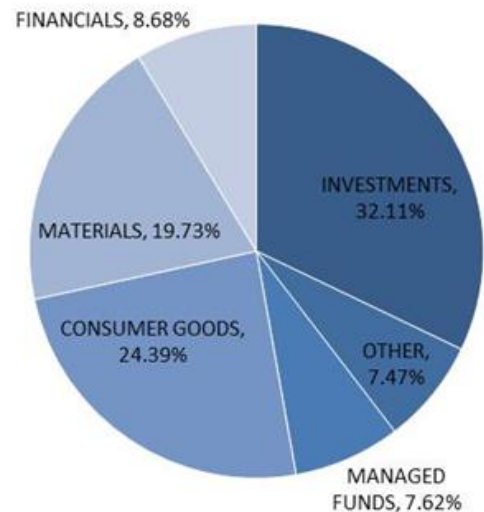
This chart illustrates the monthly performance of TSF since its inception date in November 2007, compared with the monthly performance of the ASX 200.

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

## Security Analysis



## Sector Analysis



## Top Holdings

Company	Main Business	Country	Net Assets
RuralAus Investments Limited	Lumber, Wood Production	Australia	9.91%
Sirtex Mededical Limited	Biotechnology	Australia	6.64%
NIB Holdings Limited	Accident and Health Insurance	Australia	5.69%
Ainsworth Gaming Limited	Interactive Entertainment	Australia	5.68%
Macquarie Atlas Roads	Toll Roads	Australia	5.38%
Domino's Pizza Enterprises Limited	Restaurants	Australia	4.85%
Bermuda Capital Company Limited	Managed Investments	Bermuda	4.67%
Hunter Hall Limited	Ethical Investments	Australia	4.22%
Sapphire iIX 2006-I-MZ	Australian RMBS	Australia	3.93%
Pancurri Investments Limited	Managed Investments	Bermuda	3.90%
HGL Limited	Conglomerates	Australia	3.89%
Ishares MSCI Japan- CDI	Japanese index in Australian dollars	Japan	3.80%
Total Investments			100.00%
Number of Posotions Held			54
Net Assets (AUD)			\$ 15,894,894.85

## Comment from the Chairman

30 June 2011 marks another year of solid returns for The Supervised Fund and I am pleased to announce we have outperformed the ASX 200. Since commencement, TSF has outperformed the ASX 200 by 45.61% and the MSCI World Developed index in Australian dollars by 47.98%.

TSF commenced operations in December 2007, only months before the largest financial markets collapse since 1929. Over the past 43 months the financial markets have experienced high volatility. However, TSF's proprietary investment tool the *Supervised System* has been responsible for much of our success. Opportunities have been identified globally and when criteria met further research on investments were made. Competent management, opportunity for growth and realistic valuation are the overarching assessment criteria for adding stocks to the portfolio. A rigorous and disciplined approach to selling stocks in the event markets move against them, has also been fundamental. The *Supervised System* contains over forty years of my own intellectual property input within the system and a large amount of capital investment in order to automate the screening process.

TSF's low management fees, an absolute performance-based investment incentive, and the fact that all the Directors of TSF are significant investors in TSF, ensures that the interests of all unit holders are aligned.

For the twelve months ahead, I expect Asia Pacific and emerging markets to continue to outperform. European debt problems and instability in the US constitute significant headwinds to financial markets and the global economy in general. I believe it is important for investors to revisit the diversification of their investments and also think through which strategies are most likely to outperform. I am confident that the 'conservative opportunism' approach of TSF, along with our powerful investment tool and global connections, will serve us well in the coming year.

During the 2010-2011 financial year, TSF outperformed the ASX 200 and the MSCI World index. One reason for this outperformance was my belief that the Australian dollar would strengthen and continue to do so. TSF was overweight in Australian equities. As a result, our performance was protected from the effects of the strong upward move in the Australian dollar.

One of the holdings I would like to highlight is Discovery Metals Limited, a Copper producer listed on the Australian Stock Exchange. In August 2010 we believed the price of Copper was due to rise, subsequently TSF purchased a parcel of Discovery at \$0.83. At 30 June 2011 Discovery closed at \$1.23 representing a 58% annualised return.

Over the past two financial years, we have been quite confident in gold and gold producing companies. One example is Citadel Resource Group, which TSF purchased in July 2009 for \$0.23. Less than six months later, the stock closed at \$0.52, representing an annualised return of 296%.

Earlier this year, the nuclear crisis in Japan plunged stock prices to extreme lows. For many companies in this region, the market has over-reacted, revealing great value opportunities in mid cap companies on which we expect to capitalise. Additionally, the *Supervised System* has recently signalled value opportunities in South Korea. As a result, TSF has invested in this geographic region.

In the last Annual Report I commented that an investment in TSF would make good sense as daily headlines were painting an improving picture of the global financial markets. I have been pleased with TSF's performance over the past 12 months and am looking forward with optimism to year ahead. 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](http://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.

#### **Trustee**

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[www.supervisedfund.com.au](http://www.supervisedfund.com.au)  
ABN: 45 125 580 305  
AFSL: 317 155

#### **Directors**

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

#### **Support**

##### **Auditor**

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680 George Street  
Sydney NSW 2000  
+61 (2) 9248 5555  
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##### **Fund Administrator**

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