



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.

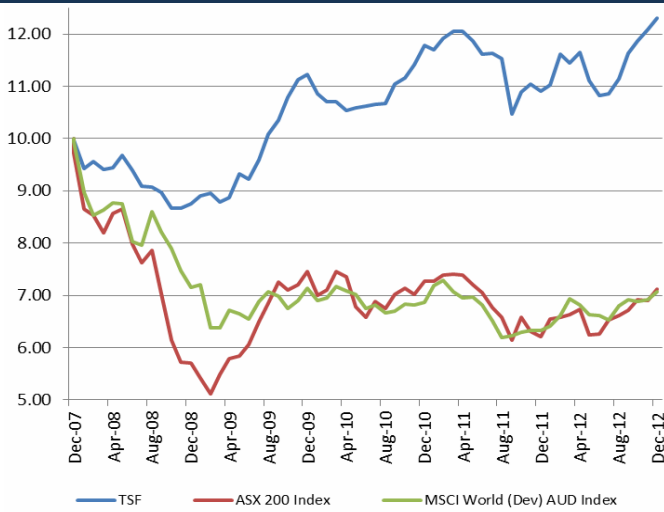
The portfolio is typically comprised of long positions in a range of global equities, investments in managed funds, currencies and occasionally commodities.

Performance at 31 December 2012

NAV: AUD 9.4511 per unit	3 months	6 months	1 year	2 years	3 years	Inception
TSF (After Perf. Fees) %	5.72	13.63	12.78	4.34	9.50	22.99
MSCI World (AUD) %	2.09	6.77	11.79	3.03	-0.95	-29.31
ASX 200 %	5.97	13.54	14.60	-2.03	-4.55	-28.84
Excess Return on MSCI World (AUD) %	3.63	6.86	0.99	1.31	10.45	52.29
Excess Return on ASX 200 %	-0.25	0.09	-1.82	6.37	14.05	51.83

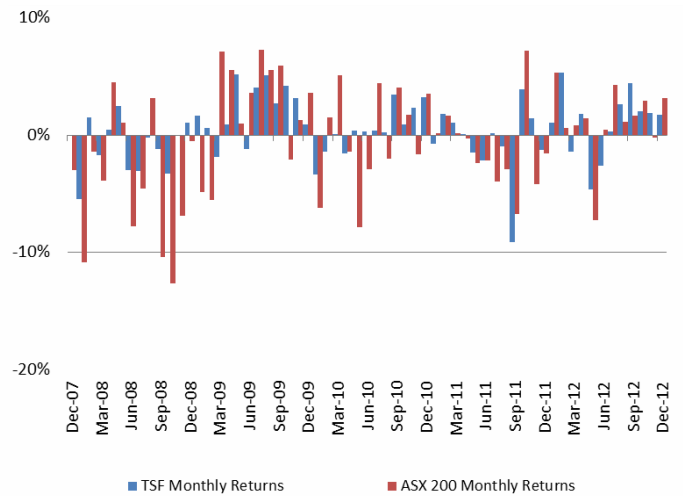
Financial Year	2012-2013 YTD	2011-2012	2010-2011	2009-2010	2008-2009	2H 2007-2008
TSF (After Perf. Fees) %	13.63	-6.81	9.43	15.10	-1.73	-5.81
MSCI World (AUD) %	6.77	-2.86	1.06	3.01	-18.52	-19.15
ASX 200 %	13.54	-11.14	7.13	8.76	-24.17	-17.74

The Supervised Fund Since Inception



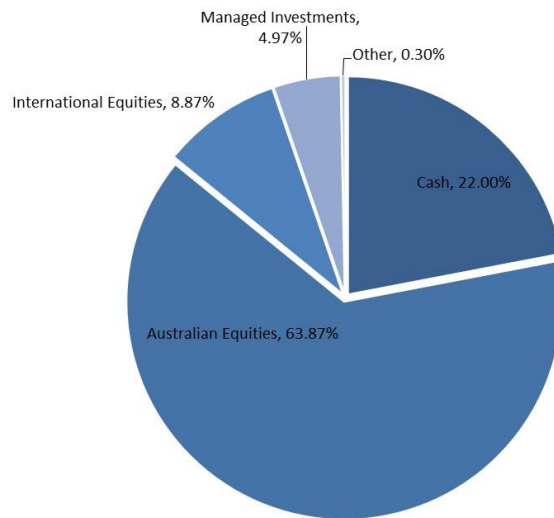
This chart illustrates the value of \$10.00 invested in TSF since inception in November 2007, compared with the value of \$10.00 invested in the ASX 200 and the MSCI World Dev (AUD).

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	15.64%
NIB Holdings Limited	Accident and Health Insurance	Australia	7.98%
Gage Roads Brewing Co Limited	Brewing	Australia	5.62%
Domino's Pizza Aust	Food	Australia	3.99%
Ruralaus Investments	Lumber, Wood Production	Australia	3.85%
Yellow Brick Road Holdings Ltd	Financial Services	Australia	3.53%
Pancurri Investments Ltd	Managed Investments	Bermuda	3.00%
Thai Beverage Public Company Limited	Brewing	Thailand	2.88%
Mintails Limited	Gold	Australia	2.78%
APN News & Media	Media	Australia	2.48%
HGL Limited	Conglomerate	Australia	2.38%
Number of Posotions Held			44
Net Assets (AUD)			\$ 14,808,303.20

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

Comment from the Chairman

The financial markets have been volatile and unpredictable for the past several years; scores of fund managers have been forced to close down has historically rewarding investment strategies failed to yield returns. The Supervised Fund (TSF) adapted to this changing landscape by amending its investment strategy and asset allocation. For the past several years I have consistently held in excess of 20% of the portfolio in cash. It is this ability to adapt that has enabled TSF to outperform the ASX200 and MSCI World Developed (AUD) indices by approximately 52% since inception in December 2007. 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%.

The past six months has seen a substantial rally in global equity markets. TSF has returned 13.63% after all fees since June 30 2012, outperforming the ASX200 and MSCI World Developed (AUD) by 0.09% and 6.86% respectively. I am pleased with this performance, and I think it is worth noting that TSF managed to achieve this with a cash holding in excess of 20%.

Such performance is a testament to our proprietary tool, the *Supervised System*. We screen global financial markets for securities possessing fundamental criteria. We look at key indicators including minimum market capitalisation, earnings ratios, sales growth, and shareholders ownership of the business. Screening generally returns several hundred opportunities; management then refines further based on technical analysis, sector analysis and finally broker research before investments are made. Over the past several months we have spent significant time developing this tool to include price momentum indicators and more strenuous fundamental criteria; we hope this will improve our security allocation in the coming months.

I expect global equity markets to continue to appreciate in the near term; the uncertainty surrounding the European Union is stabilising and the investment community is digesting a positive attitude towards global equities. Corporate bonds are at record low yields which I expect will entice many back into the equity markets. In Asia, the recent change of leadership in China has occurred smoothly and it seems the manufacturing powerhouse will continue on steady footing.

I am looking forward to the coming months and intend to reduce the funds cash holding to approximately 10%.

I would like to comment on the performance of our largest holding Sirtex Medical Limited (ASX:SRX). This is a medical company which researches, develops and commercialised medical products for the treatment of liver cancer. Sirtex has been the fund's largest holding for quite some time and continues to outperform. Since June 30 2012 the share price has more than doubled as the company continues to report dosage growth in excess of 20%. The stock has recently been admitted to the S&P ASX200 which I believe will draw more attention to its potential.

Gage Roads Brewing Co (ASX:GRB) has been a top ten holding in TSF for many months. TSF purchased shares in the Western Australian beer brewer approximately 18 months ago when the share price was 6.5c. The company has recently reported a growing earnings outlook which saw the share move from 6.7c at the end of September 2012 to 11c on December 31 2012. I expect this stock to continue to outperform.

A similar story can be told of our top ten holding Yellow Brick Road Limited (ASX:YBR). The *Supervised System* signaled a buy in this stock in early 2012 when it was trading near 30c; upon fundamental analysis and meetings with management I decided to invest in this company on the basis there was significant scope for growth. In November 2012 the company fulfilled our expectation, announcing a tie up with Macquarie Bank. At December 31 the stock closed at 48.5c, representing a 102% return over 6 months.

Looking ahead, I am confident that TSF's unique investment strategy in conjunction with our track record of understanding the macro-economic climate 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. 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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