



# SUPERVISED HIGH YIELD FUND

Supervised Investments Australia Limited

Conservative Opportunism

## Monthly Performance Report

August 31, 2015

The Supervised High Yield Fund ARSN 600 244 102 (**Fund**) is an Australian Dollar hedged international Debt Securities managed investment scheme. The Manager's objective is to deliver capital preservation whilst generating a high return, low risk portfolio.

### Investment Policy

The Fund is managed using an absolute return investment process. This process uses economic analysis and asset research combined with historic worst case stress testing to search out and discover the lowest risk best reward investment opportunities in the debt market. The Fund does not invest in junk bonds.

### Unit Price and Performance Update

The Fund's net asset value (**NAV**) is calculated at the end of each month and represents the value of the Fund's assets less the value of the liabilities of the Fund (including the Fund's fees, costs and taxes). The value of a Fund unit is then calculated by dividing the Fund NAV by the number of units on issue in the Fund at the end of the relevant month.

Fund returns have been calculated using exit prices and reinvestment of distribution.

### Manager's Comment

The cost of credit to non-sovereign borrowers has increased over the past few months, particularly in certain resources related sectors of the Australian, US corporate high yield bond markets and in the Australian Bank debt market. This will have a negative impact on the market value of USD assets held in the Fund, however this change in market value should not affect the future value of the securities principal and interest payments.

Monetary policy remains on hold in both the US and Australia with expectations of increases to the Fed Funds rate and decreases to the RBA Cash Rate this year. It is worth observing the US Fed did not increase the Funds rate at its recent September FOMC meeting. We expect this lack of action will create uncertainty. The lack of action by the Fed may be interpreted as a sign the economy is not yet capable of absorbing an interest rate increase; this in contrast to strengths in labour and consumer markets and may lead to more volatility ahead.

FUND PERFORMANCE	31 August 2015
<b>Period</b>	<b>Compounded Annual Returns<sup>^</sup></b>
Month ending August 31, 2015	0.36%
Past 3 months	1.05%
Past 6 months	3.08%
Past 1 year	5.65%
Past 3 years	7.84% pa
Past 5 years	9.08% pa
Since commencement*	9.98% pa

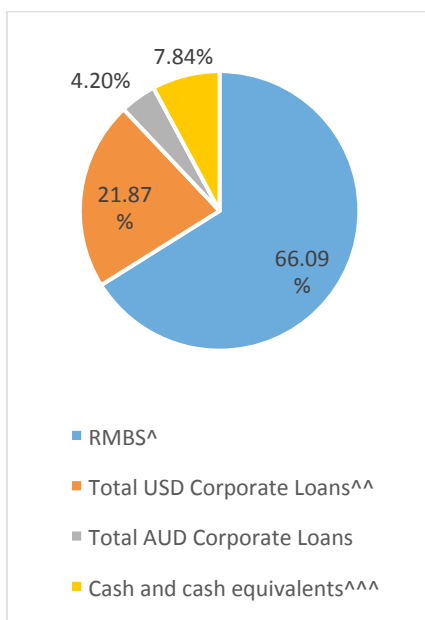
FUND INFORMATION	\$ Value
Net asset value of fund (NAV)	\$19.8289 million
Pre distribution unit price	\$12.4649
Distribution paid in cents per unit	0.00
Ex distribution unit price	\$12.4649
Buy Sell Spread	0

<sup>^</sup> Returns are after fees and expenses.

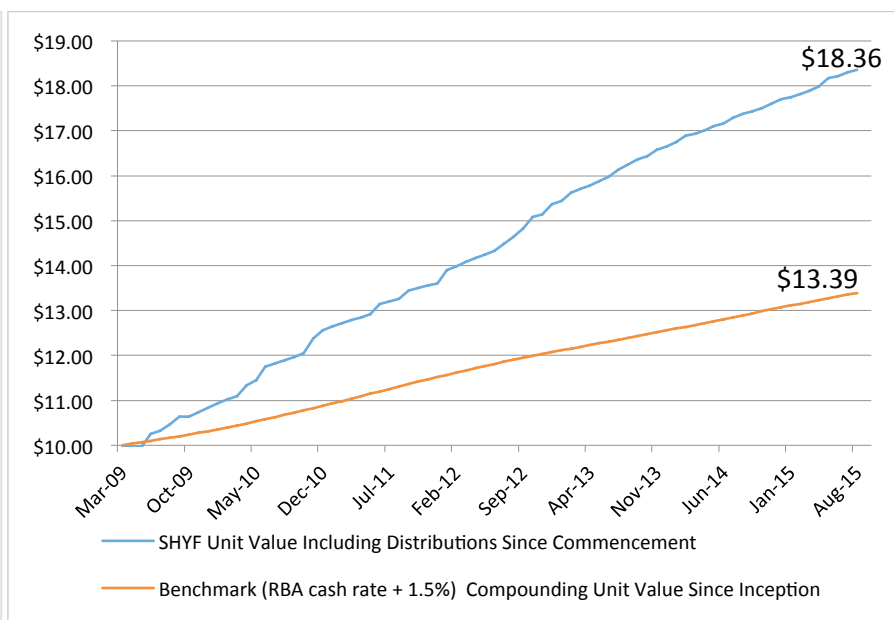
\* Fund commenced on 1 April 2009.

**Source:** Supervised Investments Australia Limited, the investment manager of the Fund. Past performance is no guarantee of future performance and no guarantee of future performance is implied.

## Portfolio Composition as a % of NAV



## Supervised High Yield Fund Unit Value Since Commencement Including Disbursements



<sup>^</sup> AUD Residential Mortgage Backed Securities; <sup>^^</sup> USD Collateralised Secured Corporate Loan Obligations; <sup>^^^</sup> Includes cash at bank, cash held in margin accounts plus other receivables less payables.

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**Disclaimer.**

Supervised Investments Australia Limited ACN 125 580 305 AFSL 317155 (**SIAL**) is the investment manager of the Supervised High Yield Fund (ARSN 600 244 102) (**SHYF** or **Fund**).

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**Further Information:** Contact the Portfolio Manager, Philip Carden, at [phil@supervisedinvestments.com](mailto:phil@supervisedinvestments.com) or on 02 8459 0095

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