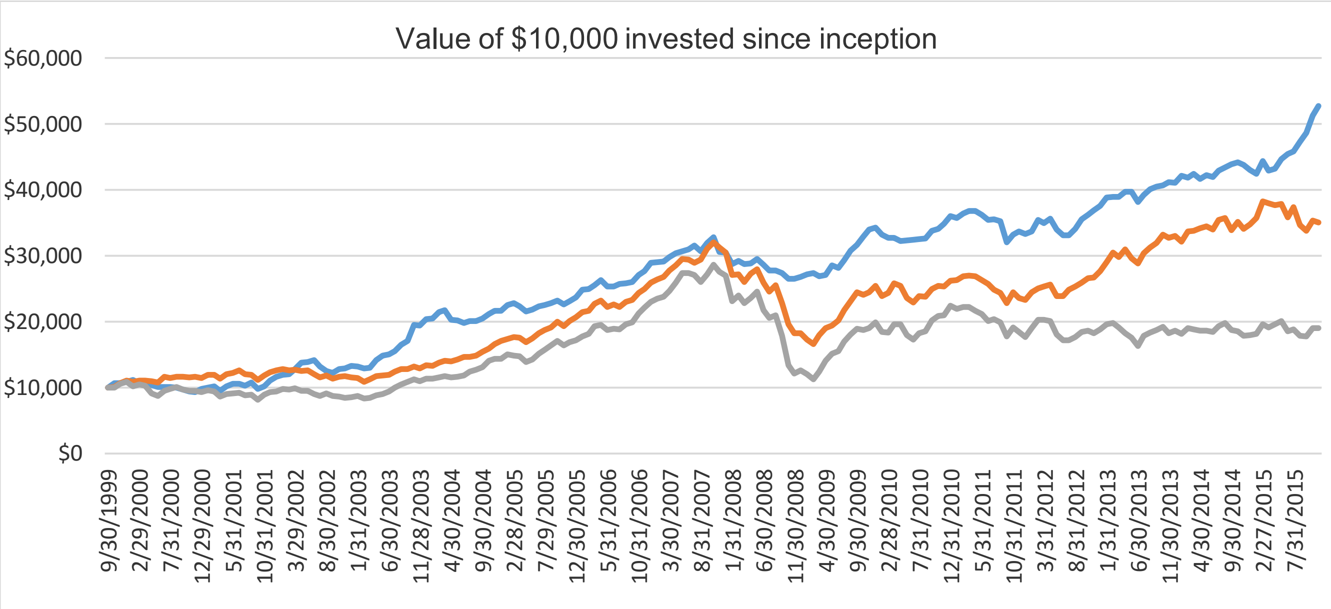
<u>The Supervised Fund</u> – November 2015 monthly report.

Dear partner,

The Supervised Fund returned 2.79% net of fees during November 2015. The Fund's performance compared to the All Ords Accumulation Index and Small Ords Accumulation Index are set out as follows.

	TSF AFTER ALL FEES	ALL ORDS ACCUM	SMALL ORDS ACCUM
Month ending 30 Nov 2015	2.79%	-0.69%	0.02%
Since June 30 2015	15.97%	-2.14%	2.95%
Since December 31 2014	22.63%	1.10%	6.01%
1 year	20.44%	3.05%	6.50%
3 years (p.a)	12.61%	9.53%	1.47%
Since inception (p.a)	10.78%	8.03%	4.04%



In the above chart the blue line represents TSF, the grey line represents the Small Ords Accumulation Index and the orange line represents the All Ords Accumulation Index. Please note these returns include the pervious USD denominated Supervised Investments Limited which merged with TSF in 2009.

Some further information regarding the portfolio is displayed below.

Cash	23%
Kangaroo Island Plantation Timbers Limited	26%
HGL Limited	11%
Australian Vintage Limited	8%
Gale Pacific Limited	7%
Samuel Terry Absolute Return Fund	5%
Bell Financial Group Limited	4%
Sirtex Medical Limited	3%
Hunter Hall International Limited	3%
Keybridge Capital Limited	2%
Co-Operative Bank Limited common equity	2%
Molopo Energy Limited	1.5%
Po Valley Energy Limited	1.5%
St Barbara Limited	1%
H&T Limited	1%
Other (adjusted for rounding in the above)	1%

The Fund currently owns no options over indices or currencies. There are no futures contracts exposure.

3.5% of capital is invested in non-Australian investments.

3.1% of capital is invested in ASX200 members

HOLDINGS COMMENTARY

Kangaroo Island Plantation Timbers Limited – up 9%

During the month we visited Kangaroo Island to inspect the assets, meet with management, unrelated local residents and stake holders. Since the visit we have become more confident in the short term prospect of a port which we expect to be complete within 12-24 months. Perhaps most importantly we no longer see unreasonable port access rates as a material risk to the investment case. We are also more comfortable with environmental risks surrounding the sites.

During the month we also further investigated the value of our investment in the (in our view relatively unlikely) scenario that no port is built and were comforted by our efforts. It seems likely the shares are only modestly overvalued if there is in fact no port constructed. We are comfortable and optimistic about our exposure to KPT.

HGL Limited – up 33%

During the month HGL reported a 391% increase in underlying profit which was slightly higher than we were expecting. The company declared a 1.5c (fully franked) dividend and the stock rallied. It seems more likely the CEO has successfully turned-around the company and created a platform for continued EPS and divided growth over the next few years. We remain optimistic about future share price gain and comforted that our downside is limited at these levels because the stock trades at a discount to break up value.

Gale Pacific Limited – up 5%

During the month GAP upgraded its earnings outlook. A large line of stock traded and the institutional fund manager community has taken an interest in the stock. The stock has done very well since August. At current levels, the stock trades on a forward PE of just less than 10x. We expect earnings and dividends to grow at more than 15% over the next 3 years. We like management, the balance sheet, the simplicity of the business model and the underlying economic exposure.

Po Valley Energy Limited – down 40%

During the month PVE fell 40% as the company failed to follow through with a farm-out deal previously announced. The deal fell over in legal due diligence, this is disappointing and was the biggest risk to our investment thesis. The stock is cheap but needs ~$1m of capital in the next few months. We continue to monitor the situation.

Bell Financial Limited – up 15%

During the month BFG came out with a profit upgrade implying earnings will be up more than 120% in 2015 and the stock rallied. The firm’s institutional brokerage and investment banking divisions are both having stellar years. Despite the recent share price gain, the firms Directors (who also happen to be the largest shareholder) continue to buy on market.

Australian Vintage Limited – up 7%

During the month AVG announced it had won an appeal in the Supreme Court of NSW which will enable the company to terminate a long term vineyard lease. The annual cost savings were reported to be $4.9m a year up to 2023. This is significant given the company only earned ~$9m in 2015. The stock rallied, but less than we would have thought. We thought the decision would not come for some months and would only see savings of ~$4m p.a.

AVG has several other catalysts which are due to materialise over the medium term. We believe the company will be generating 8c+ EPS within 3 years as long as there is no global recession.

FUTURE POSITIONS

Partners will note the fund has limited exposure to mining, oil and gas, this has helped us outperform in recent months. These sectors account for approximately 15% of the All Ordinaries and continue to show signs of stress. Resource and oil companies are inherently cyclical and provide platforms for big wins and big losses. It seems we are closer to the bottom than the top of this cycle, but concede we are not capable of accurately predicting the price movements of global commodity and oil prices. We are not of the view that the low prices are necessarily unsustainable, and note that commodities could still fall 25% to their inflation adjusted historical lows. We have investigated several opportunities in this sector and continue to exhibit conservative opportunism towards such.

The fund is open to new investors and we welcome any queries on the portfolio, investment strategy and outlook.

David Constable and Mitch Taylor - 15 December 2015.

DISCLAIMER