



SUPERVISED INVESTMENTS
AUSTRALIA

SUPERVISED GLOBAL INCOME FUND

JULY 2016

Investment Policy

The Supervised Global Income Fund (previously Supervised High Yield Fund) ARSN 600 244 102 (SGIF or Fund) is an Australian Dollar hedged international Debt Securities managed investment scheme.

The Investment Manager aims to provide returns through investing in a portfolio of debt securities and derivatives, using economic analysis and asset research which is combined with historic worst case stress testing to search out and discover the lowest risk/best reward investment opportunities in the global and domestic debt markets.

The Investment Manager will invest within the global and domestic debt markets. These investments may include but are not restricted to debt instruments such as government treasury bonds, corporate bonds, bank bills, commercial paper, bank loans, mortgage backed securities, asset backed securities, mortgages, secured corporate loans, discounted bills, repurchase agreements and debt/equity hybrid securities, forward foreign exchange agreements, interest rate futures, options and interest rate swaps. The Investment Manager does not intend to borrow or use leverage in the Fund.

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 NAV unit prices and reinvestment of distribution.

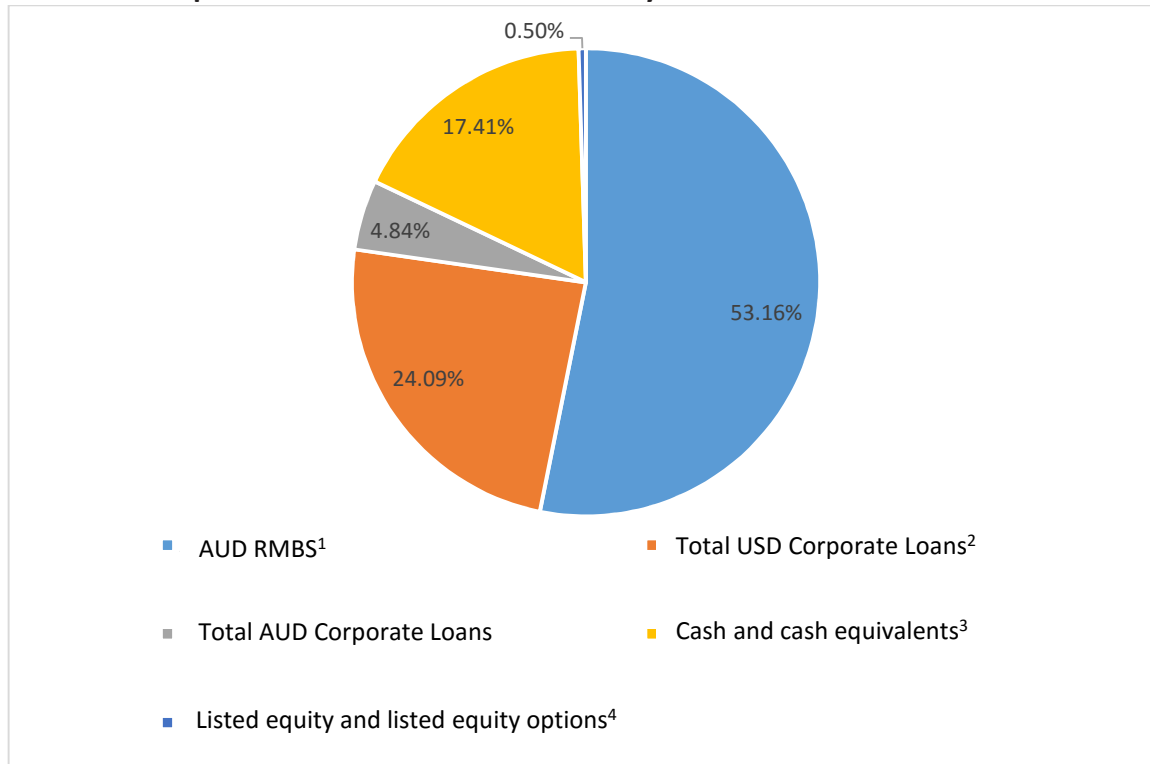
FUND INFORMATION AS AT 31 JULY 2016	\$ Value
Net asset value of fund (NAV)	\$17.939million
Pre distribution NAV unit price	\$12.3526
Distribution paid per unit	N/A
Ex distribution NAV unit price	\$12.3526
Buy / Sell Spread	+/- 0.15%

Compound Annual Returns to 31 JULY 2016 [^]	Fund	Benchmark*	Relative Performance
1 Month	0.88%	0.39%	0.49%
3 Months	1.54%	1.09%	0.45%
6 Months	3.01%	1.96%	1.05%
1 Year	4.20%	3.77%	0.43%
3 Years	5.73%	3.91%	1.82%
5 Years	7.63%	4.25%	3.38%
Since commencement**	9.24%	4.55%	4.69%

[^]Returns are after fees and expenses; *The Fund's current benchmark is the Bloomberg AusBond Bank Bill Index plus 2.5%. Since commencement to June 2013, the Fund's benchmark was the RBA bank rate plus 1.0% and in July 2013, the benchmark was changed to the RBA bank rate plus 1.5%. On 18 May 2016 the benchmark was changed to the Bloomberg AusBond Bank Bill Index plus 2.5%. ** Fund commenced on 1 April 2009.

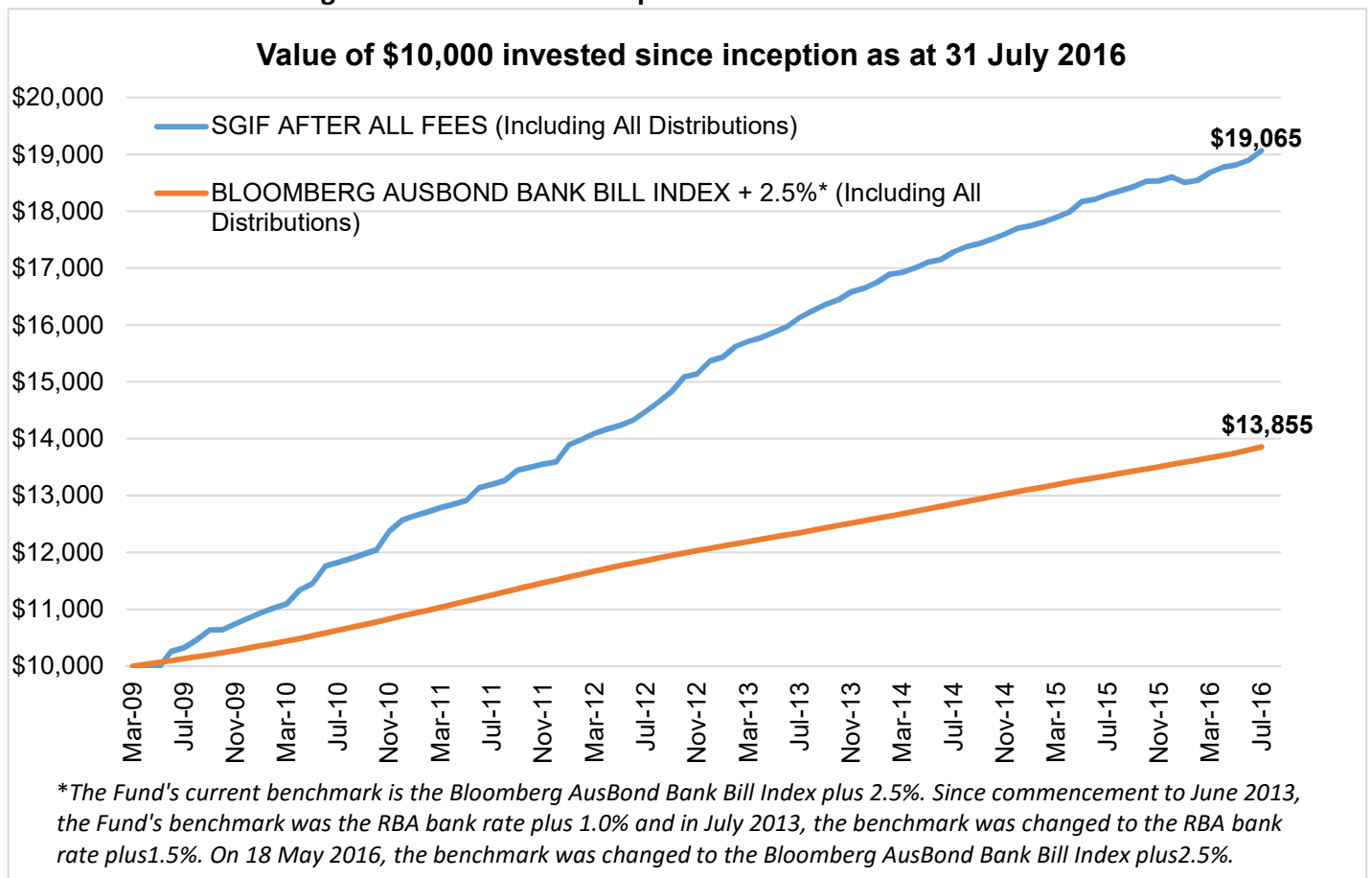
Source: Supervised Investments Australia Limited, the investment manager of the Fund. Past performance is no guarantee of future performance and no guarantee of future performance is implied.

Portfolio Composition as a % of NAV as at 31 July 2016



¹AUD Residential Mortgage Backed Securities; ²USD Collateralised Secured Corporate Loan Obligations; ³Includes cash at bank, cash held in margin accounts plus other receivables less payable; ⁴Convertible Loans converted into equity and equity options. **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.

Fund Unit Value Including Distributions since inception versus its Benchmark*



Manager's Comment

The Supervised Global Income Fund's (SGIF) unit price in July 2016 increased by 0.88% (net of fees). This result reflects the return of stability to credit margins in the asset backed security (ABS) market, where the SGIF invests most of its money.

July's result came from strong interest income contribution combined with capital gains on discounted assets. This was the first month in nearly a year where the market value in our ABS investments increased rather than decreasing. If this trend continues returns will hold up well in the year ahead.

Management of the SGIF expects credit spreads in the ABS market to decrease in the year ahead along with credit spreads in the corporate bond market.

The world is now experiencing, for the first time, the spectre of negative returns for fixed interest government and high grade corporate bonds. Also, in America we are experiencing negative real rates of return, against core inflation, on all bonds issued by the US Treasury. For instance with core inflation year on year in the US at 2.16% and the ten year treasury bond at 1.58% we have negative real rates of -0.58%. Whilst in Japan, Germany and Switzerland nominal ten year rate fixed rates are at -0.088%, -0.035% and -0.546% respectively.



Disclaimer

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

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