SUPERVISED INVESTMENTS AUSTRALIA

SUPERVISED GLOBAL INCOME FUND

September 2016

Investment Policy

The Supervised Global Income Fund (previously Supervised High Yield Fund) ARSN 600 244 102 (**SGIF** or **Fund**) is an Australian 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 daily 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.

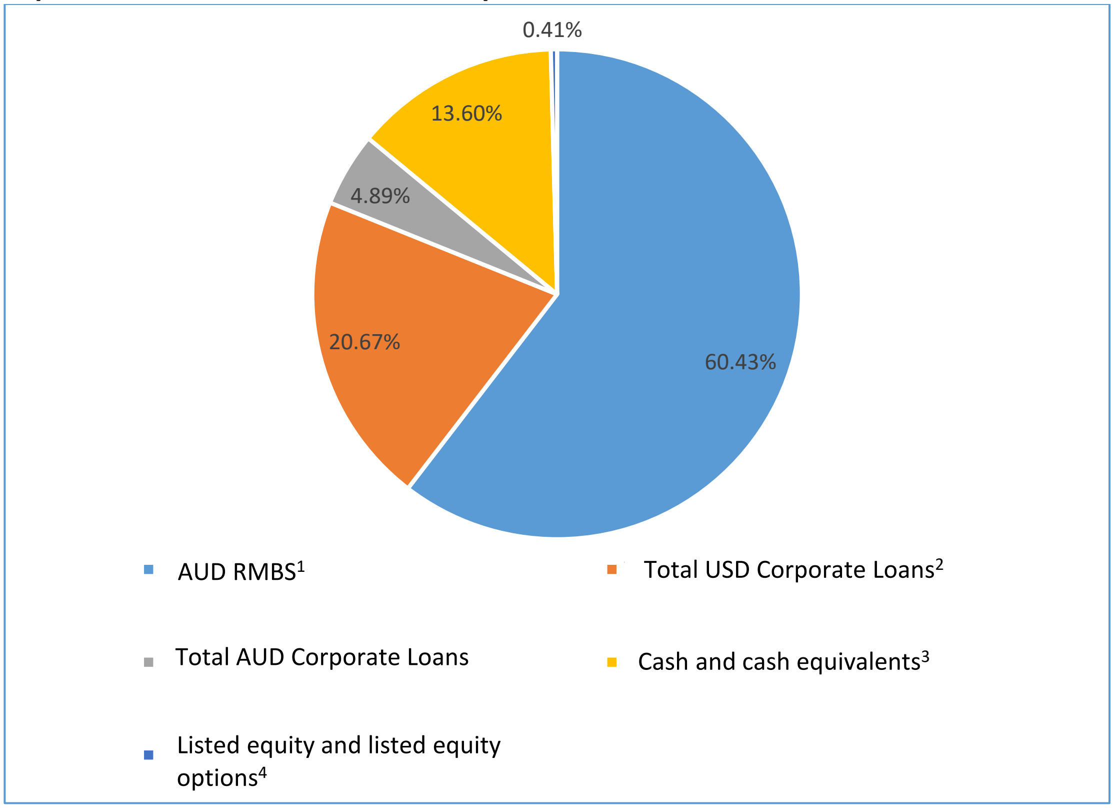
FUND INFORMATION AS AT 30 September 2016	$ Value
Net asset value of fund (NAV)	$17.985million
Pre distribution NAV unit price	$12.4977
Distribution paid per unit	$0.1250
Ex distribution NAV unit price	$12.3727
Buy / Sell Spread	+0.05%/- 0.05%

Compound Annual Returns to 30 September 2016^	Fund	Benchmark*	Relative Performance
1 Month	0.37%	0.35%	0.01%
3 Months	2.06%	1.12%	0.94%
6 Months	3.22%	2.12%	1.10%
1 Year	4.67%	3.93%	0.74%
3 Years	5.65%	3.93%	1.72%
5 Years	7.49%	4.21%	3.28%
Since commencement**	9.20%	4.55%	4.65%

*^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.*

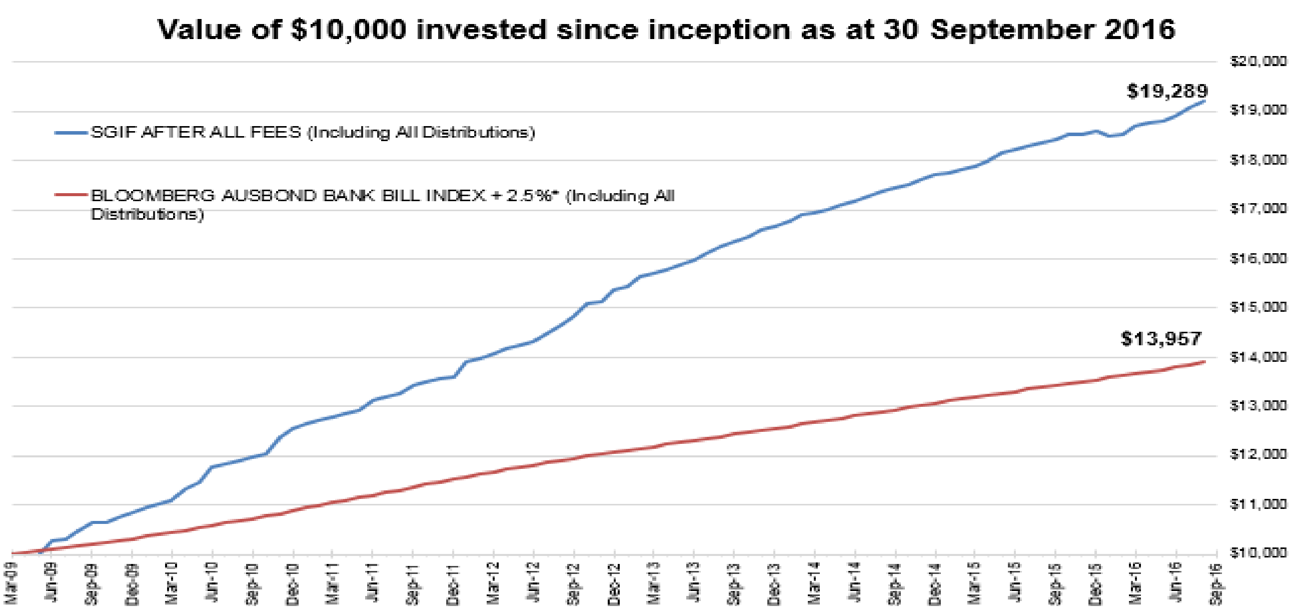
***Source:** Supervised Investments Australia Limited, the investment manager of the Fund. Past performance is no guarantee of future performance and no guarantee of future performance is implied.*

Portfolio Composition as a % of NAV as at 30 September 2016



[1]AUD Residential Mortgage Backed Securities; [2]USD Collateralised Secured Corporate Loan Obligations; [3]Includes cash at bank, cash held in margin accounts plus other receivables less payable; [4]Convertible 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 Value Including Distributions since inception versus its Benchmark*



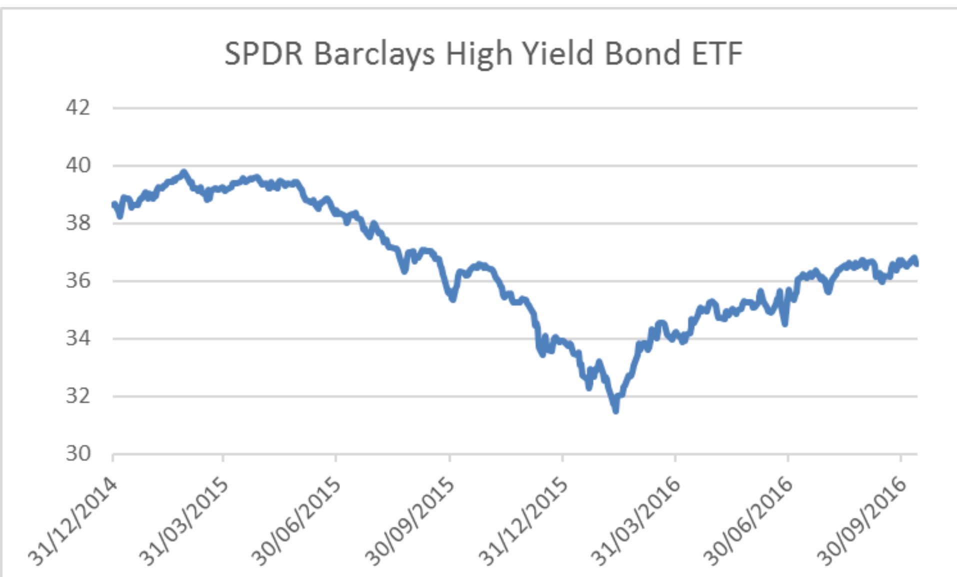
**The Fund's current benchmark is the Bloomberg AusBond Bank Bill Index plus 2.5%. Since commencement to June 2013, the Fund's benchmark was the RBA bank rate plus 1.0% and in July 2013, the benchmark was changed to the RBA bank rate plus1.5%. On 18 May 2016, the benchmark was changed to the Bloomberg AusBond Bank Bill Index plus2.5%.*

Manager's Comment

The Supervised Global Income Fund's unit price in September 2016 increased by 0.37% (net of fees). It was also pleasing to see a 1st quarter 2017 financial year return of 2.06%, which if the same return were sustained for the next 3 quarters, would produce an annualized return of 8.44%.

If this annualized return were achieved, this would represent a recovery of SGIF returns back towards the long term return of 9.20% annualized since inception and compare favourably against the annual return last financial year of 3.78%. Underlying these SGIF performance numbers is a strong recovery in the market price of the debt securities held by the Fund.

Market forces contributing to the improved SGIF performance are a response to the full implementation of the Dodd Frank bank capital regulations in the US and Basel IV bank capital regulations in Australia. Under these new bank capital regulations banks in the US are forced to hold 100% capital allocation against all securitized assets and in Australia the same is the case save for AAA rated RMBS. The banks' response to these new regulations have been progressively introduced over the 2015 -2016 financial year. The result has manifested in the banks downsizing their balance sheet investments in securitized debt assets such as Collateralized Corporate Loan Obligations (**CLO**) and Residential Mortgage Backed Securities (**RMBS**). Consequently, market prices for these assets in which the Fund invested fell by 5 to 10 percent during 2016 financial year, reducing the Funds returns that year. However, bank downsizing of CLO and RMBS notes appears to have come to an end during the March quarter of 2016. Since then we have seen many investment funds searching for yield and stability in the low yield world in which we must invest. A recovery in prices of High Yield Bonds has followed. This is clearly displayed in the following chart showing the price of sub investment grade assets held in the Barclays SPDR Barclays High Yield Bond Exchange Traded Fund.



Source: Bloomberg

The Investment Manager holds the view that benchmark fixed and floating rates will rise in the year ahead. Fixed rate bonds, such as Australian Treasury Bonds will lose value in the year ahead as the yields on these bonds increases. In this environment floating rate securities (**FRN**s) such as CLOs and RMBS become relatively attractive because the capital value of these investments is not effected when benchmark fixed and floating rates rise; in fact as floating rates rise so too does the earning rate on FRNs whilst capital value is preserved, unlike Fixed Interest Securities who's capital value will fall as fixed rates rise. Under this scenario, high yield CLO and RMBS are set to become highly attractive investments in the year ahead because the alternative fixed rate bonds sector will lose value. The Investment Manager believes that the capital value of High Yield CLO and RMBS notes will rise in the year ahead because the weight of money chasing safe stress tested high yield CLO's and RMBS investments will act to bid up the capital values!

If our expectation is borne out over the year ahead, as it has been over the past six months, then SGIF is likely to produce returns in excess of its benchmark, the Boomberg AusBond Bank Bill index plus 2.5%.

As Manager of your Fund we choose to recognize our calculated intrinsic value of the Fund rather than the markets value for such investment. So rather than panic and sell our assets during 2015 at market prices below our calculated intrinsic value we remained invested; thus allowing you the unit holder to benefit from the recent move back to intrinsic value and enjoy the September quarter returns of 2.06%, 0.94% above the SGIF benchmark.

We appreciate and respect the wise choice made by the Fund's unit holders over the past year, who elected to stay invested rather than sell out during this period of market price weakness. Now the Fund is in a position to capitalize upon market prices as they continue to move all the way back to fair intrinsic value.

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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For further information: contact the Portfolio Manager, Philip Carden, at phil@supervisedinvestments.com or on 02 9279 4040
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Supervised Investments Australia Limited, ABN 45 125 580 305, AFSL 317155, Suite 701, 65 York Street Sydney NSW 2000.
Tel: +61 2 9279 4040 Website: www.supervisedinvestments.com