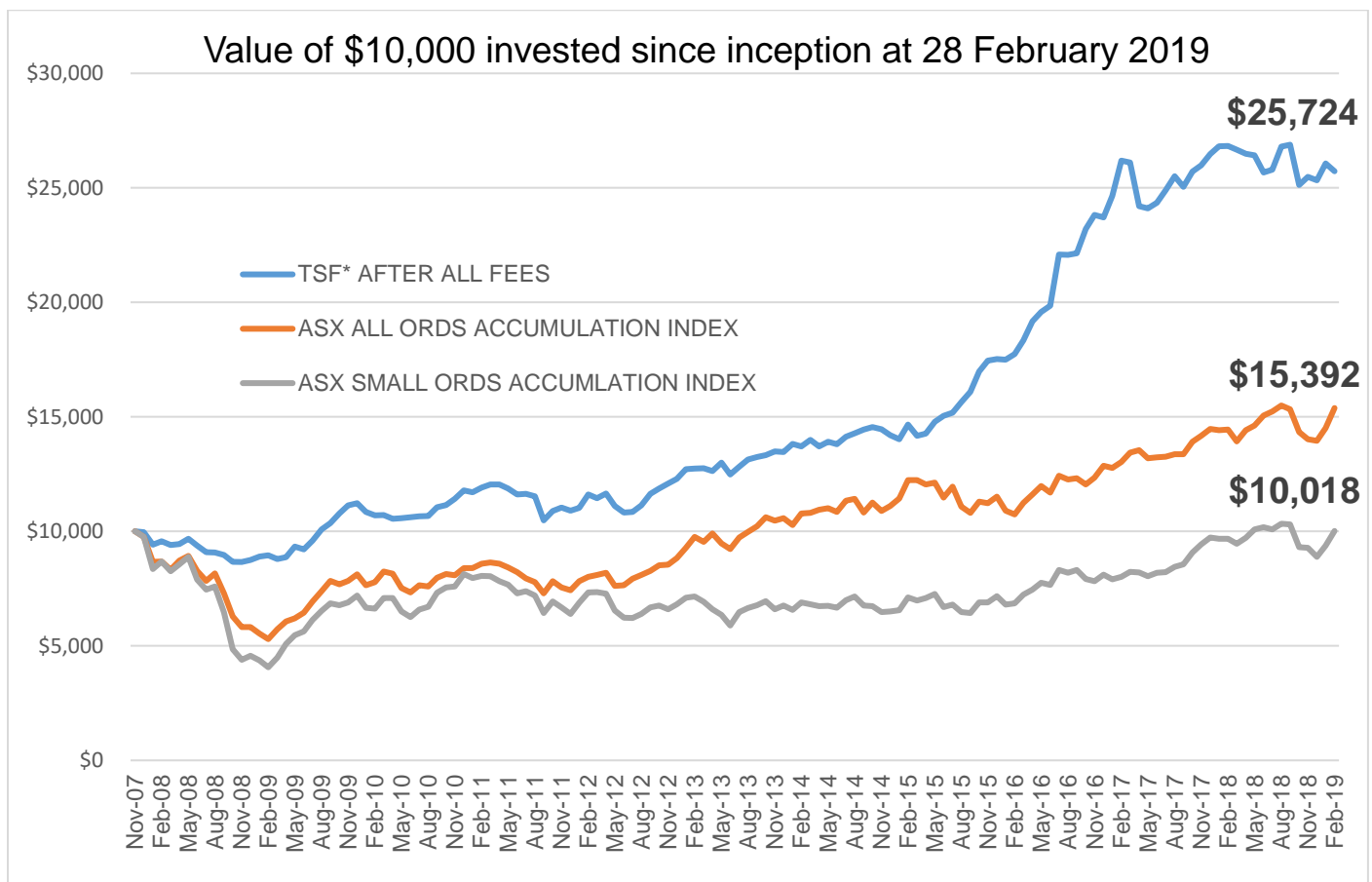


## The Supervised Fund (TSF)

### Monthly Report – February 2019

Performance Analysis (as at 28 February 2019)	TSF after all fees	All Ords Accumulation	Small Ords Accumulation	Benchmark
1 month	<b>-1.3%</b>	6.1%	6.8%	0.4%
1 quarter	<b>0.9%</b>	9.8%	8.0%	1.2%
1 year	<b>-4.1%</b>	6.6%	3.5%	5.0%
2 years p.a.	<b>-0.9%</b>	8.7%	11.8%	5.0%
3 years p.a.	<b>13.2%</b>	12.7%	13.4%	5.0%
5 years p.a.	<b>13.4%</b>	7.4%	7.7%	5.0%
7 years p.a.	<b>12.0%</b>	9.8%	4.6%	5.0%
10 years p.a.	<b>11.1%</b>	11.3%	9.4%	5.0%
Since inception p.a. (Dec. 2007)	<b>9.5%</b>	4.2%	0.0%	5.0%

Past performance is no indication of future performance



\*Please note TSF return assumes reinvestment of all distributions (as do the indices).

## Portfolio at 28 February 2019

Top 10 Positions	% of NAV
Kangaroo Island Plantation Timbers Limited	23%
HGL Limited	14%
Po Valley Energy Limited (equity and convertible notes)	13%
Cash	11%
Hillgrove Resources Limited	8%
Engenco Limited	8%
Bisalloy Steel Group Limited	8%
Physical Gold ETF	6%
Avita Medical Limited	4%
Coro Energy Limited	1%

- 5% of capital is invested in non-ASX listed investments (excluding cash).
- 21% of capital is invested in oil, gas and resources companies (excluding gold).
- 7% of capital is invested in physical gold and gold mining companies.
- 79% of capital is invested in companies with market capitalisations of less than \$150m.

## Commentary

Winners in February 2019	Contribution to fund return	Gross return	Losers in February 2019	Contribution to fund return	Gross return
Hillgrove Resources Limited	1.1%	16.2%	Kangaroo Island Plantation Limited	-1.9%	-7.8%
HGL Limited	0.7%	4.9%	Engenco Limited	-1.3%	-14.4%
Bisalloy Steel Group Limited	0.5%	7.2%	Silver Heritage Limited	-0.2%	-25.7%

The Fund's February return was largely driven by a decrease in the price of KPT shares. During the month, the company raised \$10m through a placement at \$2 per share. This led to a month-end share price of \$2.01, compared with \$2.19 at the end of January. The fundamentals of the business have not changed, and we still await the release of KPT's environmental impact study (EIS) for public consultation by the South Australian Ministry for Planning.

Shares in Engenco depreciated after the company posted a half-yearly result where net profit decreased by 13% year-on-year. We believe the subsequent market response, a 14% sell-off in Engenco shares, was an overreaction. Including the most recent results, the company has grown net profit by 41% per annum over the last three years. Success is never a simple straight line and despite the recent moderation we believe the company is well-positioned for future growth. The company has cash of \$8.5m, no debt, and shareholders own 80% of tangible assets. Above all, the board and management team have a thoughtful and measured approach to expansion.

Hillgrove and HGL shares increased on no news. Bisalloy stock appreciated after a positive half-yearly result which saw net profit up by 70%. In addition, the company progressed its bid to manufacture armour grade steel for two major upcoming Australian Defence Force projects: SEA1000 and Land 400.

David Constable

7 March 2019

## The Supervised Fund's Historical Performance

	<b>TSF after all fees</b>	<b>All Ords Accumulation</b>	<b>Small Ords Accumulation</b>
Since inception p.a. (Dec 2007)	<b>9.5%</b>	4.2%	0.0%
Financial year to date	<b>0.2%</b>	2.3%	-1.6%
Calendar year to date	<b>1.5%</b>	10.3%	12.7%
FY18	<b>5.4%</b>	13.7%	24.2%
FY17	<b>22.6%</b>	13.1%	7.0%
FY16	<b>32.0%</b>	2.0%	14.4%
FY15	<b>9.0%</b>	5.7%	0.4%
FY14	<b>10.6%</b>	17.6%	13.1%
FY13	<b>15.3%</b>	20.7%	-5.3%
FY12	<b>-6.8%</b>	-7.0%	-14.6%
FY11	<b>9.4%</b>	12.2%	16.4%
FY10	<b>15.1%</b>	13.8%	11.2%
FY09	<b>-1.7%</b>	-22.1%	-28.6%

The Fund's benchmark is 5% per annum. Small Ords Accumulation and All Ords Accumulation are included for the sake of comparison to the predominant Australian equity indices.

## DISCLAIMER

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