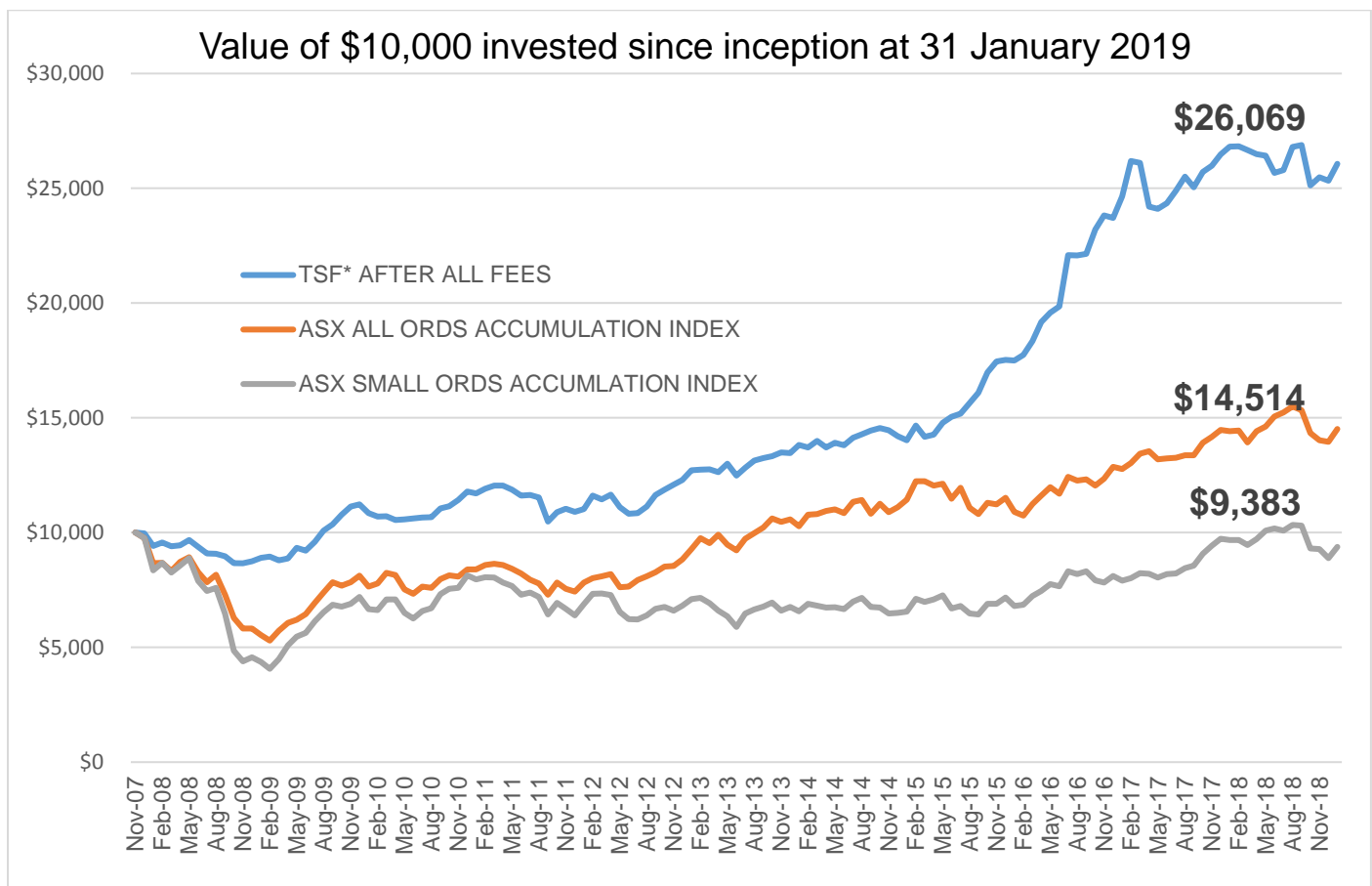


The Supervised Fund (TSF)

Monthly Report – January 2019

| Performance Analysis (as at 31 January 2019) | TSF after all fees | All Ords Accumulation | Small Ords Accumulation | Benchmark |
|---|-----------------------|--------------------------|----------------------------|-----------|
| 1 month | 2.9% | 4.0% | 5.6% | 0.4% |
| 1 quarter | 3.8% | 1.2% | 0.8% | 1.2% |
| 1 year | -2.8% | 0.7% | -3.1% | 5.0% |
| 2 years p.a. | 2.9% | 6.6% | 8.9% | 5.0% |
| 3 years p.a. | 14.2% | 10.0% | 11.3% | 5.0% |
| 5 years p.a. | 13.5% | 7.1% | 7.4% | 5.0% |
| 7 years p.a. | 13.1% | 9.2% | 4.5% | 5.0% |
| 10 years p.a. | 11.3% | 10.1% | 8.0% | 5.0% |
| Since inception p.a. (Dec. 2007) | 9.6% | 3.6% | -0.6% | 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 31 January 2019

| Top 10 Positions | % of NAV |
|--|----------|
| Kangaroo Island Plantation Timbers Limited | 26% |
| HGL Limited | 13% |
| Po Valley Energy Limited (equity and convertible notes) | 13% |
| Hillgrove Resources Limited | 9% |
| Engenco Limited | 9% |
| Bisalloy Steel Group Limited | 8% |
| Cash | 7% |
| Physical Gold ETF | 6% |
| Avita Medical Limited | 4% |
| Coro Energy Limited | 1% |

- 6% of capital is invested in non-ASX listed investments (excluding cash).
- 24% of capital is invested in oil, gas and resources companies (excluding gold).
- 6% of capital is invested in physical gold and gold mining companies.
- 73% of capital is invested in companies with market capitalisations of less than \$150m.

Commentary

| Winners in January 2019 | Contribution to fund return | Gross return | Losers in January 2019 | Contribution to fund return | Gross return |
|--|-----------------------------|--------------|-----------------------------|-----------------------------|--------------|
| Kangaroo Island Plantation Timbers Limited | 2.4% | 9.6% | HGL Limited | -1.3% | -8.8% |
| Avita Medical Limited | 1.3% | 47.8% | Hillgrove Resources Limited | -1.1% | -10.6% |
| Engenco Limited | 1.2% | 14.9% | Silver Heritage Limited | -0.1% | -11.8% |

The Fund's January return was largely driven by an increase in the price of KPT shares. During the month, the company announced it had resubmitted the Environmental Impact Study (EIS) for its proposed seaport. The EIS, originally submitted in September 2018, had been modified to address the suggestions of the South Australian Ministry of Planning. KPT reaffirmed the construction and operation of its seaport would have no detrimental impact on the neighbouring abalone farm or any matters of national environmental significance. The company is now awaiting the release of the EIS for public consultation by the Ministry. This should last for about six weeks, after which KPT will have right of reply via a Response Document. The EIS and Response Document will then be submitted to the State and Commonwealth governments for their decision.

Shares in Avita, one of our recent investments, appreciated by 48% during January. The company, which has developed an FDA-approved system for treating burns, announced during the month that it was launching its product, RECELL, in the US.

Engenco shares rose on no news, as did HGL shares fall. During the month, Hillgrove reported a 10% reduction in the amount of copper to be mined from its existing open pit due to a rock fall. This contributed to a decrease in the company's share price. Hillgrove is currently negotiating the sale of its nearly depleted open pit mine and tailings dam for use as a pumped hydroelectric energy storage system. This should help the company in its stated intention to pay its first dividend since 2009.

David Constable

5 February 2019

The Supervised Fund's Historical Performance

| | TSF after all fees | All Ords Accumulation | Small Ords Accumulation |
|---------------------------------|-------------------------------|----------------------------------|------------------------------------|
| Since inception p.a. (Dec 2007) | 9.6% | 3.6% | -0.6% |
| Financial year to date | 1.5% | -3.6% | -7.9% |
| Calendar year to date | 2.9% | 4.0% | 5.6% |
| FY18 | 5.4% | 13.7% | 24.2% |
| FY17 | 22.6% | 13.1% | 7.0% |
| FY16 | 32.0% | 2.0% | 14.4% |
| FY15 | 9.0% | 5.7% | 0.4% |
| FY14 | 10.6% | 17.6% | 13.1% |
| FY13 | 15.3% | 20.7% | -5.3% |
| FY12 | -6.8% | -7.0% | -14.6% |
| FY11 | 9.4% | 12.2% | 16.4% |
| FY10 | 15.1% | 13.8% | 11.2% |
| FY09 | -1.7% | -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

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Trustee for The Supervised Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

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