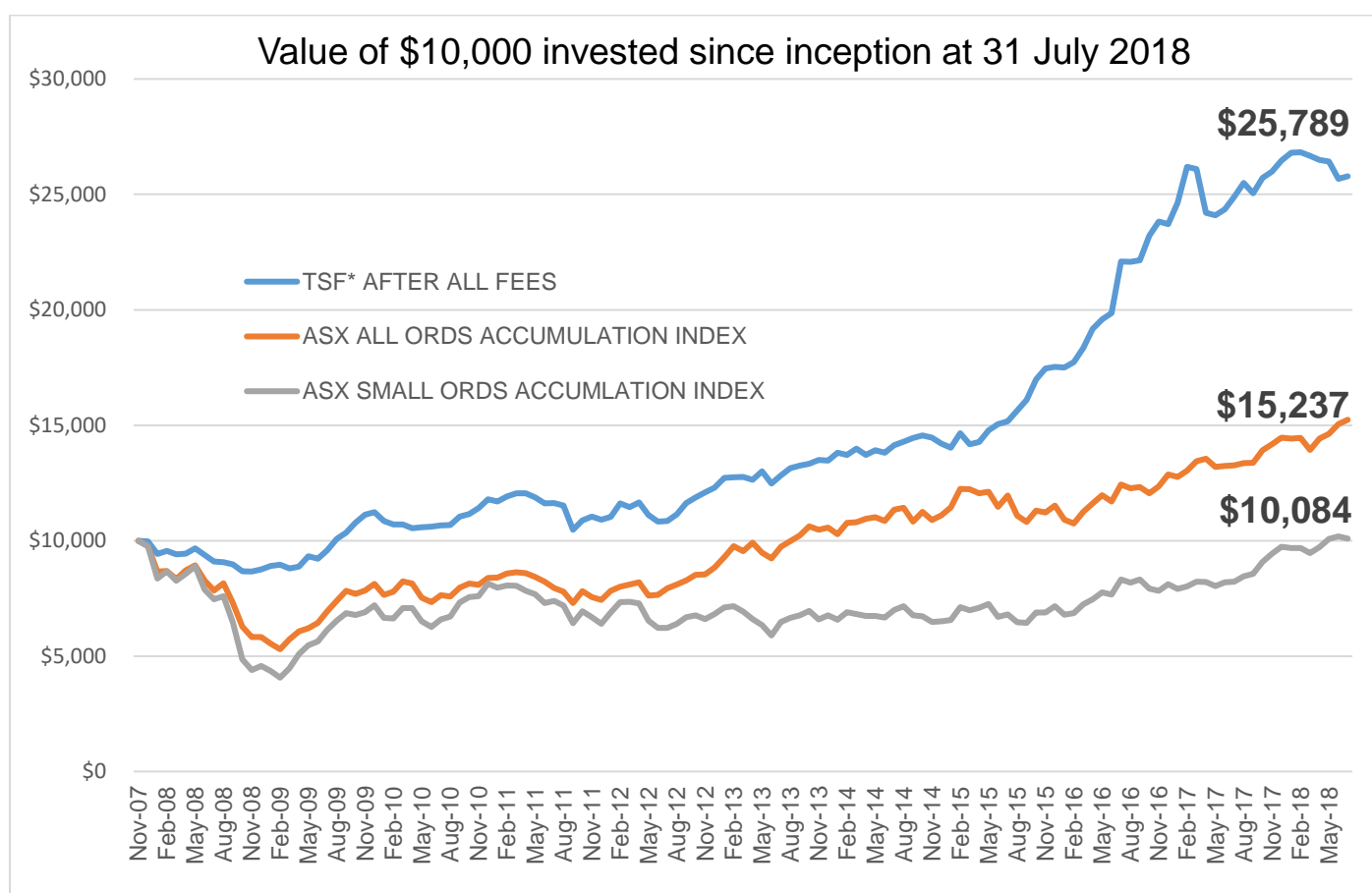


The Supervised Fund (TSF)

Monthly Report – July 2018

Performance Analysis (as at 31 July 2018)	TSF after all fees	All Ords Accumulation	Small Ords Accumulation	Benchmark
1 month	0.4%	1.2%	-1.0%	0.4%
1 year	3.6%	14.9%	22.6%	5.0%
2 years p.a.	8.0%	10.7%	10.1%	5.0%
3 years p.a.	19.3%	8.4%	14.0%	5.0%
5 years p.a.	15.0%	9.4%	9.3%	5.0%
7 years p.a.	12.0%	9.7%	4.5%	5.0%
10 years p.a.	11.0%	6.9%	3.1%	5.0%
Since inception p.a. (Dec. 2007)	9.5%	4.1%	0.1%	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 July 2018

Top 10 Positions	% of NAV
Kangaroo Island Plantation Timbers Limited	24%
Cash and government bonds	12%
HGL Limited	13%
Hillgrove Resources Limited	13%
Po Valley Energy Limited (equity and convertible notes)	11%
Engenco Limited	7%
Bisalloy Steel Group Limited	5%
Physical Gold ETF	5%
Spicers Limited	3%
Coro Energy Limited	3%

- 0.1% of capital is invested in put options over stock market indices.
- 9% of capital is invested in non-ASX listed investments (excluding cash and government bonds).
- 29% of capital is invested in oil, gas and resources companies (excluding gold).
- 6% of capital is invested in physical gold and gold mining companies.
- 75% of capital is invested in companies with market capitalisations of less than \$150m.

Commentary

Winners in July 2018	Contribution to fund return	Gross return	Losers in July 2018	Contribution to fund return	Gross return
Po Valley Energy Limited	1.8%	28.1%	Kangaroo Island Plantation Timbers Limited	-1.7%	-6.5%
Engenco Limited	0.8%	12.4%	HGL Limited	-0.9%	-6.1%
Hillgrove Resources Limited	0.5%	3.7%	Physical Gold ETF	-0.1%	-2.9%

The Supervised Fund's July 2018 return of 0.4% was impacted by stronger market sentiment in Po Valley Energy and Engenco Limited, offset by selling pressure in KPT and HGL.

Interest in Po Valley shares spiked after celebrity stock-picker Alan Kohler stated the company looked considerably undervalued. Engenco appreciated on no news, while Hillgrove released its June quarter report at the end of the month. Production was the third highest on record, with the greatest output of copper since the June quarter of 2014. The company remains on track to return its creditors to a normal level by the end of this quarter and begin to generate free cash for equity holders.

KPT shares declined despite the positive news that the company's timber assets have been revalued up 33% year-on-year to \$108m. This increases KPT's tangible book value per share to upwards of \$2.40, compared to the last traded price of \$2.05. Additionally, the company announced it is on track to submit its environmental impact study by the end of September 2018. This is an important milestone on the path to wharf approval.

HGL shares depreciated on no news during the month.

David Constable

6 August 2018

The Supervised Fund's Historical Performance

	TSF after all fees	Small Ords Accumulation	All Ords Accumulation
Since inception p.a. (Dec 2007)	9.5%	0.1%	4.1%
Financial year to date	0.4%	-1.0%	1.2%
Calendar year to date	-2.6%	3.6%	5.3%
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

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