



SUPERVISED GLOBAL INCOME FUND

October 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 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.

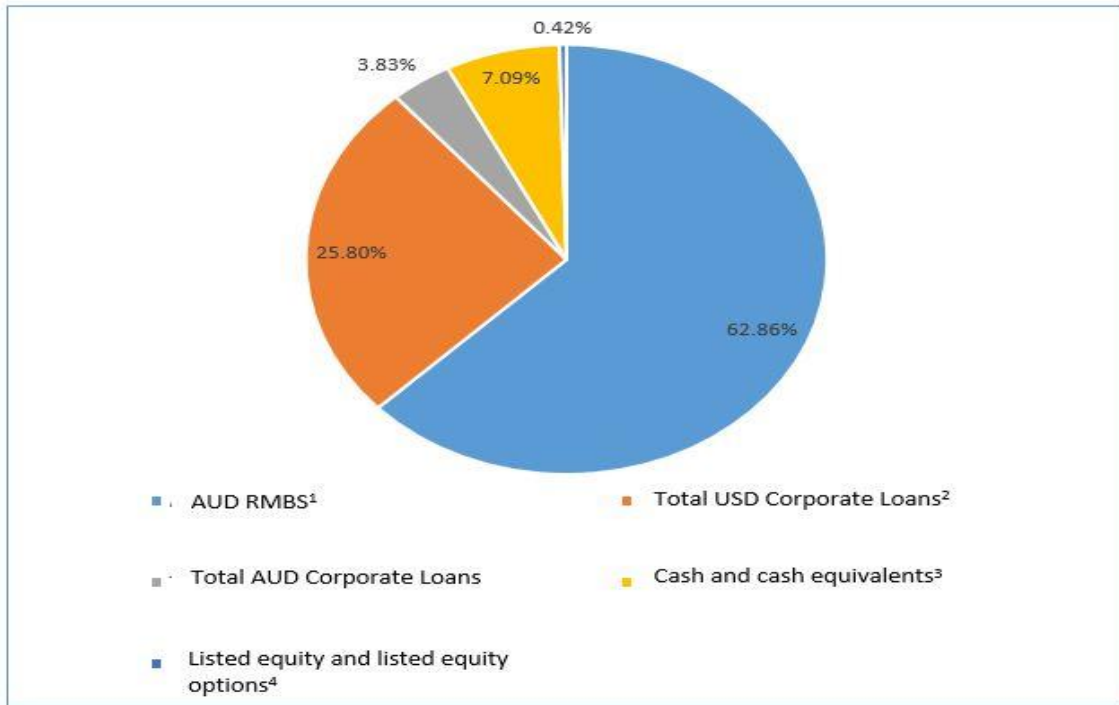
FUND INFORMATION AS AT 31 October 2016	\$ Value
Net asset value of fund (NAV)	\$17.977million
Pre distribution NAV unit price	\$12.4256
Distribution paid per unit	N/A
Ex distribution NAV unit price	\$12.4256
Buy / Sell Spread	+0.15% / -0.15%

Compound Annual Returns to 31 October 2016 [^]	Fund	Benchmark [*]	Relative Performance
1 Month	0.43%	0.36%	0.07%
3 Months	1.61%	1.09%	0.52%
6 Months	3.17%	3.17%	0.00%
1 Year	4.56%	3.99%	0.56%
3 Years	5.62%	3.94%	1.68%
5 Years	7.49%	4.18%	3.31%
Since commencement ^{**}	9.15%	4.54%	4.61%

[^]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.

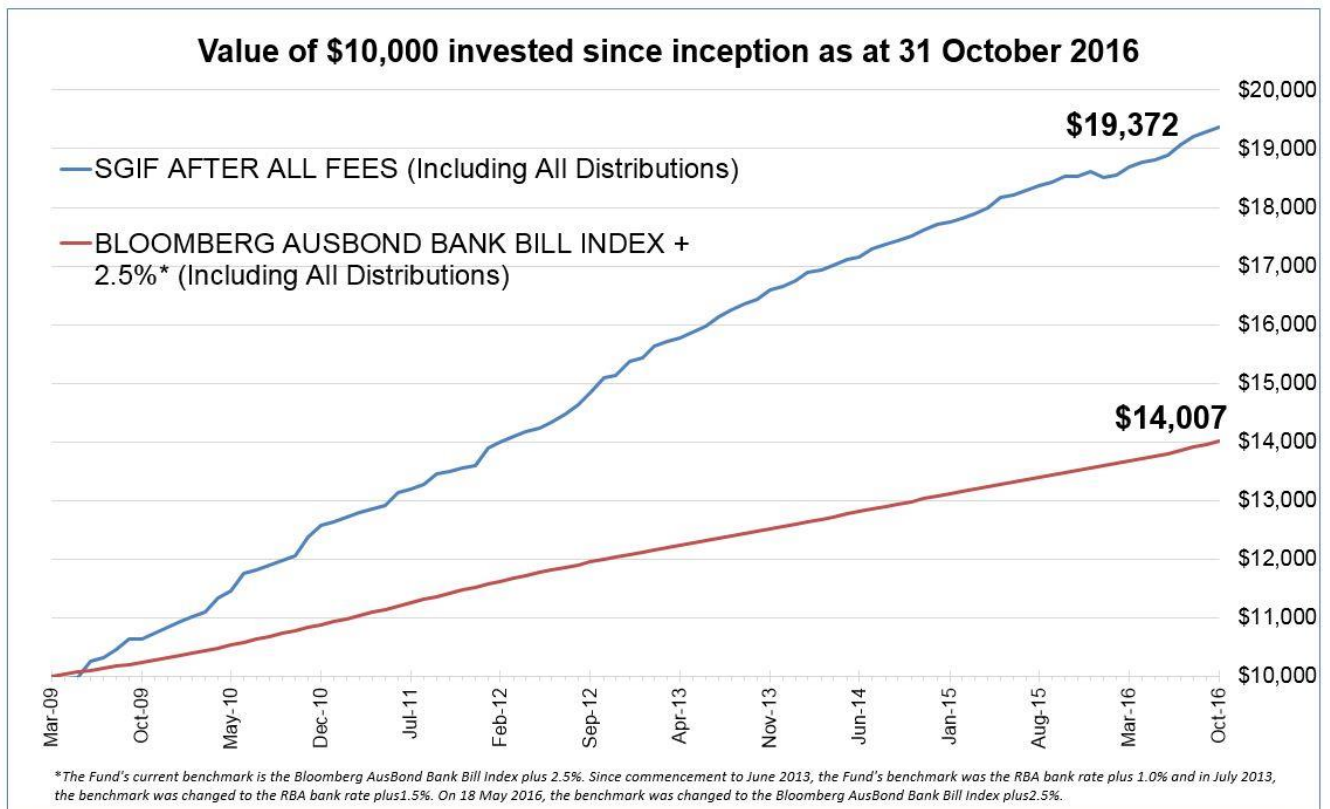
Source: Supervised Investments Australia Limited, the investment manager of the Fund. Past performance is no guarantee of future performance and no guarantee of future performance is implied.

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



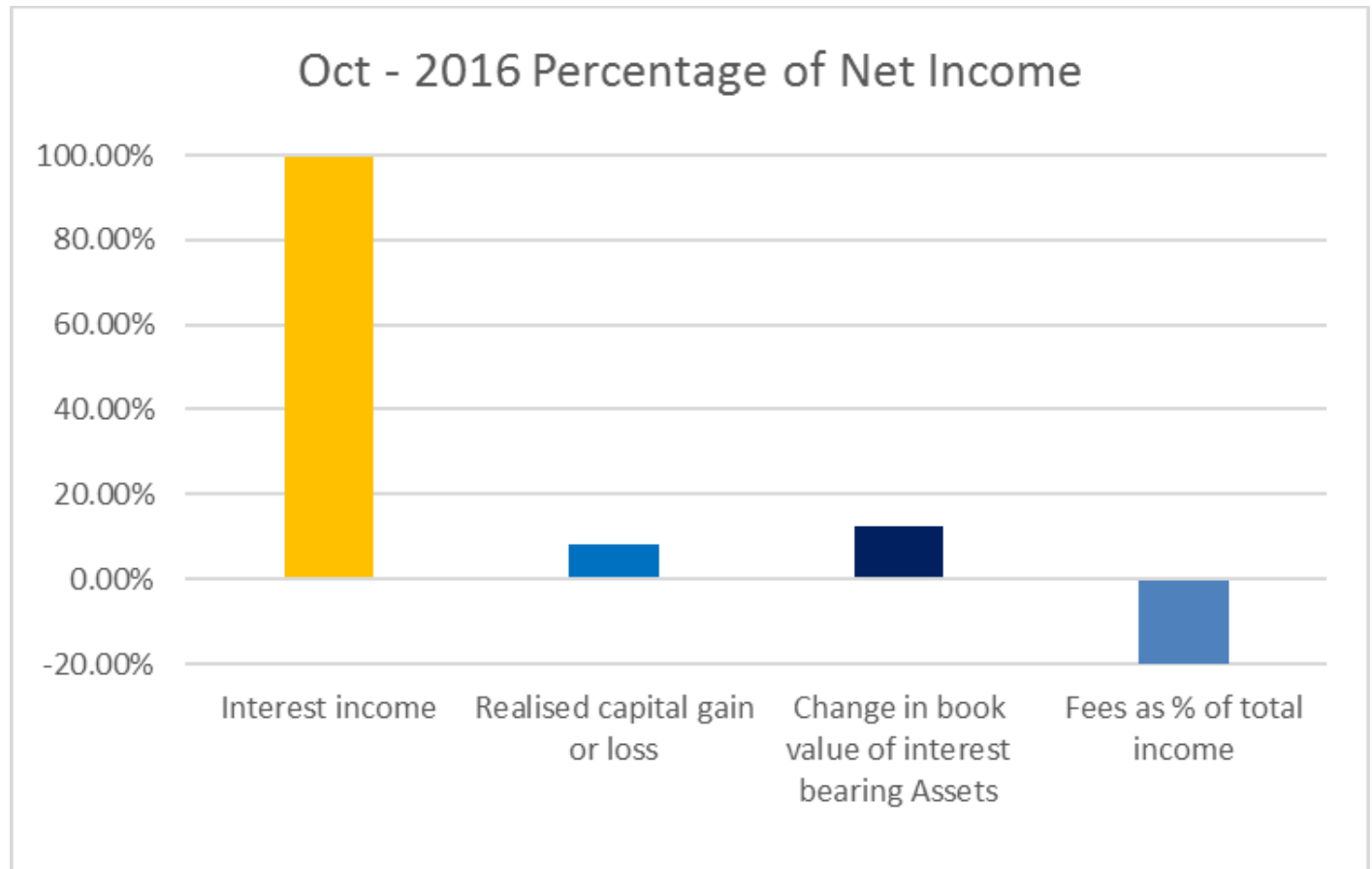
¹AUD Residential Mortgage Backed Securities; ²USD Collateralised Secured Corporate Loan Obligations; ³Includes cash at bank, cash held in margin accounts plus other receivables less payable; ⁴Convertible Loans converted into equity and equity options. **Source:** Supervised Investments Australia Limited, 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 unit price in October 2016 increased by 0.43% (net of fees). The following chart illustrates the source of income and costs during October 2016.



The structure of the SGIF portfolio remains broadly unchanged with the Fund's exposure to risk concentrated into the following areas;

- **Interest rate duration**, the portfolio interest rate duration is as short as it possibly can be which means unit holder returns will increase along with increasing interest rates in Australia and the US. If interest rates increase in either Australia or the US the benefit of higher rates will flow straight through to higher interest earnings in the SGIF portfolio.
- **Fixed Interest Rates**, the portfolio has a long option position that will pay dividends to unit holders when ten year US Treasury Bond yields rise.
- **Credit spreads**, the portfolio has exposure to credit spreads in the Australian floating rate residential mortgage sector and the US secured floating rate corporate loan sector. This means that if these credit spreads decrease then the market value of the SGIF assets will increase, conversely if credit spreads increase then the market price of SGIF assets will fall.

The Investment Manager expects increasing fixed rates and increasing floating rates both here and in the US in the year ahead. We also expect the credit spread on floating rate corporate and mortgage assets to decrease as they will become relatively more attractive on a gross yield basis as interest rates rise and fixed rate bond prices fall.

The Investment Manager is happy with the current risk exposure of the portfolio and has no plans to make any material changes in the month ahead.



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**).

One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) (**OMIFL**) is the responsibility entity of the Fund. The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. Investors should consider the Product Disclosure Statement and Additional Product Disclosure Statement dated 15 August 2016 (**PDS**) issued by OMIFL before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it is important investors obtain and read a copy of the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. A copy of the PDS and continuous disclosures may be obtained from <http://oneinvestment.com.au/> or <http://supervisedinvestments.com/>.

The forward looking statements included in this document involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to SIAL. In particular, they speak only as of the date of these materials, they assume the success of SIAL's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from forward looking statements and the assumptions on which those statements are based. Given these uncertainties, investors are cautioned not to place undue reliance on such forward looking statements.

SIAL believes that the information contained in this document is accurate when issued. SIAL does not warrant that such information or advice is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of SIAL and its associates. This document should be regarded as general information only rather than advice. In preparing this document, SIAL did not take into account the investment objectives, financial situation and particular needs of any individual person.

The information contained in this document must not be copied or disclosed in whole or in part without the prior written consent of SIAL, and SIAL accept no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. Any opinions expressed in this document may be subject to change. SIAL is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither SIAL nor any of their directors, employees or agents accept any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this document.

OMIFL and SIAL do not guarantee the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor SIAL, including their directors, senior executives, employees, consultants, advisers, officers or authorized representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this document. SIAL only provides services to wholesale clients, as defined in section 761G of the Corporations Act. Past performance is not indicative of future performance. Information in this document is current as at 31 October 2016.