



SUPERVISED INVESTMENTS
AUSTRALIA

SUPERVISED GLOBAL INCOME FUND

November 2016

Investment Policy

The Supervised Global Income Fund RSN 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.

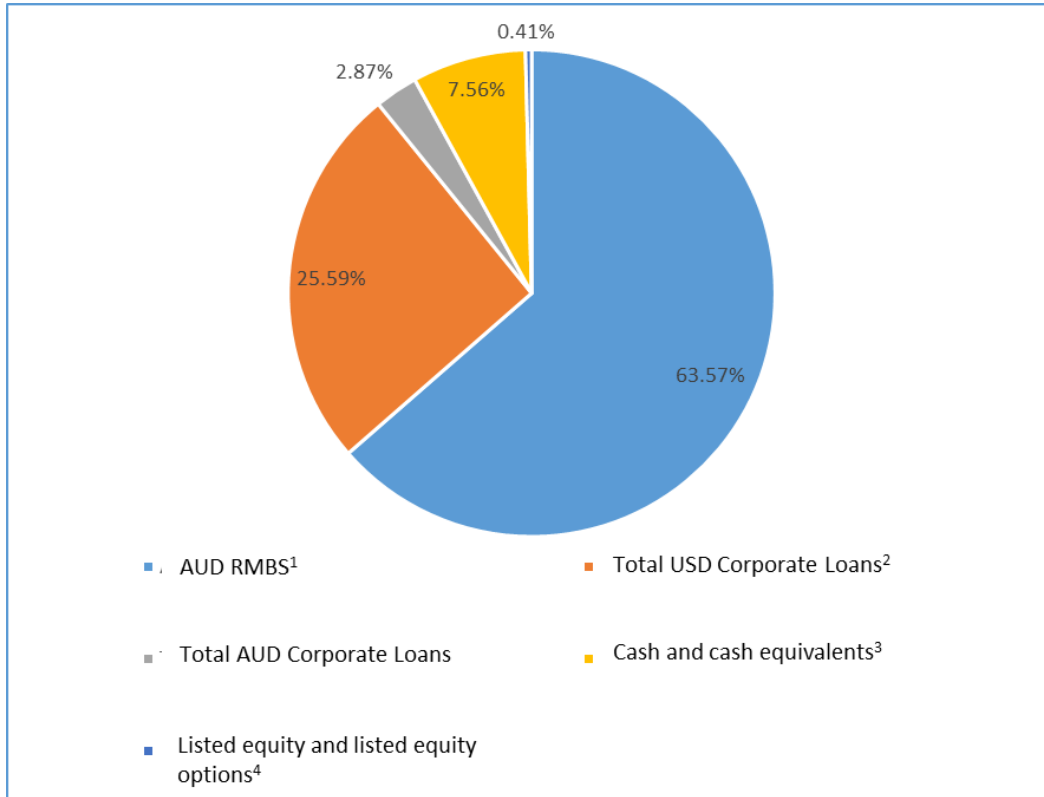
FUND INFORMATION AS AT 30 November 2016	\$ Value
Net asset value of fund (NAV)	\$17.765million
Pre distribution NAV unit price	\$12.5728
Distribution paid per unit	N/A
Entry Price	\$12.5917
Exit Price	\$12.5539
Buy / Sell UNIT PRICES	+0.15%/-0.15%

Compound Annual Returns to 30 November 2016 [^]	Fund	Benchmark [*]	Relative Performance
1 Month	1.18%	0.35%	0.83%
3 Months	1.99%	1.06%	0.93%
6 Months	4.18%	2.22%	1.97%
1 Year	5.76%	4.06%	1.70%
3 Years	5.73%	3.95%	1.78%
5 Years	7.66%	4.16%	3.50%
Since commencement ^{**}	9.22%	4.54%	4.67%

[^]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.

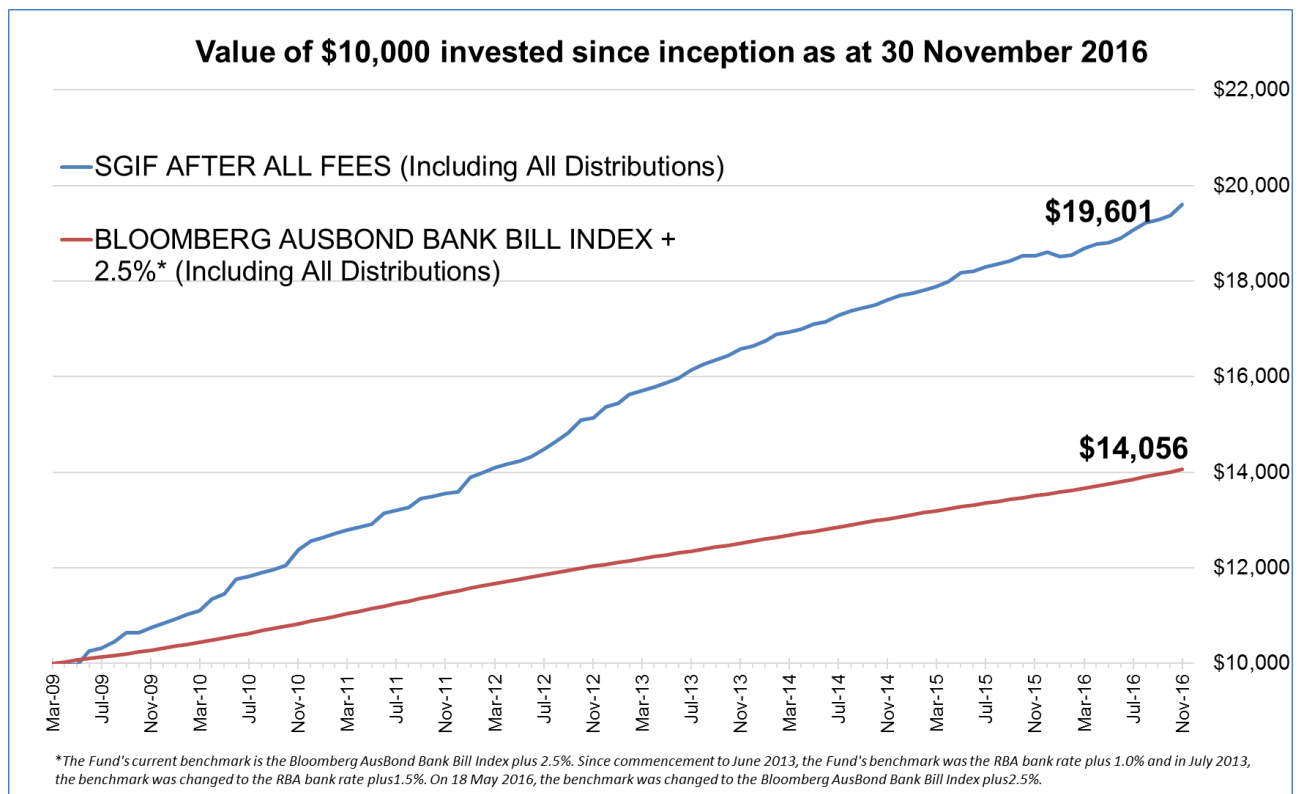
Source: Supervised Investments Australia Limited, the investment manager of the Fund. Past performance is no guarantee of future performance and no guarantee of future performance is implied.

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



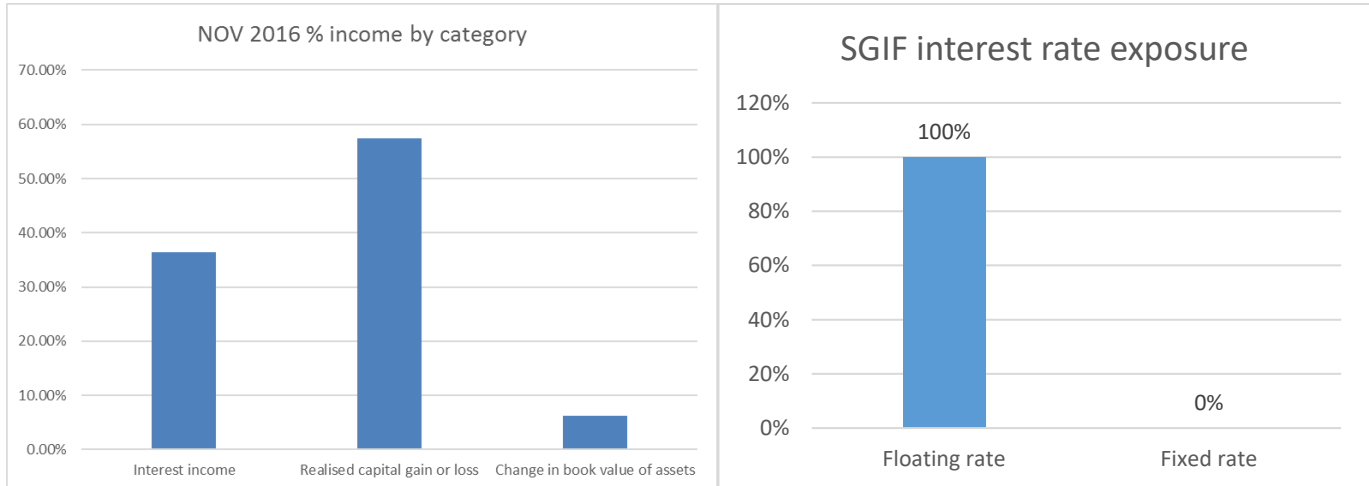
¹AUD Residential Mortgage Backed Securities; ²USD Collateralised Secured Corporate Loan Obligations; ³Includes cash at bank, cash held in margin accounts plus other receivables less payable; ⁴Convertible Loans converted into equity and equity options. **Source:** Supervised Investments Australia Limited, 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 November 2016 increased by 1.18% (net of fees). The following chart (left hand side) illustrates the Fund's income by category during November 2016. In the realised capital gains category of this chart the SGIF received 57.38% of gross income from its strategy of buying options to protect our investors against the threat of volatility in the interest rate market. In November this was the case in response to the surprise Republican victory in the United States. When volatility increased and profits from our option positions suddenly became available we realized good capital gains.



The chart on the right illustrates the interest rate exposure of the SGIF investment portfolio. We have no capital exposure to increasing interest rates because the SGIF is invested in floating rate notes. Floating rate notes maintain their market value when interest rates rise or fall because the interest paid on floating rate notes changes in line with benchmark interest rates. This is not the case for fixed interest bonds such as the Benchmark United States Ten Year Treasury Bond whose capital price fell by 4.80% during November when its market interest rate increased from 1.83% yield to maturity to 2.38%.

SGIF management expect further increases in interest rates over the year ahead. During this period, we also expect floating rate notes to increase in popularity with investors due to their ability to maintain capital value in a rising interest rate environment. With this increased popularity in mind we now expect the market price of floating rate notes will be bid up in the year ahead reflecting increased demand from investors. This being the case, returns in the SGIF are likely to be positively affected.

We wish all SGIF investors and potential investors Seasons Greetings and a prosperous new year.



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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