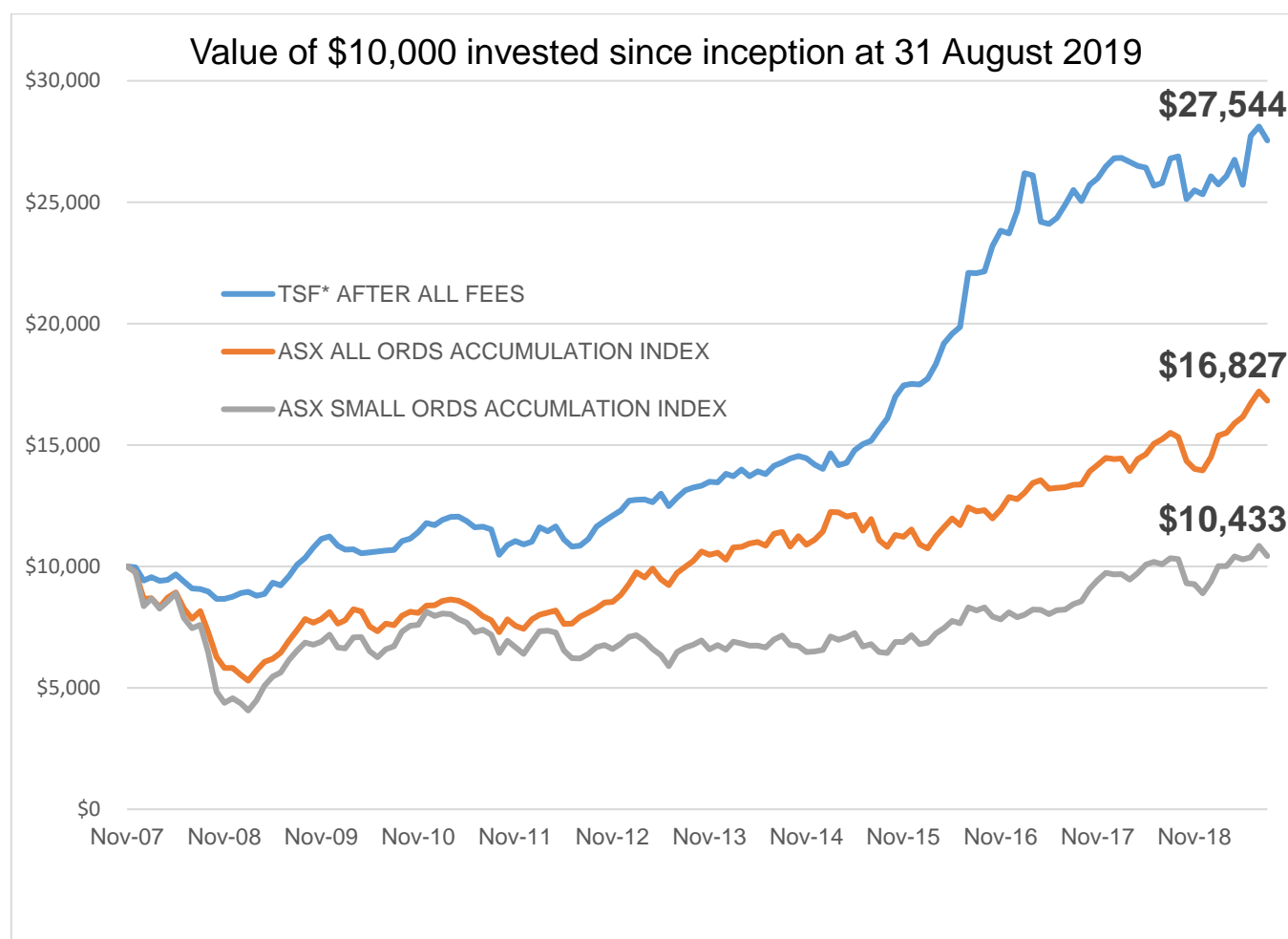


The Supervised Fund (TSF)

Monthly Report – August 2019

Performance Analysis (as at 31 August 2019)	TSF after all fees	All Ords Accumulation	Small Ords Accumulation	Benchmark
1 month	-2.0%	-2.2%	-3.9%	0.4%
1 quarter	7.1%	4.1%	1.4%	1.2%
Last twelve months	2.8%	8.6%	0.9%	5.0%
2 years p.a.	3.9%	12.2%	11.1%	5.0%
3 years p.a.	7.6%	11.1%	8.4%	5.0%
5 years p.a.	14.0%	8.1%	7.8%	5.0%
7 years p.a.	13.8%	11.0%	7.2%	5.0%
10 years p.a.	10.6%	8.6%	4.8%	5.0%
Since inception p.a. (Dec. 2007)	10.2%	5.1%	0.4%	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 August 2019

Top 10 Positions	% of NAV at current value	% of NAV at cost	
Kangaroo Island Plantation Timbers Limited	20%	6%	<ul style="list-style-type: none"> • 8% of capital is invested in non-ASX listed investments (excluding cash). • 25% of capital is invested in oil, gas and resources companies (excluding gold). • 5% of capital is invested in physical gold and gold call & put options. • 77% of capital is invested in companies with market capitalisations of less than \$150m.
Po Valley Energy Limited (equity and convertible notes)	17%	6%	
HGL Limited	12%	18%	
Engenco Limited	8%	5%	
Bisalloy Steel Group Limited	7%	3%	
Hillgrove Resources Limited	6%	3%	
Physical Gold ETF and Gold Call & Put Options	5%	4%	
Mesoblast Limited	4%	4%	
Readcloud Limited	4%	3%	
Cash	3%	n/a	

Commentary

Winners in August 2019	Contribution to fund return	Gross return	Losers in August 2019	Contribution to fund return	Gross return
Gold (physical and call options)	1.5%	29%	Po Valley Energy Limited (equity and convertible notes)	-2.3%	-12%
HGL Limited	0.3%	3%	Kangaroo Island Plantation Timbers	-0.8%	-4%
Engenco Limited	0.3%	8%	Hillgrove Resources	-0.8%	-11%

The Fund's August return was driven by decreases in the share prices of three large holdings, Po Valley, KPT and Hillgrove, partially offset by increases in our physical gold and call options, HGL and Engenco.

The shares of Po Valley, KPT and Hillgrove declined in price on no material news. The gold price increased by 7.5% in the context of amplifying geopolitical uncertainties including Brexit, protests in Hong Kong, trade wars and US-Iran relations, in addition to globally low interest rates. HGL's shares appreciated on no news, while Engenco released a solid FY19 result. The company grew revenue by 11% and while profitability deteriorated due to the lower Australian dollar and higher labour costs, Engenco's balance sheet is strong. With an all-time high cash position of \$23m and no debt, the company announced a 50% increase in its dividends to shareholders. Despite only paying out 35% of earnings, it is on a fully franked dividend yield of 3.2% p.a. before franking credits. This is a valuable return given the RBA's cash rate is 1.5%. We were pleased to see the major shareholder and director of Engenco, Dale Elphinstone, buy 1.1m Engenco shares on-market after the announcement of the result.

David Constable, 10 September 2019

The Supervised Fund's Historical Performance

	TSF after all fees	All Ords Accumulation	Small Ords Accumulation
Since inception p.a. (Dec 2007)	10.2%	5.1%	0.4%
Financial year to date	-0.7%	0.7%	0.5%
Calendar year to date	8.7%	20.6%	17.4%
FY19	11.0%	23.3%	22.1%
FY18	1.4%	11.0%	1.9%
FY17	5.4%	13.7%	24.2%
FY16	22.6%	13.1%	7.0%
FY15	32.0%	2.0%	14.4%
FY14	9.0%	5.7%	0.4%
FY13	10.6%	17.6%	13.1%
FY12	15.3%	20.7%	-5.3%
FY11	-6.8%	-7.0%	-14.6%
FY10	9.4%	12.2%	16.4%
FY09	15.1%	13.8%	11.2%

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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