



SAMUEL TERRY  
ASSET MANAGEMENT

**Samuel Terry Absolute Return Group (the Fund) – Dec 2022 quarterly report**

The Fund's performance<sup>1</sup> (pre-tax, net of fees) and those of the Australian All Ordinaries Accumulation Index and the MSCI World Equities Index, are as follow:

To 31 December 2022	STAR Founder		STAR A	
	Class	All Ords	MSCI (\$A)	Class
1 quarter	10.9%	10.4%	3.2%	9.5%
1 year	29.6%	-1.5%	-13.0%	27.1%
3 years (%p.a.)	17.6%	6.3%	4.9%	15.6%
5 years (%p.a.)	18.8%	7.5%	7.7%	16.7%
7 years (%p.a.)	21.3%	8.8%	8.9%	
10 years (%p.a.)	24.0%	8.9%	12.5%	
Inception (%p.a.)	16.6%	8.7%	7.6%	

The Fund's good performance was mainly due to four of our holdings. Despite a 2% drop in the oil price<sup>2</sup>, shares in offshore drilling contractor, **Diamond Offshore** (11.1% of the Fund<sup>3</sup>) rose 57%, helped by improving rental rates for its rigs.

Australian financial services conglomerate, **AMP** (11.4% of the Fund) rose 20% as its on-going share buy-backs continued. In November, Fred gave a speech explaining why we like AMP - [available to view here](#).

Kangaroo Island landowner, **Kiland**, (8.6% of the Fund) rose 22%. Kiland announced an internal separation of its carbon and land assets, and subsequently raised external equity capital for its carbon business at a \$50m valuation. Kiland has stated it intends to monitor the best ownership structure to facilitate further growth in its carbon business, which could result in a potential restructure, sell-down, demerger or other strategic transaction.

UK bank, **Virgin Money**, (1.7% of the Fund) rose 50% after publishing encouraging results. Our other UK banks also performed well.

8% of the Fund was invested in an Australian corporate bank loan at a yield of over 15%. It is secured over assets worth significantly more than the price we paid, and the underlying business is generating significant cash to service the debt. We were disappointed when the company repaid part of our debt soon after we bought it, reducing our weighting to 5%.

The Fund's net asset value was \$577m or \$4.30 per Founder unit and \$15.65 per A Class unit. 27% of the Fund was in cash and gold. It owned securities issued by 21 companies.

Fred Woollard, Nigel Burgess and Mitch Taylor

20 January 2023



<https://twitter.com/FredWoollard>

*Samuel Terry Asset Management Pty Limited (AFSL 278294) does not guarantee the repayment of capital or any particular rate of return from the Fund. Past performance is no guarantee or indication of future performance. The unit price can go down as well as up. Investment returns have been calculated in accordance with normal industry practice utilising movements in the unit price and assuming reinvestment of all distribution of income and realized profits. The above report does not take into account a reader's investment objectives, particular needs or financial situation. It is general information only and should not be considered as investment advice and should not be relied on as an investment recommendation.*

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<sup>1</sup> Performance numbers are net of all fees and administration costs. The difference in returns between Founder units and A units is due to A units having a lower performance hurdle for calculating performance fees.

<sup>2</sup> We have used the US dollar Brent front month futures spot price.

<sup>3</sup> Our investment in Diamond is split between 7.9% in ordinary shares and 3.2% in secured debt.