

Martin Raymond Real Return Fund – December 2004 monthly report

NAV/unit rose by 0.2% during December. The fund underperformed both the booming Australian market, which rose 3.0% during the month and the world index, which rose 2.8% in \$A terms. During 2004, the fund rose 20.1%, compared to the Australian market which rose 27.6% and the world market which rose 10.6% in \$A terms.

The fund had a quiet month, mainly because I was distracted by internal matters and by the holiday season. The same factors are affecting me in January.

Performance was hurt by sharp falls in five holdings, mostly for no obvious reason. In order of impact, these were:

Simon Gilbert Wines, a winemaker (3.6% of the fund), fell 10%

Central Exchange, an investment company (3.5% of the fund), fell 8%

Indosiar, an Indonesian TV station (3.6% of the fund), fell 7%

Infomedia, a software company (3.8% of the fund), fell 5%

Molins, a UK packaging machinery maker (2.3% of the fund), fell 8%

The fund bought more Indosiar and Infomedia after their prices fell.

It was not all gloom. The fund's largest holding, **MCI**, an American telecom company (5.8% of the fund) rose 7%. The fund's other telecom company, **Telewest**, a British telephone and cable TV company (3% of the fund), rose 20%. Finally, **Chesnara**, a UK life assurance company (4.4% of the fund), rose 8%. In each of these cases, I could see no good reason for the rise.

The fund's investments in **Rio Tinto options** (originally 0.2% of the fund) expired worthless. The **Commonwealth Bank options** (0.3% of the fund) are showing a small profit.

The fund added one new holding, **Retail Cube**, a small Australian retailer. The shares fell after a profit warning, but not enough to add to the 2% weighting at month-end.

At month end, 41.6% of the fund was in cash, mostly in \$A.

Fred Woollard
14th January 2005

Samuel Terry Asset Management Pty Limited does not guarantee the repayment of capital or any particular rate of return from the Trust. Past performance is no guarantee or indication of future performance. Investment returns have been calculated in accordance with normal industry practice utilising movements in 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.