

## Martin Raymond Real Return Fund – March 2004 monthly report

Dear Unitholders,

NAV/unit rose by 2.4% during March, and since the fund's inception on 1<sup>st</sup> November, the NAV/unit has gained 4.83%. The fund owns securities in eight companies. 67% of the fund remains in cash.

The main events of note during the month were:

- 1) **MCI** (11.4% of the fund) shares fell 5% during March. This was despite the sale of the Brazilian subsidiary at a good price and continuing progress towards an end of bankruptcy, which the company now forecasts will happen by the end of April.
  
- 2) **Village Roadshow** (5.6% of the Fund) rose 9% after the company bought back 18% of its shares and then announced plans to buy back a further 15% of the remaining shares. These purchases are being done at about half of intrinsic value per share, and considerably enhance the value of the remaining shares. For instance, intrinsic value per share rose by 12% as a result of the first buy back.  
  
After rejecting buy-backs for a long time, the directors of Village finally appear to have woken up to the potential to make themselves much richer by buying back shares at cheap prices. I regard this as very positive news and am contemplating buying more shares.
  
- 3) The Fund sold out of **Sansei Yusoki**, having almost doubled its money. The shares no longer seemed to be cheap, and there was too much speculative interest in Japanese "value" shares.
  
- 4) 6.4% of the fund has been invested in a new float called **Rattoon Holdings**, a company formed to invest in Tattersall's, the Victorian lotteries and poker machine company. Tattersall's is a wonderful business, and its shares are cheap. Unfortunately Tattersall's shares are very difficult to deal in, and the corporate structure is very opaque. There is talk that Tattersall's may float. If it does, we will make a 50-100% return; if not we will earn a return of over 10% p.a. just from Tattersall's earnings and dividends. I should mention that there is some uncertainty about whether Rattoon shares will be granted listing by the Australian Stock Exchange.

Fred Woollard  
8<sup>th</sup> April 2004

*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.*