

## **Samuel Terry Absolute Return Fund – July 2005 monthly report**

The fund had another poor month relative to the Australian All Ordinaries Accumulation Index and the MSCI World Equities Index in Australian dollars as shown in the following table:

<b>To 31 July 2005</b>	<b>STAR</b>	<b>All Ords</b>	<b>MSCI (\$A)</b>
1 month	1.91%	2.77%	4.30%
3 months	0.61%	11.01%	9.71%
6 months	-0.95%	7.93%	7.79%
1 year	7.81%	27.47%	9.35%
Since inception on 1st November 2003 (%p.a.)	9.98%	21.95%	10.51%

The fund's performance numbers have been adjusted to reflect a distribution of 1.51 cents per unit for the five months to 30<sup>th</sup> June 2005, paid today.

Most of the fund's underperformance was attributable to two investments. The most painful was **Bangkok Land bonds** (3.5% of the fund), which fell from 37% to 30% of face value for no obvious reason. At the end of the month I attended Bangkok Land's annual meeting and visited its largest assets. I was encouraged by what I saw and heard and believe that the company's value substantially exceeds the price of the bonds. I still expect that bondholders will eventually receive substantially more than the current price, but it might be a long wait.

The fund's investment in **ASX-200 Index put options** (1.2% of the fund) fell 30%, because of the index's 2.8% rise. The options protect 49% of the fund from index falls, but hurt us when the index rises.

The fund's best gain was **Retail Cube**, an Australian retailer (2.6% of the fund), which rose 58% after making a positive statement about trading at its Athlete's Foot chain.

**Infomedia**, an Australian software company (4.2% of the fund), rose 19% for no obvious reason.

**Surya Citra Media**, an Indonesian TV station (3.5% of the fund) rose 21% after the controlling shareholder bought another 25% of the company at almost twice the price the fund paid for its shares.

**ITL Ltd**, an Australian medical supplier (4% of the fund), rose 14% after it announced that profits in the latest half-year will be better than previously expected.

The fund started buying shares in an Australian timberland company, paying just over half of its net tangible asset value. At month end 1.6% of the fund was invested in this company and I am hoping to buy some more shares.

The fund exercised its **Telstra put options** and exited this position at a small loss. This investment was a mistake and I am glad to be rid of it.

Net asset value per unit was \$0.9751 (on an ex-distribution basis) at the end of July. 20.2% of the fund was in cash (mostly \$A). The fund owned securities issued by 23 companies.

Fred Woollard  
24<sup>th</sup> August 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.*