

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

The Fund's performance and those of the Australian All Ordinaries Accumulation Index and the MSCI World Equities Index are shown in the following table:

<b>To 31 October 2005</b>	<b>STAR</b>	<b>All Ords</b>	<b>MSCI (\$A)</b>
1 month	0.36%	-3.83%	-0.63%
3 months	-0.63%	2.93%	2.00%
6 months	-0.02%	14.27%	11.90%
1 year	-0.48%	21.31%	13.30%
Since inception on 1st November 2003 (%p.a.)	8.34%	20.71%	10.22%

Our worst loser was **Simon Gilbert Wines** (3.4% of the Fund) which fell 33% after reporting continuing losses. I was surprised that anyone was surprised by these results and bought some more shares.

Another loser was a small publishing firm (2.5% of the Fund) whose shares fell 17% after it announced that it is losing money because it cannot retain and recruit enough staff. If the company can solve this problem and return to profits, its shares could rise several times. We bought some more shares.

The UK life insurer, **Chesnara** (5.5% of the Fund) fell 7% after announcing that it is considering more acquisitions.

Our biggest winner was **Petrosea**, an Indonesian engineering company (5.4% of the Fund), which rose 20% after an excellent third quarter. **Surya Citra Media**, an Indonesian TV station (3.9% of the Fund) also had a good third quarter and its shares rose 7%. Shares in both companies remain very cheap.

The Fund's **put options** on the ASX 200 Index rose as the market fell. These options protected 47% of the Fund at month end.

Shareholders of **MCI**, a US phone company, voted to accept the Verizon takeover bid. As a result, we will exit this holding (4% of the Fund) within the next few months.

Net asset value per unit was \$0.969 at the end of October. 14.1% of the Fund was in cash (mostly \$A). The Fund owned securities issued by 24 companies.

**Internal matters** White Outsourcing Pty Ltd has replaced White Funds Management Pty Ltd as Administrator of the Fund.

This change makes little difference to us, as the same people will continue doing the same work for us. I attach a copy of White's announcement explaining the change.

**Personal Disclosure** During October I bought the Fund's shareholding in Bangkok Land for market value of \$1,852. This holding was bought purely so that I could attend the company's annual meeting in July. I believe that Bangkok Land shares are ridiculously overpriced relative to the bonds, which we retain.

I also continued selling my Hunter Hall shares for the reasons outlined in my letter to unitholders dated 12<sup>th</sup> May 2005.

Fred Woollard  
16th November 2005

*Samuel Terry Asset Management Pty Limited (AFSL 278294) 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.*