

Samuel Terry Absolute Return Fund – December 2006 monthly report

The Fund's performance and that of the Australian All Ordinaries Accumulation Index and the MSCI World Equities Index are as follow:

To 31 Dec 2006	STAR	All Ords	MSCI (\$A)
1 month	2.03%	3.62%	2.09%
3 months	3.60%	11.28%	2.51%
1 year	30.00%	24.97%	11.58%
2 years	14.46%	23.01%	14.05%
Since inception on 1 November 2003 (%p.a.)	15.53%	23.65%	12.74%

The Fund had a disappointing month. Our worst loser was **Esperance Minerals** (1.3% of the Fund), a very speculative oil shale play, which dropped 34%. We were also hurt by a 7% fall in our second largest holding, an Australian timber plantation company (8.4% of the Fund).

Our best performer was our third largest holding, **ITL Ltd**, an Australian medical supplier (6.4% of the Fund). The shares rose 22% after the company won a US court case concerning its patents.

Another big winner was Australian insurer, **Calliden**, (4.9% of the Fund), which rose 16% for no apparent reason.

The Fund added no new securities, but bought more of several of its existing holdings.

Net asset value per unit was \$1.2568 at the end of December. 12.2% of the Fund was in cash, of which 6.9% was in \$A and 5.3% in gold. The Fund owned securities issued by 25 companies.

Fred Woollard
17 January 2007

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