

## **Samuel Terry Absolute Return Fund – June 2006 monthly report**

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

<b>To 30 Jun 2006</b>	<b>STAR</b>	<b>All Ords</b>	<b>MSCI (\$A)</b>
1 month	0.73%	1.86%	1.31%
3 months	3.38%	-0.22%	-3.98%
6 months	13.10%	9.15%	4.70%
1 year	18.57%	24.20%	20.11%
Since inception on 1 November 2003 (%p.a.)	12.67%	22.31%	12.59%

The Fund had an uninspiring month, hurt most by oil shale hopeful, **Esperance Minerals**, which fell 17%. These shares are very speculative, and we sold part of our holding (once again, at too low a price!), reducing our weighting to 3.7%.

The star of the month was medical supplier **ITL**, which rose 31% after reporting improved profits and its first dividend. The Fund added to its holding, and our weighting is now 4.8%.

**Simon Gilbert Wines** (2.5% of the Fund) placed 15% of its shares to another wine company at a discount of over 30% to the current depressed value of the business. I have heard no satisfactory explanation for this transaction, which significantly diluted our ownership of the business and I am unhappy that the company entered into this transaction. I regret to say that my faith in the company's management appears to have been misplaced.

The Fund's **annual distribution** for the year to 30 June 2006 has not yet been finalised, but is likely to be around 3.9 cents per unit, plus franking credits and overseas tax credits.

Net asset value per unit was \$1.1345 (cum-distribution) at the end of June. 23% of the Fund was in cash, mostly \$A. The Fund owned securities issued by 22 companies.

Fred Woollard  
18 July 2006

*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.*