

Samuel Terry Absolute Return Fund – November 2007 monthly report

The Fund's performance, compared to that of Australian All Ordinaries Accumulation Index and the MSCI World Equities Index, follows:

To 30 November 2007	STAR	All Ords	MSCI (\$A)
1 month	0.66%	-2.35%	1.31%
3 months	-1.54%	6.46%	-4.23%
1 year	-1.75%	25.18%	0.55%
2 years	13.60%	24.72%	6.36%
Since inception on 1 November 2003 (%p.a.)	10.82%	23.48%	9.34%

The Fund had a mixed month. Our largest holding, an **Australian timber plantation owner** (15% of the Fund), rose 5% after encouraging comments at its annual meeting. The shares trade at about half of the company's net asset value, and the Fund is now the company's largest shareholder.

We were also helped by a 13% rise in **Domino's Pizza** (4.1% of the Fund) after it made positive comments about its European business. You may recall that the market capitalisation of Domino's is largely underpinned by its Australian business, and the European business has the *potential* to be worth a lot more than the Australian business.

Neteller plc, the world's largest payments system for internet gaming (2.9% of the Fund), fell 15% despite reporting better results than I had expected. Neteller has strong growth prospects, and more than half its market capitalisation is backed by real estate and net cash.

Standard Life, a large UK life insurance company (3.4% of the Fund), fell 8% because of problems in the global financial sector. The shares spent most of the month trading at a significant discount to embedded value (the value of the company if it were to write no new business). Standard Life will almost certainly write a lot more business, and I believe it is worth a lot more alive than dead.

The Fund bought more shares of all of these companies during the month. I would not be unhappy if we are given the opportunity to buy more shares of any or all of these companies at even cheaper prices.

Net asset value per unit was \$1.1669 at the end of November. 16.0% of the Fund was in cash, of which 11.3% was in \$A and 4.7% in gold. The Fund owned securities issued by 24 companies.

Fred Woollard

17 December 2007

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