

## **Samuel Terry Absolute Return Fund – July 2008 monthly report**

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

| <b>To 31 July 2008</b>                        | <b>STAR</b> | <b>All<br/>Ords</b> | <b>MSCI<br/>(\$A)</b> |
|---|-------------|---------------------|-----------------------|
| 1 month                                       | -2.92%      | -5.23%              | -0.75%                |
| 3 months                                      | -7.34%      | -10.01%             | -8.72%                |
| 1 year  | -23.08%     | -15.07%             | -19.46%               |
| 2 years (%p.a.)                               | -7.64%      | 4.96%               | -6.70%                |
| Since inception on 1<br>November 2003 (%p.a.) | 4.37%       | 15.03%              | 3.49%                 |

The main reason for our fall this month was an 11% fall in our largest holding, **RuralAus Investments** (19.1% of the Fund), an Australian owner of timberland. I know of no reason for the share price fall and regard the move as a random blip.

Australian gold explorer, **Saracen Minerals** (1.3% of the Fund), fell 35% for no apparent new reason, except perhaps that the shares of many junior resource shares have fallen sharply.

Poker machine manufacturer **Ainsworth Gaming** (whose notes comprise 3.2% of the Fund) rose 17% because of improved trading numbers, and buying of the notes by the company's chairman. Although the notes remain speculative, I think the 70% yield more than compensates for the risk.

The world's leading internet gaming payment system, **Neteller plc** (4.6% of the Fund) rose 9% after an encouraging trading statement.

Net asset value per unit was \$0.8907 at the end of July. 3.9% of the Fund was in cash, all of which was in gold. The Fund owned securities issued by 22 companies.

Fred Woollard  
16 August 2008

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