

## Samuel Terry Absolute Return Fund – February 2009 monthly report

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

To 28 February 2009	STAR	All Ords	MSCI (\$A)
1 month	-3.49%	-4.26%	-10.45%
3 months	-9.36%	-9.07%	-13.32%
1 year	-30.33%	-39.03%	-22.98%
3 years (%p.a.)	-9.35%	-8.50%	-10.88%
Since inception on 1 November 2003 (%p.a.)	-1.36%	4.33%	-0.86%

The highlight of the month was an agreed takeover bid for Indonesian engineering company **Petrosea** (6.9% of the Fund), which caused its shares to jump 135%. Unfortunately, we will not receive our cash for a few months.

For most Australian companies, February is when half-yearly profit results are released. The majority of our companies such as **Domino's Pizza** (4.8% of the Fund – up 10% this month) and insurer **Calliden** (3.2% of the Fund – up 12%) did well, while others like medical supplier **ITL** (3.6% of the Fund – down 32%) reported much lower profits. Overall, I was reasonably happy with the results from our Australian companies and remain confident that most of them will comfortably weather the economic storm.

Elsewhere, **Macquarie Group**, Australia's leading investment bank, (2.9% of the Fund) fell 35% on rumours that it will need to raise extra capital. The Fund bought some more shares at about 60% of Macquarie's net tangible asset ("NTA") value and about 5x earnings. If it survives, which I regard as highly likely, then I expect that the shares will eventually return to trading at a large premium to NTA value.

Our net asset value per unit was \$A 0.6855 at the end of February. 0.8% of the Fund was in \$A cash. The Fund owned securities issued by 23 companies.

Fred Woollard  
16 March 2009

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