

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

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

To 30 Nov 2009	STAR	All Ords	MSCI (\$A)
1 month	-0.18%	1.94%	1.95%
3 months	6.04%	6.06%	-1.22%
1 year	19.45%	34.50%	-5.31%
3 years (%p.a.)	-7.51%	-0.64%	-10.02%
Since inception on 1 November 2003 (%p.a.)	3.40%	10.68%	0.70%

The Fund had a quiet month. I attended annual meetings of several of our companies and was generally pleased with what I heard.

Our two largest holdings had large, but offsetting price movements. Timber plantation owner **RuralAus Investments** (17.8% of the Fund) fell 13% for no new reason on small volume.

Gold miner **Saracen** (9.3% of the Fund) rose 42% because of a substantial increase in reserves, progress toward opening its mine in February 2010, and of course the global enthusiasm for gold shares. I remain bullish on gold's longer term prospects and regard Saracen as a cheap gold option with honest, competent management. The current share price values the reserves at \$A 194/oz compared to production costs of \$A 640/oz and today's gold price of \$A 1,233/oz. Despite my enthusiasm for gold and Saracen, we sold a few Saracen shares to prevent Saracen exceeding 10% of the Fund.

We sold our last shares of **nib health fund**, which had been a large holding of the Fund. While I still like nib, the shares had risen to twice book value, which was close to my estimate of fair value. My decision to sell nib was influenced by my visits during the month to some new companies which appear to be very cheap and to have strong growth prospects. I hope to write about them in a future letter to you.

The Fund's net asset value per unit was \$A 0.8906 at the end of November. 8% of the Fund was in \$A cash. The Fund owned securities issued by 22 companies.

Fred Woollard  
15 December 2009

*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. The unit price can go up as well as down. 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.*