

Samuel Terry Absolute Return Fund – October 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 31 Oct 2009	STAR	All Ords	MSCI (\$A)
1 month	2.27%	-1.89%	-2.88%
3 months	14.96%	10.78%	-0.50%
1 year	8.77%	22.41%	-11.48%
3 years (%p.a.)	-7.04%	-0.47%	-10.45%
Since inception on 1 November 2003 (%p.a.)	3.47%	10.48%	0.39%

The Fund had a quiet month, helped by large unexplained gains in several of our smaller Australian companies. These included oil shale hopeful **Greenvale Mining** (2.7% of the Fund) up 68%, **Domino's Pizza** (5% of the Fund) up 13% and publisher **Commstrat** (2.2% of the Fund) up 100%. A possible explanation for the Commstrat movement might be that the shares had been trading on a P/E ratio of less than two!

Our worst loser was **Willmott Forests** (5.4% of the Fund), which fell 21% because of a rights issue in which we participated. At a P/E ratio of about four, and less than half tangible book value, I am happy to have bought some more.

In other trades, the Fund sold some of its **Domino's Pizza**, and some **nib Health Fund** (3.7% of the Fund), in both cases because the shares had risen to levels at which they were no longer super-cheap. We bought some more of Indonesian television network **Surya Citra Media**, now 4.4% of the Fund, because its shares fell to 5x earnings. SCM is a cash generative, lowly-gearred growth company at a value price.

The Fund's 2009 annual report has been sent to unitholders, and contains an explanation of why we own the securities we own, as well as the audited accounts. Please let me know if you have not received it.

The Fund's net asset value per unit was \$A 0.8922 at the end of October. 6.8% of the Fund was in \$A cash. The Fund owned securities issued by 23 companies.

Fred Woollard
14 November 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.