

Samuel Terry Absolute Return Fund – April 2010 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 Apr 2010 | STAR | All Ords | MSCI (\$A) |
|--|-------------|-----------------|-------------------|
| 1 month | 3.91% | -1.18% | -1.01% |
| 3 months | 5.22% | 6.49% | 2.50% |
| 1 year | 33.75% | 34.17% | 7.80% |
| 3 years (%p.a.) | -5.01% | -3.75% | -9.97% |
| Since inception on 1 November 2003 (%p.a.) | 4.89% | 10.63% | 1.26% |

The Fund benefited from good rises in several of its large holdings, including Indonesian TV company, **Surya Citra Media** (8.8% of the Fund), which rose 27% because of takeover rumours in the sector. It is now valued at a P/E of 6.4, an EV/EBIT ratio of 4.7 and has net cash.

Australian gold miner **Saracen** (8.2% of the Fund) rose 15% because of the rising gold price and confirmation that Saracen's mine has been completed on time, under budget, and is now producing about 100,000 ounces pa.

Japanese industrial property owner **J-Rep** (4.1% of the Fund) rose 31% for no obvious reason, but its shares still trade at a 76% discount to net asset value.

We bought more shares of Australian insurer **Calliden** during April, more than doubling the Fund's weighting to 4.7%. I did this because Calliden shares (down 7% in April) are now trading at less than their net tangible asset ("NTA") value, but Calliden ought to be capable of earning a high return on NTA over the insurance cycle, despite having modest borrowings. I was encouraged that smart investor Hunter Hall, which has a representative on the Calliden board, bought as many shares as it could (at the same price we paid), boosting its Calliden stake to 19.9%.

We swapped our debentures in bankrupt **Timbercorp Orchard Trust** (previously 2.4% of the Fund) for shares in **Hamilton Securities** via a takeover bid from Hamilton. I am a director of Hamilton (now 5.3% of the Fund), which is a specialist investor in distressed debt and frozen funds.

The Fund's net asset value per unit was \$A 0.9910 at the end of April. 1.4% of the Fund was in \$A cash. The Fund owned securities issued by 23 companies.

Fred Woollard
17 May 2010

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.