

## **Samuel Terry Absolute Return Fund – March 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:

<b>To 31 Mar 2010</b>	<b>STAR</b>	<b>All Ords</b>	<b>MSCI (\$A)</b>
1 month	2.13%	5.83%	3.57%
3 months	2.81%	1.45%	0.74%
1 year	31.39%	44.01%	17.22%
3 years (%p.a.)	-6.02%	-2.40%	-9.15%
Since inception on 1 November 2003 (%p.a.)	4.32%	10.98%	1.43%

The Fund's best performer was Japanese industrial property owner **J-Rep** (3.2% of the Fund), which rose 42% for no obvious reason. Perhaps someone else noticed that the shares were trading at a discount to NAV of over 85% and at only a small premium to J-Rep's net cash.

We also benefited from a 17% rise in **Macquarie Atlas Roads** (5.2% of the Fund), an Australian company that owns motorways in Europe and USA. It now trades at a P/E of 2.5x and about 30% of "net asset value". Indonesian TV company, **Surya Citra Media** (7.1% of the Fund) rose 7%, in line with the Jakarta stock market. SCM announced another superb profit result, and now trades at a P/E of 5.1, an EV/EBIT ratio of 3.9 and has almost no net debt.

Our worst performer was Australian timber plantation owner **Willmott Forests** (4.1% of the Fund), which fell 9%, probably because of worries about its debt level. Two major forestry companies are having trouble with their banks, but Willmott is more conservatively financed than its larger peers, with hard assets more than three times its debts. Willmott shares trade at a 60% discount to reported net asset value (but NAV is a bit overstated), a P/E of around 6 and pay an 11% dividend yield.

The Fund sold out of Australian aluminium processor **Capral** (previously 1.8% of the Fund) when I realised that Capral's competitive environment was tougher than, and therefore the shares were not as cheap as I had previously believed. Fortunately, this error caused only a small loss.

The Fund's net asset value per unit was \$A 0.9537 at the end of March. 4.1% of the Fund was in \$A cash. The Fund owned securities issued by 23 companies.

Fred Woollard  
15 April 2010

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