

## **Samuel Terry Absolute Return Fund – November 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 30 November 2010</b>	<b>STAR</b>	<b>All Ords</b>	<b>MSCI (\$A)</b>
1 month	3.07%	-0.70%	0.79%
3 months	15.64%	6.55%	3.83%
1 year	35.97%	3.20%	2.45%
3 years (%p.a.)	3.07%	-6.84%	-9.45%
Since inception on 1 November 2003 (%p.a.)	7.47%	9.60%	0.95%

Several of our companies had good gains. Our best performers were Australian oil shale hopefuls **Esperance** and **Greenvale**, (in total, about 3% of the Fund) which rose about 40% for no apparent reason. There is much to dislike in these companies, but both have tiny market values, huge potential, and the insiders (who appear to be good promoters) are keen buyers of both shares.

Australian gold miner **Saracen** (9% of the Fund) rose 7%, probably because of improved sentiment toward medium sized gold companies and the gold price in \$A rising 4%.

Australian poker machine maker **Ainsworth Gaming** announced a buy-back of its notes, which are 4.4% of the Fund. As a result the note price rose by 4%. I believe this is a smart use of Ainsworth's cash as it is now profitable and cash generative, yet the notes still yield about 30%.

Shares in American finance company **CIT Group** (5.2% of the Fund) fell 9% despite announcing repayment of the last of its 10% senior debt. I regard this as good news for both our shares and our CIT 7% notes (3.7% of the Fund), which have now become the most senior debt security. With the shares trading at a discount to net asset value of over 20%, I remain a happy holder.

The Fund's net asset value per unit was \$A 1.1973 at the end of November. The Fund owned securities issued by 22 companies. 16.3% of the Fund was in \$A cash.

Fred Woollard  
15 December 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 down as well as up. 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.*