

Samuel Terry Absolute Return Fund – December 2011 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 Dec 2011	STAR	All Ords	MSCI (\$A)
1 month	-1.17%	-1.57%	0.36%
3 months	7.47%	1.86%	1.40%
1 year	11.83%	-11.4%	-7.13%
3 years (%p.a.)	24.38%	8.49%	-0.19%
5 years (%p.a.)	4.58%	-2.13%	-6.48%
Since inception on 1 November 2003 (%p.a.)	8.70%	7.16%	1.01%

The Fund's two biggest losers were timber plantation owner **RuralAus** (14% of the Fund) which fell 8% for no new reason, and gold miner **Saracen** (7.4% of the Fund) which fell 15% because of a 10% fall in the gold price.

We sold our shares in Australian software supplier **Stratatel** (formerly 1.2% of the Fund) at a 60% loss when I finally realised that neither the business nor the management were as good as I had once believed.

On a more positive note, our **Ainsworth Gaming notes** (formerly 5.4% of the Fund) were repaid, generating a return of about 20%pa over the five years we owned them.

The Fund's net asset value per unit was \$A 1.2323 at the end of December. The Fund owned securities issued by 24 companies. 11.2% of the Fund was in \$A cash.

Fred Woollard
16 January 2012

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