

Samuel Terry Absolute Return Fund – November 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:

		All Ords	MSCI (\$A)
To 30 Nov 2011	STAR		
1 month	1.68%	-3.43%	-0.48%
3 months	1.11%	-3.00%	0.87%
1 year	20.02%	-6.59%	-6.91%
3 years (%p.a.)	24.92%	9.04%	-1.33%
Since inception on 1 November 2003 (%p.a.)	8.95%	7.45%	0.98%

The Fund was only slightly damaged by the gloom in European debt markets. This was because most of our companies have little exposure to these problems, and the majority of the Fund is in companies which have net cash.

Our three biggest losers were Australian companies with high debt burdens. These were publishing firm **Commstrat** (2% of the Fund), down 25%, wind energy producer **Infigen** (2.3% of the Fund) down 21% and finance company **Keybridge Capital** (4% of the Fund), down 11%. Provided that these companies retain the support of their lenders, then all three companies have significant upside potential. I regard the support of lenders for all three companies as likely, but not certain.

During November we bought some more **Goldman Sachs** shares, this time at a 20% discount to tangible book value, lifting our weighting to 5% of the Fund. I expect that, *one day*, Goldman shares will again trade at a significant premium to book value, and when that happens, book value will be higher, maybe a lot higher, than it is today.

Our biggest winner was Australian gold producer **Saracen** (9.5% of the Fund), which rose 11%, partly because of a 4% rise in the \$A gold price.

Our two Indonesian television stations, **Surya Citra Media** (6.6% of the Fund) and **Indosiar** (3.4% of the Fund) both reported excellent third quarter profits and their shares rose 19% and 72% respectively. Despite the fact that both shares have had huge rises, I continue to believe that they have further to rise.

Despite my enthusiasm for both Surya Citra Media and Saracen, the Fund sold some shares of both companies for risk management purposes.

The Fund's net asset value per unit was \$A 1.2469 at the end of November. The Fund owned securities issued by 26 companies. 2% of the Fund was in \$A cash.

Fred Woollard
15 December 2011

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