

Samuel Terry Absolute Return Fund – October 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 Oct 2011	STAR	All Ords	MSCI (\$A)
1 month	6.95%	7.17%	1.52%
3 months	8.04%	-1.57%	-3.12%
1 year	21.67%	-3.95%	-5.72%
3 years (%p.a.)	20.33%	7.60%	-2.84%
Since inception on 1 November 2003 (%p.a.)	8.82%	8.00%	1.05%

The Fund recouped most of its September losses with good gains by many of our holdings. Our biggest winner was Australian finance company, **Keybridge** (4.5% of the Fund) which jumped 50% in response to asset sales. Keybridge now looks very likely (but not yet certain) to survive and to repay us its net asset value, which is about three times the current share price.

Australian gold producer **Saracen** (9.4% of the Fund), rose 12%, despite a 3% fall in the \$A gold price. Australian wind energy producer **Infigen** (2.9% of the Fund) rose 26% for no apparent reason. **Goldman Sachs** (4.4% of the Fund) rose 16%, mainly because of a better than expected September quarter. Despite difficult conditions, I was pleased that Goldman incurred only a modest loss and bought back 3% of its shares at less than their net asset value. When world markets regain their stability, I expect Goldman will return to earning strong double-digit returns on equity.

I recently mailed and e-mailed the Fund's 2011 annual report to all unitholders. Please let me know if you did not receive your copy.

The Fund's net asset value per unit was \$A 1.2263 at the end of October. The Fund owned securities issued by 26 companies. 4.6% of the Fund was in \$A cash.

Fred Woollard
14 November 2011

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.