

Samuel Terry Absolute Return Fund – July 2012 monthly report

The Fund's performance (net of fees), and those of the Australian All Ordinaries Accumulation Index and the MSCI World Equities Index, are as follow:

To 31 July 2012	STAR	All Ords	MSCI (\$A)
1 month	-0.39%	3.74%	-1.14%
3 months	-5.54%	-3.17%	-3.89%
1 year	12.34%	-0.17%	1.06%
3 years (%p.a.)	24.18%	4.57%	0.99%
5 years (%p.a.)	5.42%	-3.00%	-5.74%
Since inception on 1 Nov 2003 (%p.a.)	8.52%	7.46%	1.45%

The Fund's relatively poor performance this month had three main causes. The value of the 32% of our Fund invested in non-Australian shares was hurt (from an Australian perspective) by the 2.4% gain in the Australian dollar. Australian gold miner **Saracen** (4.8% of the Fund) fell 13% because of production problems and a weak \$A gold price. French toll-road owner **Macquarie Atlas Roads** (5.8% of the Fund) fell 13% because of weaker than expected traffic numbers. Despite these results, I remain optimistic about the longer term outlook for both companies.

We sold the last of our shares of Indonesian TV network **Surya Citra Media**. During the seven years we owned them, SCM shares rose fifteen times, and paid us generous dividends. When we bought them, Indonesia was unknown and unloved by most global investors. Today, Indonesia is rightly perceived as a fast growing market with huge potential, but unlike in 2005, few investors seem worried about the many risks of doing business in Indonesia. We still have 7.5% of the Fund in SCM's sister TV network **Indosiar**, which rose 9% during July.

The Fund's net asset value per unit was \$1.1595 at month end. The Fund owned securities issued by 22 companies. 17.4% of the Fund was in \$A cash.

Fred Woollard
10 August 2012

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 the 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.