

## **Samuel Terry Absolute Return Fund – September 2014 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 30 September 2014	STAR	All Ords	MSCI (\$A)
1 month	5.78%	-5.26%	3.25%
3 months	7.14%	-0.29%	4.94%
1 year	26.10%	5.89%	18.42%
3 years (%p.a.)	22.95%	14.04%	20.73%
5 years (%p.a.)	23.28%	6.68%	10.72%
Since inception on 1 Nov 2003 (%p.a.)	11.92%	9.00%	5.98%

The Fund's good results were principally because of our put options on the Australian dollar and the Commonwealth Bank of Australia. In total, these option positions contributed about 4% to the Fund's performance and now comprise about 6% of the Fund. While the options are no longer dirt-cheap, I am in no rush to close the positions as I remain bearish on both the Australian dollar and the Commonwealth Bank. We have other options including call options on the S&P 500 Index and put options on oil.

Other winners included timberland owner **Kangaroo Island Plantation Timbers**, (17% of the Fund) which rose 6% and wind-energy producer **Infigen** (3.6% of the Fund), which rose 13%. Both companies benefit from a weaker Australian dollar.

The Fund's net asset value per unit was \$1.3837 at month end. The Fund owned securities issued by 24 companies. 8% of the Fund was in \$A cash.

### **Changes at Samuel Terry Asset Management**

I am delighted to inform you that Nigel Burgess has agreed to become a partner in STAM. He has been involved in the Fund's investment decisions for several years, and has made a significant contribution to the Fund's performance. I am confident that his involvement in the firm will continue to benefit our investors.

We are in the process of changing the Fund's custodian from JP Morgan to White Outsourcing. White is owned by Steadfast Group, one of Australia's largest insurance brokers. I have been very happy with White's role as the Fund's administrator since 2005 and am confident they will do a good job as custodian. JP Morgan did a good job as custodian, but are much more expensive than White.

Fred Woollard  
9 October 2014

*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.*