

Samuel Terry Absolute Return Fund – March 2015 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 March 2015	STAR	All Ords	MSCI (\$A)
1 month	1.48%	-0.03%	0.93%
3 months	6.19%	10.21%	9.76%
1 year	22.00%	13.25%	27.87%
3 years (%p.a.)	21.87%	14.72%	22.79%
5 years (%p.a.)	23.63%	8.22%	13.43%
Since inception on 1 Nov 2003 (%p.a.)	12.38%	9.76%	7.26%

The Fund's biggest loser this month was a decline in our **call options on the S&P 500 Index** (0.9% of the Fund), which fell as the Index declined. This reduced the Fund's return by 1.2%.

Our main activity during the month was preparing a takeover bid by **Hamilton Securities** (4.2% of the Fund) for **Asset Resolution Ltd**, an unlisted Australian investment company. The takeover bid was formally launched on 7th April. The Fund owns 47% of Hamilton (on a fully diluted basis) and Fred is a director of Hamilton. The Fund already owns 18.5% of ARL, and ARL represents 9.2% of the Fund's assets.

The bid values ARL at \$9.8m, which is more than Hamilton's cash of \$2.6m. The difference is being funded by a loan facility from the Fund, which, if drawn upon, will be repaid by a rights issue to Hamilton shareholders, which the Fund will underwrite.

Depending on the outcome of the takeover bid and the rights issue, ARL (both directly and through Hamilton) could grow to over 35% of the Fund, which would make it by far the Fund's largest asset. I am happy to discuss the ARL bid with any unit holder who wishes to hear more about it and what it means for the Fund.

Most of the Fund's gain in March was due to us raising the price at which we value ARL shares to 1.0 cent (the bid price), compared to our most recent purchase price of 0.8 cent.

The Fund's net asset value per unit was \$1.5342 at month end. The Fund owned securities issued by 21 companies. 21.7% of the Fund was in \$A cash.

Fred Woppard and Nigel Burgess
14 April 2015

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.