

## Samuel Terry Absolute Return Fund – September 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 30 September 2015	STAR	All Ords	MSCI (\$A)
1 month	1.27%	-2.50%	-2.29%
3 months	3.09%	-5.79%	-0.85%
1 year	27.44%	-0.16%	16.48%
3 years (%p.a.)	27.48%	9.31%	21.95%
5 years (%p.a.)	22.40%	6.28%	14.17%
Since inception on 1 Nov 2003 (%p.a.)	13.15%	8.20%	6.82%

The highlight of the month was that we gained board control of **Asset Resolution Ltd** (4.6% of the Fund), an Australian company whose main asset is a receivable which will soon turn into \$14m of cash. The new board has not yet decided what it will do with ARL, but has stated an intention to list ARL's shares on the stock exchange and turn it into an investment company.

Our largest holding, **Kangaroo Island Plantation Timbers** (27.5% of the Fund) rose 5.6%, perhaps because of encouraging statements at the company's annual meeting.

**Infigen Energy** (4.5% of the Fund), an Australian wind energy company rose 20% after Malcolm Turnbull became Prime Minister. Mr Turnbull is regarded as sympathetic to renewable energy, unlike his predecessor who stated that "coal is good for humanity" and made no secret of his dislike for renewable energy.

Our biggest loser was debt issued by **Emeco** (2.8% of the Fund), an Australian company that owns a fleet of mining equipment, which is rented to mining companies. Our notes fell 17% during the month to 53% of face value, at which they yield about 37%pa. Our debt is secured over assets said by Emeco to be worth substantially more than the face value of the debt. Although Emeco's business is experiencing tough conditions, it is still generating cash flow to pay some of its interest and has enough saleable assets to keep it alive for some time.

We started buying an Australian company at a large discount to its cash backing.

The Fund's net asset value per unit was \$1.7634 at month end. The Fund owned securities issued by 23 companies. 25.3% of the Fund was in \$A cash.

Fred Woollard and Nigel Burgess  
10 October 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.*