

Samuel Terry Absolute Return Fund – July 2016 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 2016	STAR	All Ords	MSCI (\$A)
1 month	8.5%	6.3%	2.4%
3 months	13.4%	7.1%	4.0%
1 year	46.7%	4.0%	-3.9%
3 years (%p.a.)	33.4%	8.5%	12.0%
5 years (%p.a.)	27.7%	9.4%	14.9%
7 years (%p.a.)	28.5%	8.7%	10.8%
10 years (%p.a.)	15.9%	5.7%	5.0%
Since inception on 1 Nov 2003 (%p.a.)	15.4%	8.8%	6.6%

Most of the Fund's return during July was caused by a 25% increase in **Kangaroo Island Plantation Timbers**, an Australian timberland owner (39.7% of the Fund). The share price increase may have been caused by an announcement updating investors on KIPT's deep water wharf project. This project is a key step to monetising KIPT's substantial timber resource.¹

The Fund also benefitted from a 19% rise in **South32**, an Australian mining company, (4.1% of the Fund) and an 18% rise in **Infigen**, an Australian wind energy producer, (2.3% of the Fund). We prefer not to be reminded that the Fund sold a large part of its holdings in both companies during June.

Our worst performer was **Keybridge Capital** (2.6% of the Fund), an Australian investment company, which fell 13%, because of changes to Keybridge's board. We opposed the changes.

The Fund paid a distribution of 12.3 cents/unit, most of which was long-term capital gains.

The Fund's net asset value was \$39.9m or \$2.3734 per unit at month end. The Fund owned securities issued by 20 companies. 19.5% of the Fund was in \$A cash.

Fred Woollard and Nigel Burgess
8 August 2016

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.

¹ In the Fund's valuation this month, we valued KIPT at \$A20, the closing bid price on 29 July, rather than the last sale price of \$A24. It is our usual practice to value our listed holdings at the last sale price, but in this case we were uncertain about what was the "fairest" price to use in the valuation. We asked White Outsourcing, the Fund's administrator, to use the lower price.