

Samuel Terry Absolute Return Fund – November 2016 monthly report

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

To 30 November 2016	STAR	All Ords	MSCI (\$A)
1 month	3.2%	2.5%	4.2%
3 months	10.6%	0.6%	1.7%
1 year	42.7%	10.0%	1.9%
3 years (%p.a.)	34.2%	5.6%	10.5%
5 years (%p.a.)	28.2%	10.3%	16.5%
7 years (%p.a.)	28.0%	6.7%	11.0%
10 years (%p.a.)	16.1%	4.5%	4.6%
Since inception on 1 Nov 2003 (%p.a.)	15.9%	8.5%	6.7%

The Fund's biggest winner was **AIMS Property Securities Fund (APW)**, (8.9% of the Fund), which rose 18% after the Fund requisitioned a unitholder meeting to vote on winding up the trust. APW is an Australian trust which invests in other property trusts, particularly those also managed by the AIMS group. For several years, APW's units have traded at a large discount to the net asset value of its units. We believe that a significant proportion of APW unitholders support our proposal, but expect strong opposition from AIMS management.

Kangaroo Island Plantation Timbers (34% of the Fund) rose 4%. KIPT completed a \$12m share issue to fund the first stage of its expansion plans.

Goldman Sachs (3% of the Fund) rose 23% because Mr Trump's recently stated policies appear highly beneficial to Goldman Sachs. **Emeco notes** (3% of the Fund) rose 8% ahead of a planned debt restructuring.

The Fund sold out of **Macquarie Atlas Roads (MQA)**, an Australian company whose main asset is part of a French toll road. We sold the shares because they are no longer cheap and we suspect the long downtrend of global interest rates is close to an end. In the six years that the Fund owned MQA, its shares rose more than six times and it paid good dividends.

The Fund started buying a security which has the characteristics of a safe bond at a high yield.

The Fund's net asset value was \$60m or \$2.6492 per Founder unit at month end. 26% of the Fund was in \$A cash and it owned securities issued by 19 companies.

Fred Woollard and Nigel Burgess
8 December 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.