

Samuel Terry Absolute Return Fund – June 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 30 June 2016 | STAR | All Ords | MSCI (\$A) |
|---------------------------------------|-------------|---------------------|-----------------------|
| 1 month | -0.5% | -2.3% | -3.5% |
| 3 months | 11.0% | 4.0% | 4.0% |
| 1 year | 35.1% | 2.0% | -0.6% |
| 3 years (%p.a.) | 32.8% | 8.2% | 13.5% |
| 5 years (%p.a.) | 26.0% | 7.3% | 13.4% |
| 7 years (%p.a.) | 27.3% | 8.9% | 11.2% |
| 10 years (%p.a.) | 15.3% | 4.9% | 4.5% |
| Since inception on 1 Nov 2003 (%p.a.) | 14.7% | 8.4% | 6.4% |

The Fund's biggest loser was **CYBG plc**, a UK bank (formerly 4.5% of the Fund), which fell 17% mostly due to the UK voting to leave the EU. We sold our shares after the vote, as the case for holding them weakened. The company now has less potential for asset growth and greater potential for bad debts if the UK economy weakens substantially. We are particularly worried that London real estate, both residential and commercial appears to be an accident waiting to happen. While CYBG is unlikely to suffer large direct damage from such a scenario, it would be vulnerable to an indirect hit. Overall, we made a modest profit from CYBG.

We also sold our shares in Russia's leading bank, **SberBank** (formerly 1.6% of the Fund) at a modest profit in \$A terms. We bought the shares in 2014 at about a 10% discount to net asset value, and sold them at 36% above net asset value, which had grown during the period. Unfortunately, the sharp decline in the rouble against the dollar offset most of the gain in roubles.

Mike Conway joins Samuel Terry Asset Management

We are pleased to announce that Mike Conway, until recently a well-regarded stockbroker, has joined us to help grow the business. Mike has a great record in marketing, an area which we have never professed to be our strength. Mike can also assist with our investment activities and has already brought us one great investment, which is 3% of the Fund, and we hope to buy more of it.

On the next page is an article from the Australian Financial Review on Mike's move.

The Fund's net asset value was \$37m or \$2.311 per unit at month end. The Fund owned securities issued by 21 companies. 24.9% of the Fund was in \$A cash.

Fred Woollard and Nigel Burgess
9 July 2016

Conway to spruik Samuel Terry fund

Australian Financial Review 17 June 2016

Where better to earn fat performance fees from renewable energy and sustainable timber than sitting on Belongil Beach!

No wonder former darling of the UBS research desk Mike Conway is in a good mood.

[As flagged by Street Talk last month](#), Conway has ditched life in Chifley Square on the sell-side to make the switch to the buy-side and move north to Byron Bay. Now we can reveal he's partnered up with Fred Woollard's outfit Samuel Terry Asset Management.

Put plainly, Woollard is stellar at picking stocks and sniffing out takeover targets like Infigen Energy and Asset Resolution, but crap at marketing.

Industry heavyweight Airlie Funds Management boss John Sevier who last month lamented Conway's departure from UBS as a "a loss to the market" has anointed the union.

"Fred is a very diligent investor who clearly loves what he does. His track record speaks for itself."

The Samuel Terry Fund, which was established in 2003, has returned an average 14.9 per cent per annum since inception, compared to 8.6 per cent from the ASX All Ords. In the year to May it was up 41.6 per cent, while the All Ords fell 1.2 per cent.

Not bad for a \$37 million fund hardly anyone's heard of.

Conway is confident he can boost the funds under management to \$100 million in the coming months with a medium term target of \$200 million.

A roadshow taking place in Sydney, Brisbane, Melbourne and Adelaide kicked off on Thursday with around 50 investor meetings lined up.

The pitch is that more dosh will enable Woollard to take more stakes in a couple of compelling situations he's been eyeing off. The fund owns 46 per cent of Kangaroo Island Plantation Timbers and launched a successful takeover of Asset Resolution in 2015.

Woollard and his partner Nigel Burgess have been in the industry since the early 80s and both previously worked for Hunter Hall.

Management fees are a trim 1.5 per cent with a performance fee of 20 per cent kicking in when the duo generate a return of 10 per cent or more.

"My biggest personal investment outside of my home is in Fred's fund," Conway adds.

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