

## **Samuel Terry Absolute Return Fund – March 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:

<b>To 31 March 2016</b>	<b>STAR</b>	<b>All Ords</b>	<b>MSCI (\$A)</b>
1 month	2.74%	4.74%	0.27%
3 months	5.18%	-2.35%	-4.59%
1 year	35.70%	-8.05%	-4.90%
3 years (%p.a.)	29.31%	5.63%	16.95%
5 years (%p.a.)	22.41%	5.43%	11.83%
Since inception on 1 Nov 2003 (%p.a.)	14.10%	8.21%	6.22%

Our biggest winner was Australian wind energy producer, **Infigen** (9.2% of the Fund), which rose 30% for no apparent reason. We suspect that Infigen is going up because some investors are thinking about what Infigen might look like in a few years, rather than its troubled history.

If it can maintain its current rate of debt repayment, we estimate that in about two years, Infigen's debt will be sufficiently low to enable it to resume paying dividends, which would lead to it being treated as a "normal" infrastructure security by the market. If this were to happen, the share price could be a lot higher than it is now. One indication that Infigen is ignored by most investors is that no stockbrokers provide research coverage, despite its \$500m market capitalisation and the likelihood that it could soon be profitable, if it isn't already.

Infigen remains subject to political risk, but politicians' actions can sometimes have unexpected consequences. As you may recall, Australia's former Prime Minister, Tony Abbott, made no secret of his dislike for renewable energy and worked hard to discourage investment in the sector. His efforts led to a shortage of renewable energy, which has caused the price to soar, creating an unexpected windfall for Infigen shareholders!

Australian mining company, **South32** (8.2% of the Fund), rose 17% because of improved global sentiment towards mining shares.

The Fund's net asset value was \$32.3m or \$2.0819 per unit at month end. The Fund owned securities issued by 23 companies. 10.5% of the Fund was in \$A cash.

Fred Woollard and Nigel Burgess  
9 April 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.*