

Samuel Terry Absolute Return Fund – December 2017 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 31 December 2017	STAR	All Ords	MSCI (\$A)
1 month	4.0%	2.0%	-1.5%
1 year	16.3%	12.5%	14.5%
3 years (%p.a.)	30.7%	9.2%	11.1%
5 years (%p.a.)	29.5%	10.4%	17.5%
7 years (%p.a.)	24.0%	8.1%	13.2%
10 years (%p.a.)	18.1%	4.0%	6.2%
Since inception on 1 Nov 2003 (%p.a.)	15.8%	9.1%	7.5%

Most of the fund's gain was due to **Kangaroo Island Plantation Timbers** (28.1% of the Fund), which rose 9%, helped by Paradise Investment Management, one of Australia's most successful fund managers, acquiring a 7% holding in KIPT.

We invested 2% of the fund in **Dubber Corporation**, a small Australian software company. Dubber enables cloud-based recording of phone calls. It has an impressive client list for a small company and is growing fast. We were encouraged when the MD sought shareholder approval to invest a meaningful proportion of his own capital on identical terms. On the other hand, Dubber is still loss-making and success is not certain, so we only invested our smallest initial weighting. By month-end the shares were 42% higher than our cost price.

We have closed the fund to new applications, including from existing investors. The reason we did this is that we do not want the fund to grow beyond the optimal size for our capacity to run it well. We prefer to grow in an organic fashion, consistent with our increase in capacity. It is possible that we may reopen the fund at some future date, but we do not know when.

The Fund's net asset value was \$108m or \$2.9645 per Founder unit and \$11.79 per A Class unit at month end. 32% of the Fund was in \$A cash. It owned securities issued by 17 companies.

Fred Woollard and Nigel Burgess
10 January 2018



<https://twitter.com/FredWoollard>

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.