

Samuel Terry Absolute Return Fund – May 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 May 2017	STAR	All Ords	MSCI (\$A)
1 month	0.3%	-2.6%	2.8%
3 months	-5.1%	1.3%	8.0%
1 year	16.4%	10.2%	14.4%
3 years (%p.a.)	29.1%	6.2%	13.5%
5 years (%p.a.)	26.0%	11.6%	17.7%
7 years (%p.a.)	26.3%	8.3%	12.2%
10 years (%p.a.)	15.4%	3.4%	5.0%
Since inception on 1 Nov 2003 (%p.a.)	15.0%	8.7%	7.3%

The Fund had a quiet month.

We took up some of our rights to the share issue by **Kangaroo Island Plantation Timbers (KPT)**, lifting our weighting in KPT from 27% to 35% of the Fund. As discussed previously, the purpose of the share issue was to fund the purchase of the other major timber estate on the island. We believe that this purchase not only adds significantly to the value of KPT shares, it also makes KPT a much stronger company. The result of this is that although our weighting in KPT has gone up, we do not believe our risk exposure has increased.

We have increased our exposure to risk by buying more **call and put options on the S&P Index**. At month-end, 1.8% of the Fund was invested in these options, which are a bet that the global economy and political system are not as extraordinarily stable as the market is implying.

Elsewhere, we continued buying more of some of our existing holdings.

The Fund's net asset value was \$ 72m or \$2.5609 per Founder unit and \$10.3354 per A Class unit at month end. 16% of the Fund was in \$A cash. It owned securities issued by 21 companies.

Fred Woollard and Nigel Burgess
9 June 2017

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