

Samuel Terry Absolute Return Fund – October 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 October 2017	STAR	All Ords	MSCI (\$A)
1 month	3.0%	4.1%	4.4%
1 year	9.3%	15.5%	22.8%
3 years (%p.a.)	29.1%	7.3%	13.2%
5 years (%p.a.)	27.8%	10.3%	17.9%
7 years (%p.a.)	24.1%	8.0%	13.1%
10 years (%p.a.)	17.1%	3.1%	6.1%
Since inception on 1 Nov 2003 (%p.a.)	15.3%	8.9%	7.5%

The Fund's biggest winner was **Kangaroo Island Plantation Timbers** (33.7% of the Fund), which rose 7%, helped by an encouraging quarterly letter.

The **S&P 500 Index** rose 2.2%, which helped our call options (5.9% of the Fund) on that index. Those options contributed a total of 1.5% to the Fund's return.

Our biggest loser was Australian paper distributor, **Spicers** (5.7% of the Fund), which fell 6% for no apparent reason.

The Fund sold its notes issued by **Emeco**, Australia's largest mining equipment rental company. We bought the notes in 2015 and 2016 at around 73% of face value, which was a yield of over 20%. In March 2017, those old notes were converted into new notes and new shares. We sold the notes at 105% of face value, which was a yield of about 7.5%. 1% of the Fund is in Emeco shares.

Overall, our Emeco investment produced a total return of over 100% in less than two years. We now own no fixed income securities, but are confident that when the credit cycle turns down, we will have fresh opportunities to buy distressed debt at attractive prices.

The Fund's 2017 annual report was sent to unitholders. Please let us know if you did not receive a copy.

The Fund's net asset value was \$87m or \$2.724 per Founder unit and \$10.87 per A Class unit at month end. 17% of the Fund was in \$A cash. It owned securities issued by 18 companies.

Fred Woollard and Nigel Burgess
8 November 2017



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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.