

Samuel Terry Absolute Return Fund – February 2018 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 28 February 2018	STAR	All Ords	MSCI (\$A)
1 month	-3.3%	0.2%	-0.5%
1 year	28.7%	10.9%	17.1%
3 years (%p.a.)	34.4%	5.7%	8.7%
5 years (%p.a.)	31.2%	8.1%	16.4%
7 years (%p.a.)	25.8%	7.7%	12.7%
10 years (%p.a.)	21.1%	5.2%	7.9%
Since inception on 1 Nov 2003 (%p.a.)	16.6%	9.0%	7.5%

Most of the Fund's loss was due to a drop of over 50% in our **S&P 500 Index September call options**, which was mostly caused by a 3.9% drop in the index. At month-end, we had 2.5% of the Fund in S&P call options.

Our other big loser was **Dubber Corporation**, a small Australian software company (2.1% of the Fund), which fell 27% for no apparent reason.

We started buying shares in an Australian gold producer.

After five long years, we sold our shares in the UK-based **Co-Operative Bank**, realising a 97% loss. This was our Fred's biggest mistake in recent years. It's a reminder that bad banks can be really bad investments, even when bought "cheaply". While the bank's shares might still be attractive at current prices, the position had become tiny and the tax benefits from selling outweigh the potential upside. The loss on the position was taken in prior years and did not impact us in 2018.

The only consolation in this sorry tale was that we recouped about a third of the loss on the shares by trading in the bank's bonds last year.

The Fund's net asset value was \$124m or \$3.37 per Founder unit and \$13.38 per A Class unit (down 3.46%) at month end. 42% of the Fund was in \$A cash. It owned securities issued by 19 companies.

Fred Woollard and Nigel Burgess
9 March 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.