



SAMUEL TERRY  
ASSET MANAGEMENT

**Samuel Terry Absolute Return Group (*the Fund*) – March 2023 quarterly report**

The Fund's performance<sup>1</sup> (pre-tax, net of fees) and those of the Australian All Ordinaries Accumulation Index and the MSCI World Equities Index, are as follow:

| To 31 March 2023                      | STAR             | All Ords | MSCI<br>(\$A) | STAR A<br>Class |
|---------------------------------------|------------------|----------|---------------|-----------------|
|                                       | Founder<br>Class |          |               |                 |
| 1 quarter                             | 4.8%             | 1.3%     | 8.6%          | 4.6%            |
| 1 year                                | 26.5%            | -1.9%    | 2.9%          | 23.9%           |
| 3 years (%p.a.)                       | 22.2%            | 16.9%    | 12.4%         | 19.9%           |
| 5 years (%p.a.)                       | 16.7%            | 8.6%     | 9.4%          | 14.6%           |
| 7 years (%p.a.)                       | 21.2%            | 9.4%     | 11.0%         |                 |
| 10 years (%p.a.)                      | 23.6%            | 8.2%     | 12.7%         |                 |
| Since inception on 1 Nov 2003 (%p.a.) | 16.6%            | 8.6%     | 7.9%          |                 |

The Fund's good performance was mainly due to three of our holdings.

Despite a 7% drop in the oil price<sup>2</sup>, Australian oil producer, **Horizon Oil** (8.2% of the Fund) rose 30%, due to a good profit result and another large dividend. Shares in American offshore drilling contractor, **Diamond Offshore** (11.4% of the Fund<sup>3</sup>) rose 15%, helped by higher rental rates for its rigs. Kangaroo Island landowner, **Kiland**, (8.5% of the Fund) rose 11%.

Australian financial services conglomerate, **AMP** (9.7% of the Fund) fell 18% following its full year results announcement. At AMP's Annual General Meeting, shareholders, including us, provided a "first strike" against the remuneration report. A similar vote at next year's meeting would provide a trigger for shareholders to spill the Board. The reason we voted against the report is that AMP's costs remain far too high, and the board is not returning enough surplus capital to shareholders.

We invested 2.5% of the Fund in a mixture of **Credit Suisse** shares and bonds just before its near-collapse. Although the shares fell by over 50% and one of our bonds may be worthless, the gains on the other bonds enabled the Fund to make a small overall gain on Credit Suisse.

**UBS** bought Credit Suisse on incredibly attractive terms, adding substantial long-term value to UBS. Despite this, the UBS share price did not rise significantly after the announcement, probably because integrating Credit Suisse could reduce UBS earnings for a few years. We bought UBS shares (3.3%<sup>4</sup> of the Fund) soon after the Credit Suisse purchase at a discount to net asset value of over 33%.

We sold our investment in **Yellow Holdings**, publisher of the New Zealand yellow pages, realising an excellent return over the four years the Fund owned Yellow. We wish to thank Andy Preece, Yellow's former Chairman, and Tracey Taylor, Yellow's CEO, for the work they did at Yellow. Both were a pleasure to deal with and they achieved great results for the shareholders.

We have closed the Fund to investment applications. Thank you to all unitholders for your support.

The Fund's net asset value was \$A 649m or \$4.51 per Founder unit and \$16.37 per A Class unit. 18% of the Fund was in cash and gold. It owned securities issued by 23 companies.

Fred Woollard, Nigel Burgess and Mitch Taylor

15 April 2023

 <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 Fund. 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.*

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<sup>1</sup> Performance numbers are net of all fees and administration costs. The difference in returns between Founder units and A units is due to A units having a lower performance hurdle for calculating performance fees.

<sup>2</sup> We have used the US dollar Brent front month futures spot price.

<sup>3</sup> Our investment in Diamond is split between 8.3% in ordinary shares and 3.1% in secured debt.

<sup>4</sup> Our UBS weighting includes Credit Suisse shares which will convert to UBS shares.