



SAMUEL TERRY  
ASSET MANAGEMENT

**Samuel Terry Absolute Return Group (the Fund) – June 2024 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 30 June 2024	STAR F Class	All Ords	MSCI (A\$)	STAR A Class
1 quarter	3.1%	1.9%	-0.5%	3.0%
1 year	14.2%	12.5%	16.7%	13.5%
3 years (p.a.)	13.3%	6.1%	8.3%	12.2%
5 years (p.a.)	18.4%	7.6%	11.2%	16.8%
7 years (p.a.)	19.5%	9.0%	11.5%	17.9%
10 years (p.a.)	22.0%	8.3%	11.7%	
Inception (p.a.)	16.5%	8.8%	8.6%	

Several of our holdings had a good quarter. **Global Data Centres** (4.7% of the Fund) rose 39% due to the sale of its French business and media speculation that AirTrunk, of which Global Data Centres owns approximately 1%, will soon be sold. American drillship owner **Diamond Offshore** (6.9% of the Fund) rose 13% after an agreed merger proposal. Oil producer, **Horizon Oil**, (7.3% of the Fund) rose 8% as it continued to generate and pay out cash. Australian steel producer, **Bisalloy** (2.7% of the Fund), rose 41%.

We recognised a 33% increase in the net asset value of unlisted Kangaroo Island landowner, **Kiland** (9.5% of the Fund). This resulted from the sale of a stake in Kiland's carbon subsidiary, Re-Vi at a price well above its previous book value, as well as the annual independent revaluation of its land assets.

Australian oil producer **Karoon Energy**, (9.5%) of the Fund, fell 15%, possibly due to production problems at its recently acquired WhoDat asset, and disappointing exploration results at a nearby prospect.

Karoon has good assets which generate strong cash flows. If the Board adopts a cash-harvesting strategy, similar to that of Horizon Oil, Karoon's share price is likely to be substantially higher. Unfortunately, Karoon does not have a great track record of capital allocation, this is reflected in the low valuation of its shares. At the annual meeting in May, over 25% of shareholders voted against the remuneration report and some other resolutions. This is a good start, but realising Karoon's potential upside requires more shareholders to encourage the company to change its strategy. We will continue our efforts to persuade current and potential shareholders to support better capital management. Our AGM presentation to shareholders can be read [here](#).

We sold our shares in Swiss bank, **UBS** (previously 4% of the fund) realising a profit of over 50%. We sold our shares in African miner, **Sierra Rutile** (previously 1.6% of the Fund), realising a 30% loss.

**Dave Birrell** has joined the investment team. We have known Dave for several years and like his enthusiasm for deep research. He brings over 20 years of complementary experience in financial markets, having previously worked as a stockbroker and hedge fund manager. Welcome Dave.

The Fund's net asset value was \$A 832m or \$5.14 per Founder unit and \$18.76 per A Class unit. 12.8% of the Fund was in gold and cash. It owned securities issued by 30 companies.

Fred Woollard, Nigel Burgess and Mitch Taylor

18 July 2024

X: [X.com/FredWoollard](https://x.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.