SAMUEL TERRY
ASSET MANAGEMENT

Samuel Terry Absolute Return Group – A Class Units

December 2024

Fund Summary

Fund Name	Samuel Terry Absolute Return Group comprising Samuel Terry Absolute Return Fund and Samuel Terry Absolute Return Active Fund*
APIR Code	STP9437AU
Fund inception	November 2003
Fund Size	A$861m
Base Currency	Australian Dollars
Investor eligibility	Wholesale investors only
Fund Liquidity	SOFT CLOSED. Redemptions require 3 months notice
Administrator and Custodian	Link Fund Solutions
Auditor	Grant Thornton
Management fee	1.5% plus GST p.a
Performance fee	20% of benchmark outperformance, with a high water mark, paid annually
Benchmark	RBA cash rate plus 2% p.a
Buy/Sell spread	0.5%
Platform availability	Powerwrap, Netwealth, Ausmaq

*See Appendix A for representation of legal structure

People | Small team. Experience through market cycles and across asset classes

Investment Team

Fred Woollard
Founder and Managing Director

Fred has worked in financial markets since 1981. Prior to founding Samuel Terry in 2003, Fred worked for Hunter Hall International Limited, a European family office and various stockbroking firms in Australia and the UK. Fred has an Economics degree from University of Sydney.

Nigel Burgess
Director

Nigel has worked in financial markets since 1985. Prior to joining Samuel Terry in 2009, Nigel also worked at Hunter Hall International Limited, the same European family office, Friends Provident and GIO Australia. Nigel has an Economics/Finance degree and an Accounting Masters degree, both from University of NSW.

Mitch Taylor
Director

Mitch has worked in financial markets since 2009. Prior to joining Samuel Terry in 2017, Mitch worked for a boutique Australian fund manager. Mitch has a Commerce degree from University of Sydney and a Master of Applied Finance from Macquarie University.

David Birrell

David has worked in financial markets since 1997. Prior to joining Samuel Terry in 2024, David established Croxon Capital to manage his personal portfolio. David has also worked at UBS, Tiger Management, Hawkesbury Advisors, Bell Potter and Bankers Trust. David has an economics degree from the University of Wollongong.

Support Team

Ouafaa Karim
Chief Operating Officer

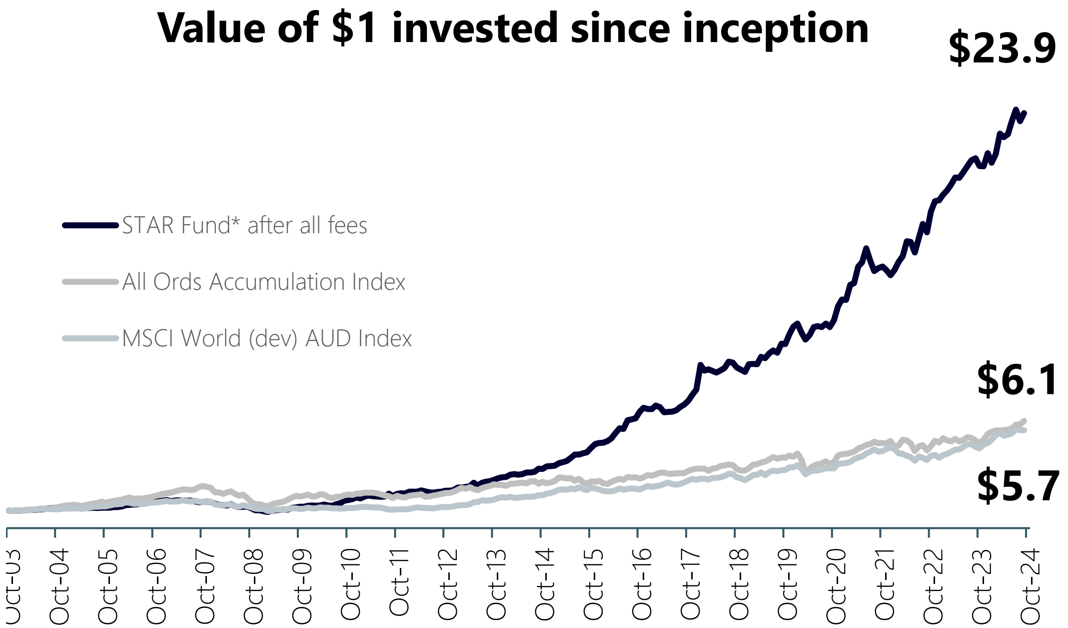
Ouafaa has over 30 years experience in the financial services industry in the fields of operations, compliance and company secretarial. Prior to joining Samuel Terry, Ouafaa worked with CBA, AMP and MLC. Ouafaa also worked at Hunter Hall International Limited. Ouafaa has a Bachelor of Arts and a Masters in Commercial Law from Macquarie University.

Therese Cochrane
General Manager

Therese started work as a banking and finance and commercial lawyer in 1987. She has worked in private practice in Sydney and in-house for investment banks in London. She has an Economics degree, majoring in Accounting and Economics and a Law degree, both from University of Sydney and a Masters in Law from University of Cambridge.

Performance | Good returns for 20 years

To 31 October 2024	STAR Fund* F units after fees	STAR Fund A units after fees	All Ords Accum Index	MSCI World Developed Index (AUD)
1 quarter	-0.4%	-0.4%	2.49%	1.16%
1 year	14.9%	14.1%	25.4%	25.4%
3 years (%p.a.)	16.8%	15.6%	7.6%	9.0%
5 years (%p.a.)	17.8%	16.1%	8.5%	11.4%
10 years (%p.a.)	21.5%		8.6%	11.8%
Since inception (%p.a)	16.3%		9.0%	8.7%



*Founder units – A class units have a different hurdle rate for performance fee. A Class Units have an inception date of 30 September 2016.

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What makes the fund different? | We have significant personal investments in the fund… we eat our own cooking

Flexible

- NOT attempting to track any index.
- Invest globally.
- Looks beyond equities.
- Invests across the range of market capitalisations.
- Willing and able to invest in unlisted and illiquid securities.
- Willing and able to be active investors.

Conservative

- Often hold lots of cash. Since inception, the average cash weighting has been 18%.
- NO borrowing or leveraging of the fund.
- NO short selling
- Do not write options, will only buy them periodically.
- Majority of investments are usually in companies which themselves have net cash. This helps us sleep at night, especially when markets are slumping.

Uncomplicated

- Invest only in companies and financial instruments we understand.
- Low frequency traders. Since inception, annual portfolio turnover has been less than 50%.
- We have limited brain space and limited good ideas. We Invest heavily in our best ideas. The portfolio is more concentrated than most.
- If we cannot find investments which offer attractive risk/reward, we hold cash and wait.
- Provide a high degree of transparency.

We aim to maximise post tax returns for our Australian unit holders.

What makes the fund different? | Unique Approach. Wide opportunity set, looking for simple characteristics

"One way bets"

Heads, I win…
Tails, I don't lose…

Typically ~80% of capital employed.

"Irrational odds"

Heads, I win $5…
Tails, I only lose $1…

Typically less than 20% of capital employed.

Current Portfolio | Portfolio Snapshot at 10 December 2024

- 45% of capital invested in companies with net cash.
- 13% of capital is invested in corporate & Real Estate credit.
- We aim to hold securities issued by 15-35 diverse names. The Fund currently owns securities issued by 28 names.
- 70% of capital is invested in Australian securities, 11% is invested in non-Australian securities.

Top Holdings	% of NAV
Cash (including physical gold)*	19%
Kiland	8.5%
Accolade Wines	7.8%
Horizon Oil	7.0%
Real Estate Senior Secured Credit	5.5%
Karoon Energy	5.2%
ARN media	4.8%
US Masters Residential Property Fund	4.5%
Abacus Property	3.5%
Eildon Capital	3.3%
Genesis Minerals	3.2%

Top Sectors

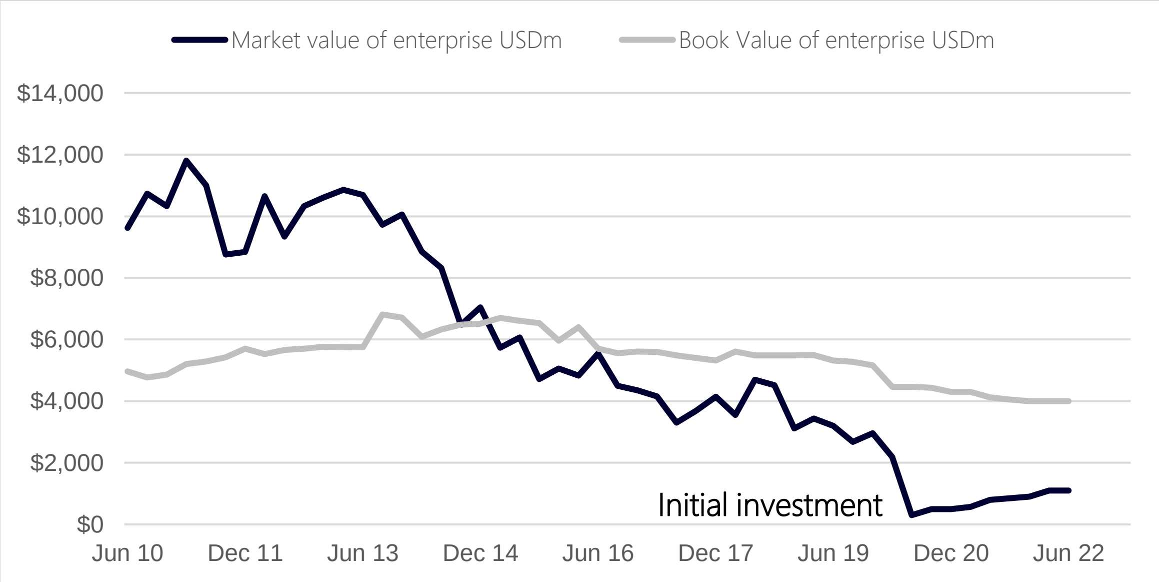
Cash	Commodities & Energy	Property related securities
19%	20%	18%

**Investment consists of both debt and equity instruments.

Current Holding | Diamond Offshore Drilling. Market cap: USD1,500m (pre merger)

- Diamond is a tier one offshore driller with a history of rational capital allocation decisions. It owns 13 and operates 15 drilling vessels with a book value* in excess of USD4bln.
- In April 2020 Diamond entered Ch11 bankruptcy to restructure its USD2.4bln of debt and create a sustainable capital structure. In response, Diamond's unsecured bonds were sold aggressively in the secondary market. We bought 6.5% of the unsecured bonds at around 12c per dollar of face value and subsequently joined a creditors committee which negotiated Diamond's exit from bankruptcy.
- In April 2021 Diamond emerged from bankruptcy and conducted a capital raise. As part of the bankruptcy plan, our unsecured bonds were converted to equity. We participated heavily in the capital raise and now own approximately 4% of Diamond's reorganised equity and 2% of Diamond's reorganised debt.
- In March 2022 Diamond's reorganised shares relisted on NYSE (DO.NYSE). Diamond now has a sustainable capital structure.
- Offshore drilling is cyclical. Industry conditions and rig profitability have improved materially in the last 4 years.
- In June 2024, Noble Corporation (the world's largest offshore drilling company) lobbed a take-over proposal to acquire Diamond Offshore via a mixture of cash and scrip.

Diamond is still trading cheaply, when compared to history

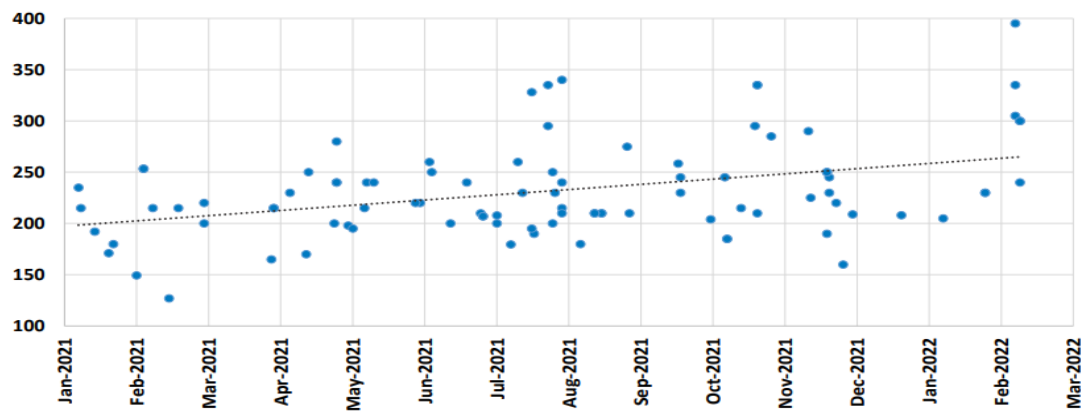


* Book Value of Enterprise excludes effect of "fresh start" accounting on book value – estimates.

Current Holding | Diamond Offshore Drilling. Market Cap: USD1,500m

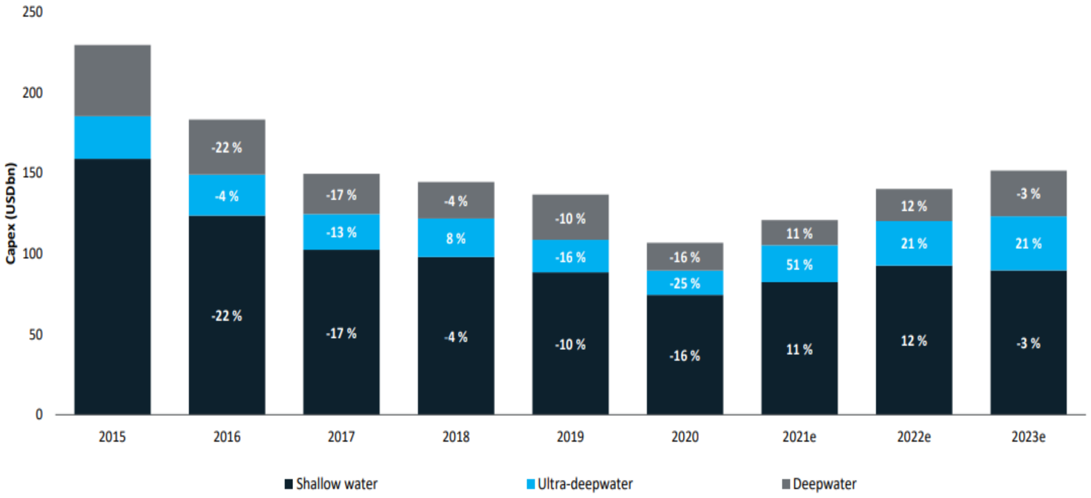
- Offshore oil accounts for approximately 30% of global oil production. Current oil prices offer attractive economics. Offshore "break-even" production costs are estimated to be below $45 per barrel.
- High oil prices from 2011- 2014 spurred a boom in offshore oil drilling, and a corresponding a boom in new vessel building. Drilling vessels take years to build and some are only just completing.
- Since 2015 the offshore drilling industry has been oversupplied. Shorter (higher "break-even") paybacks available in unconventional oil, and lower general oil CAPEX has limited demand. We don't think demand will return to 2014 peaks.
- Legacy term contracts enabled the industry to stall the inevitable retirement of long term sub-economic drilling vessels. Oil volatility in 2020 prompted majors to defer CAPEX which in-turn caused most of Diamond's peers to enter bankruptcy.
- After bankruptcies, the new vessel owners have been more pragmatic on rig retirement decisions which has reduced supply to more sustainable levels. Continued Industry consolidation is likely.
- High rig utilisation rates suggest high-spec rigs are "sold out" in many cases. Rig lease rates have risen over 70% in the past 12 months.
- If current spot lease rates sustain, Diamond could generate significant cash-flow over the next 5 years.

Drillship Rates by Fixture Date (US$kpd)



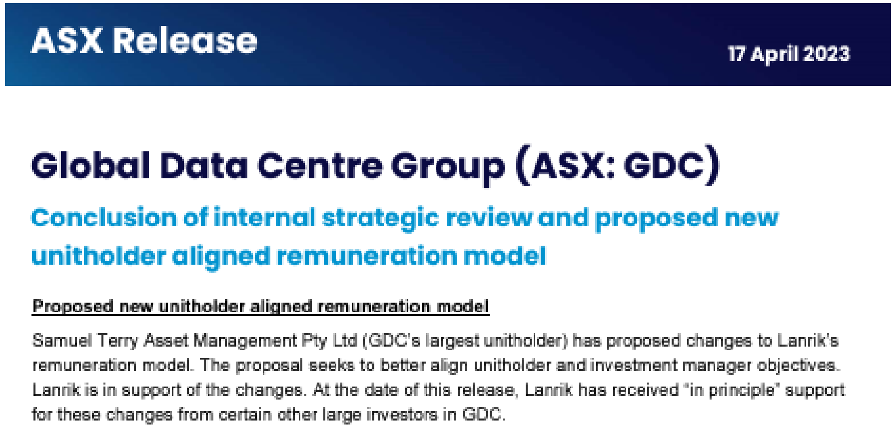
Source: HIS and Diamond Offshore

Global oil Capex forecast



Current Holding | Global Data Centres Limited (ASX: GDC). Market Cap: A$250m

- GDC is an investment holding trust which was listed on ASX in 2019 to provide exposure to the fashionable data centre thematic. It was initially structured utilising a conventional PE style mgmt. and performance carry on Net Asset value.
- GDC owned 3 assets: a WA based data centre, a French based data centre platform, and a ~1% minority equity stake in Airtrunk.
- GDC was pitched to REIT investors who expected yield. When the yield was de-prioritised to pursue NAV growth the security price cut in half over a 2 year period. The incentives of management and investors were not aligned, the securities were lacking an attractive catalyst.
- In 2023 we acquired ~15% of the securities (making us the largest unitholder) at ~$1.20 per unit when the stated NAV was $2.37. We liked the incumbent management team and underlying assets and sought to fix the misalignment.
- Working with management we pushed for a re-set the pay structure to aggressively incentivise an asset realisation strategy. In July 2023 unitholders approved a significant reduction in management fees and re-set of performance structure to align with unit price appreciation from the discounted trading price (not NAV).
- Incentives work. In the last 12 months GDC has sold the WA based data centre and French platform at significant premium to NAV. Airtrunk is currently undergoing a sales process. GDC is now trading at $3.36 on ASX.



ASX Release 17 April 2023

Global Data Centre Group (ASX: GDC)

Conclusion of internal strategic review and proposed new unitholder aligned remuneration model

Proposed new unitholder aligned remuneration model

Samuel Terry Asset Management Pty Ltd (GDC's largest unitholder) has proposed changes to Lanrik's remuneration model. The proposal seeks to better align unitholder and investment manager objectives. Lanrik is in support of the changes. At the date of this release, Lanrik has received "in principle" support for these changes from certain other large investors in GDC.

GDC trading price on ASX

Current Holding | Namoi Cotton Limited (ASX: NAM). Market Cap A$160m

- Namoi Cotton owns Australia's largest cotton ginning network. For most of its existence the business was structured as a co-operative and therefore was owned by its customers. The co-operative structure encouraged a strategy focussed on capacity gains and keeping ginning prices low. In 2017 Namoi converted to a company, however retained much of its co-operative culture.
- Cotton ginning cash-flows are influenced by the size of the cotton crop, which is in-turn heavily influenced by availability of water in growing regions. A key constraint of Namoi's business model was its lack of vertical integration with respect to marketing of cotton. Marketing cotton is lucrative but controlled by major international players.
- Between 2020 and 2022 we bought ~15% of the shares on issue during a drought and period of depressed cash-flow. We bought at a material discount to break-up value, replacement value, NTA and sustainable earnings. We subsequently (unsuccessfully) sought board representation. After some angst, we bought more shares and now own 25% of shares on issue and have instigated several board and management changes.
- In 2023 Namoi conducted a strategic review which resulted in a take-over proposal from the incumbent marketing partner Louis Dreyfus. In 2024, Louis Dreyfus' competitor lobbed a competing offer. A bidding war has ensured, with both bids subject to regulatory approval. If either bid completes, we will make a good return on capital.

Cotton gins are capital intensive

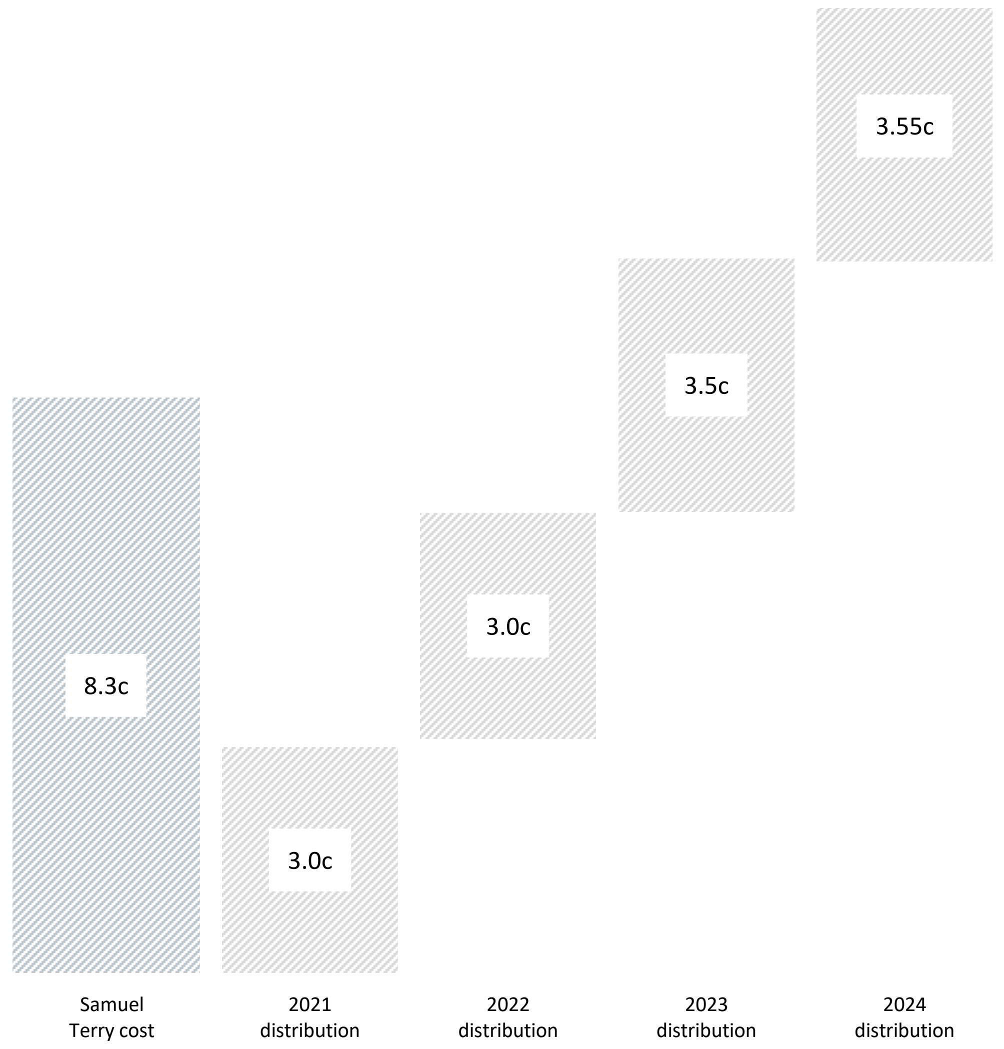
NAMOI COTTON
Growing Together

Current Holding | Horizon Oil Limited. Market Cap: $310m

- Horizon oil is an ASX listed oil producer with minority interests in producing assets located in New Zealand and China. The company produces over 1.2m barrels of oil per year at a break-even operating cost of less than USD20 per barrel. We bought into the company in May 2021 by way of acquiring a block of unlisted options. We own 20% of the company and have Board representation.
- At the time of our acquisition, Horizon had a poor track record of capital allocation and consequently traded at a discount. The company had a stated strategy of using its cash to grow oil reserves.
- Since we joined the Board, the company has begun returning capital to shareholders, streamlining management and reducing costs. Its strategy is now; "Maximise Free Cash Flow. Capital Management. Invest in New Business if exceptional."
- Horizon is well placed to benefit from any mid term strength in oil prices. It has no net debt and continues to generate cash.
- Horizon currently trades in the market at ~19c per share.

HORIZON

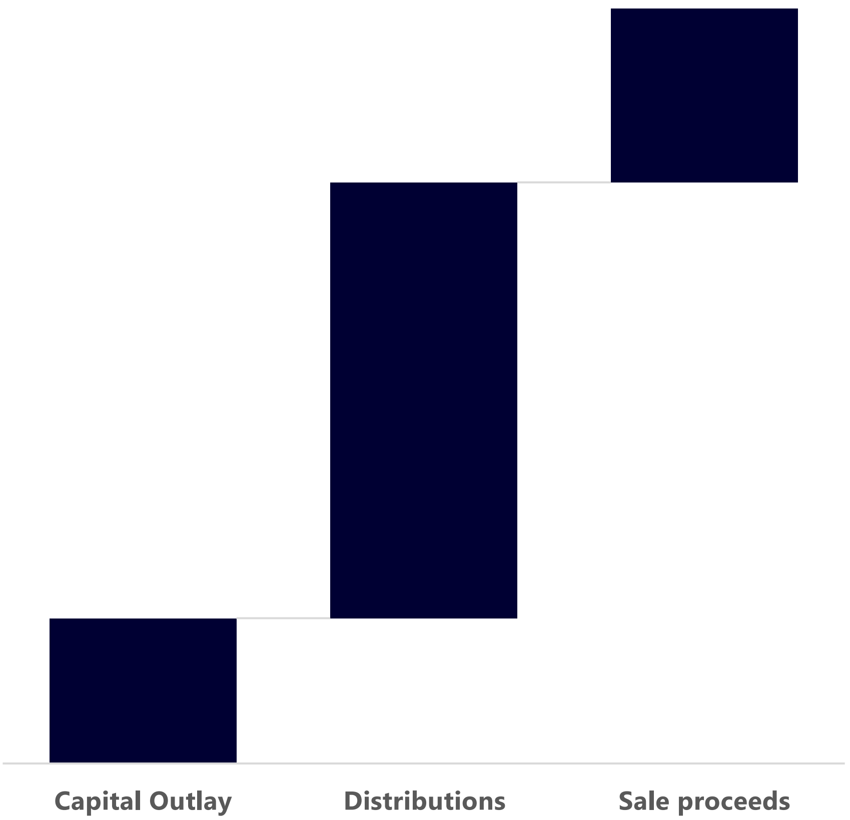
Horizon continues to generate free cash flow



Historical Holding | Yellow Holdings NZ. Unlisted

- Yellow Holdings is an unlisted company which owns the NZ yellow pages and a suite of associated digital businesses. We sold our 79% holding in June 2023.
- Sold by Telecom NZ to private equity in 2007 for more than $2bln. Since then Yellow has been through numerous restructurings. It has consistently generated cash, at a declining rate.
- We acquired our interest between Dec 2018 and August 2019 in the secondary market. We bought from motivated sellers at attractive prices.
- Post taking control, we restructured the Board, capital structure and management incentives.
- Cash generation accelerated and we received multiples of our investment in distributions before selling our shares via a trade sale for considerable profit.
- Our focus was to reposition staff culture – "this is a project, not a career".
- In 2023 we sold the company to Thrive, one of the world's largest Yellow Pages aggregators and operators for an undisclosed amount.
- The company should continue to generate cash at a declining rate. It has no material long-term liabilities.

Investment cost vs cash flow %

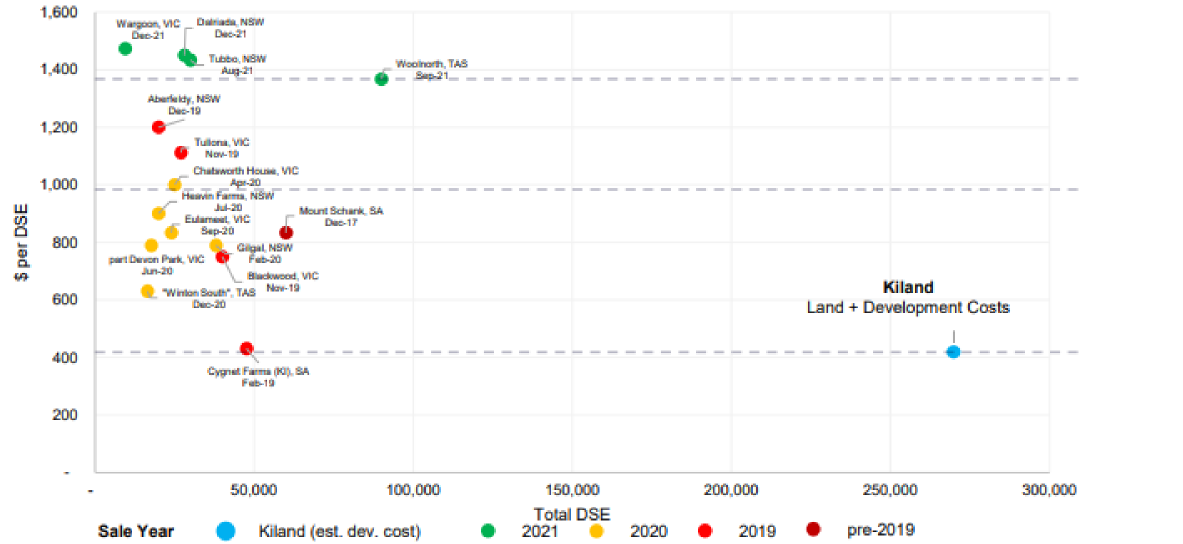


Numeral specifics have been left out de to confidentiality

Current Holding | Kiland Limited. Market cap: $110m immediately prior to delisting

- Kiland owns 18,662 hectares of arable land on Kangaroo Island. The estate has greater than 750ml average annual rainfall and significant carrying capacity.
- Kiland is developing its landholding into an institutional grade estate with an expected carrying capacity of 270,000 Dry Sheep Equivalent (DSE).
- Samuel Terry owns 49% and has Board representation. In May 2022 we participated in and partially underwrote a material equity raise.
- The development represents an opportunity to create a world class agricultural estate for less than $500 per DSE. The project is expected to take 4-6 years.
- Kiland's development involves harvesting and reverting the current tree-crop, preparing and improving the land for traditional agriculture, and establishment of a going concern sheep meat enterprise.
- Kangaroo Island farmland traditionally trades at a discount to equivalent mainland transactions. Kiland's agricultural development opportunity is attractive even if this discount persists.
- Kiland intends that the reversion activities will incorporate emissions minimisation techniques and is pursuing a strategy to earn carbon credits by doing so. It has separated these carbon assets from the land assets, and in 2022 and 2024 it raised capital for the carbon business at a <$50m valuation.
- Kiland's shareholders approved a delisting from ASX in December 2023.

Recent High-Rainfall Grazing Farmland Sales



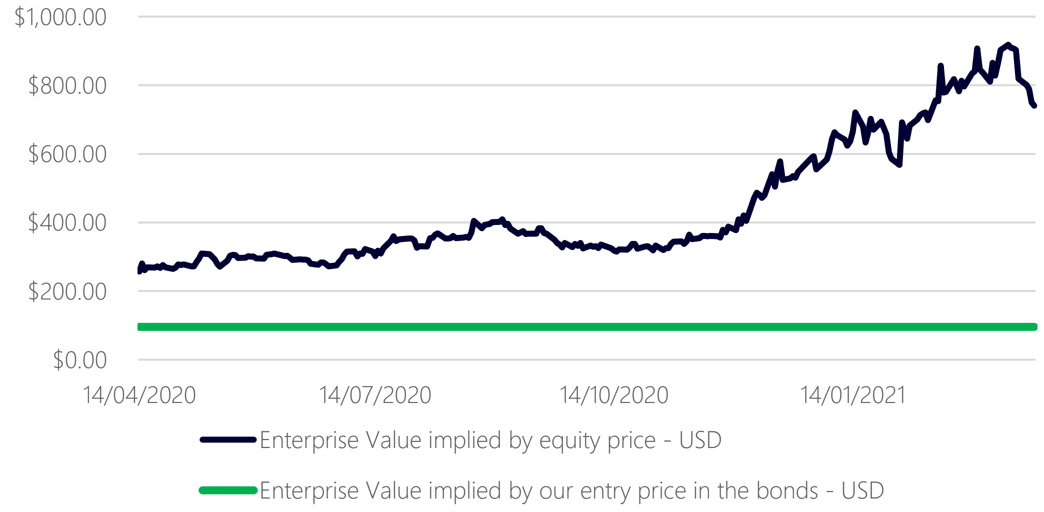
Kiland Expected Development Cost

Historical Holding | Paladin Energy Senior Secured notes.

- ASX listed Paladin Energy controls the Langer Heinrich uranium mine situated in Namibia, as well as an extensive portfolio of exploration assets.
- A bear market in uranium forced Paladin to place the Langer Heinrich mine in care and maintenance and restructure its debts in 2018. The mine restart requires US81m and would not make sense unless the uranium price increased.
- As part of the restructuring Paladin issued USD115m of 5 year, 10% senior secured bonds with an option for interest to be capitalised.
- We owned 23% of the outstanding bonds which were bought in the secondary market at 65c in the dollar, on a yield to maturity of more than 30%.
- The security of the bonds was paramount. We believed the asset backing of the company was multiples of our cost. In the event Paladin couldn't find market support to refinance or repay our bonds, we would have happily converted our claim to equity. The alternative 30% yield to maturity was also appealing.
- When we bought the bonds at a discount, the ASX market value of the shares was greater than the market value of the bonds.
- In March 2021, Paladin raised A$219m in new equity to repay the bonds early. We received 102c cash in April 2021.

The modern Langer Heinrich mine cost over USD500m to construct

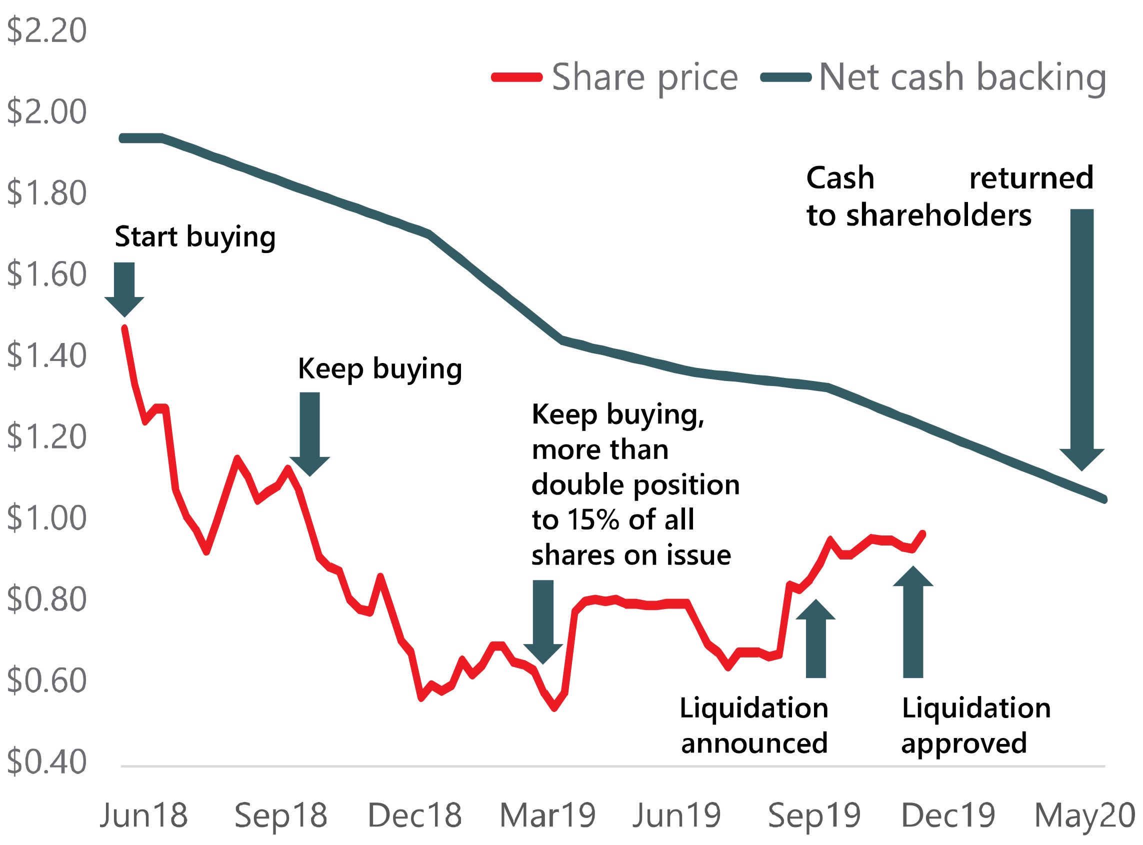
Equity markets implied a disconnect in valuation



Historical Holding | OneMarket Limited. Market cap: $112m (immediately prior distribution in June 2020)

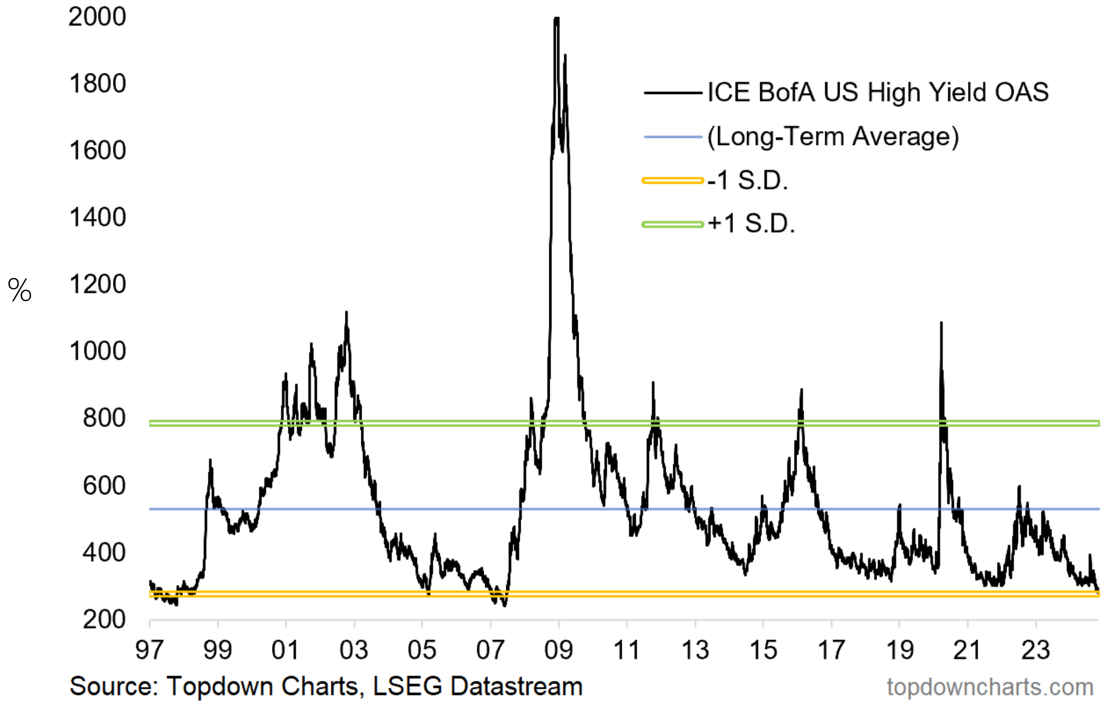
- OneMarket is a former technology business, now in liquidation. The company returned $1.08 in cash to shareholders in June 2020.
- Spun-out of Westfield Corporation in June 2018. For every $100 worth of Westfield shares, holders received less than $1 of OneMarket shares. Many holders were motivated sellers.
- We originally bought shares because they were trading for less than cash backing and a fraction of invested capital. We thought investing in the company's technology was a worthy investment with significant upside.
- The management and Board were first class, we expected they would act rationally and return cash if further investment in the technology was irrational.
- Unfortunately the technology did not work out. However, the company was liquidated with significant cash remaining.
- We still made a profit.

OneMarket Limited share price vs net cash backing



Future Opportunities | While we are finding pockets of opportunity, we are exercising caution. This is not our market…

US High Yield Credit Spreads



S&P500 Long Term Price to Forward earnings

As positions have naturally rolled off, our cash weighting (including gold and cash equivalents) has recently increased to over 25% of the Fund.

While we are still finding select opportunities, it has become more difficult to find the “heads I win, tails I don’t lose” opportunities we like.

Reasons NOT to invest | Our fund is not for everyone

1. The Fund has a more concentrated portfolio than most other funds.

2. Although performance in recent years has been favourable, the Fund has had periods of poor performance, and will do so again.

3. Illiquid and/or obscure securities comprise part of the Fund's portfolio. If you want to invest only in well-known, blue-chip securities, this Fund is not for you.

4. The Fund's illiquid securities could be difficult to sell quickly if the Fund receives a large number of redemption requests at once.

5. At times, a small proportion of the Fund will be invested in speculative securities. Some of these will pay off. Others will become worthless, as some have done.

6. The Fund is managed with the objective of maximizing after-tax returns for Australian residents, rather than maximizing pre-tax returns.

7. The Fund has been designed to be unsuitable for investors seeking a short-term home for their money.

8. The Fund is unlikely to pay a regular income.

9. Most of the Fund's portfolio will usually be risk-averse and defensive; but in times of panic you should expect the Fund to be an aggressive buyer of more speculative securities if their prices fall to levels judged to be ridiculously cheap. Some people do not feel comfortable with this approach, even though it generated good returns for the Fund following the panics of March 2020 and 2008-2009.

Reasons NOT to invest | Our fees are higher than those of many other funds, especially index funds

Management Fee

- 1.5% p.a.

Performance Fee

- 20% above the RBA Cash Rate + 2% pa, with a high-water mark

Still interested?

Feel free to contact us to hear more.

Samuel Terry Asset Management Pty Ltd
120B Underwood Street
Paddington NSW 2021
AUSTRALIA

PO Box R1743
Royal Exchange NSW 1225
AUSTRALIA

T: 02 9066 9240
E: invest@samuelterry.com.au
W: www.samuelterry.com.au

Appendix A – Fund structure

In 2019 Samuel Terry Absolute Return Active Fund (STAR Active) was established to acquire STAR Fund's interest in an operating business (Yellow NZ). This was done in an effort to maximise after tax returns to Australian Unit holders. Unit holders resolved to staple STAR Active to STAR Fund. Stapling in this way is quite common in the market.

Investors in STAR Group

Distributions

Investors hold an equal number of units in each Fund

Dividends (franked)

Samuel Terry Absolute Return Fund

Holds "passive" investments, such as minority investments in listed securities.

Tax status as a managed investment trust, taxed on a "flow through basis" assuming the Fund distributes all of its table income in any year.

Pays annual distribution consisting of realised capital gains and income.

Stapled

Same number of units on issue

Samuel Terry Absolute Return Active Fund

Holds "Active" investments, such as control positions in operating businesses.

Tax status as a Public Trading Trust. Treated like a company for Australian tax purposes.

Can distribute franked and unfranked dividends and/or capital returns to investors, at the discretion of STAM.

STAM receives management and performance fees based on the aggregate net assets of both trusts.

Disclaimer

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 presentation 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.

We cannot and are not providing tax advice, and encourage you to seek independent tax advice before investing.

STAM may pass on part of its management and performance fees to financial advisers and other third parties that introduce investors to the Fund.