



**SAMUEL TERRY**  
ASSET MANAGEMENT

# Samuel Terry Absolute Return Fund

SAMUEL TERRY ASSET  
MANAGEMENT PTY LTD

SEPTEMBER 2017

# Fund summary

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Established 2003

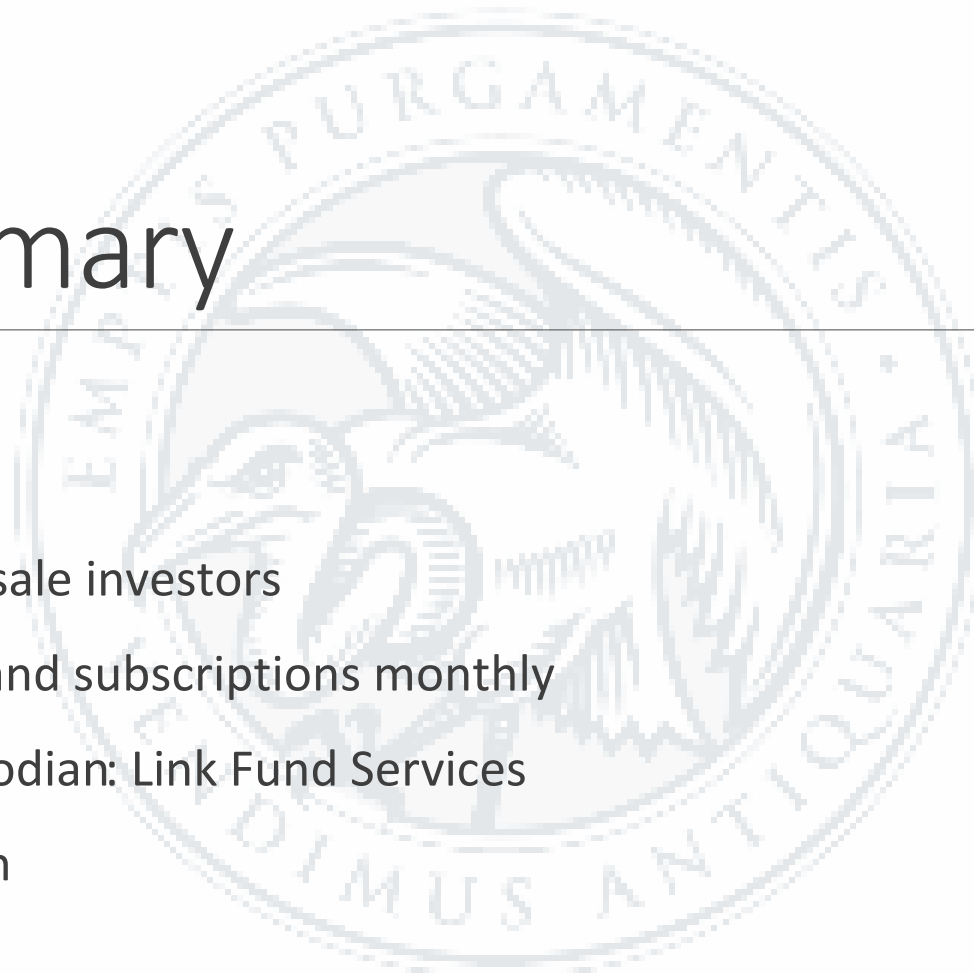
Fund size \$US 64m

Available only to wholesale investors

Open for redemptions and subscriptions monthly

Administrator and Custodian: Link Fund Services

Auditor: Grant Thornton



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# Who are we?

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Fred Woollard: Founder and owner

Nigel Burgess: Non-executive director and owner

Fred has worked in financial markets since 1981, Nigel since 1985.

Both Fred and Nigel at different times have worked for Hunter Hall International Ltd and in a European family office. Fred and Nigel have also worked at various stockbroking firms in Australia and the UK.

Nigel has been involved with the Fund since 2009.

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# Good returns for 13 years

To 31 July 2017 (net of fees)	STAR Fund	Aust All Ords Accum	MSCI World \$A
1 year (%)	17.6%	15.1%	17.2%
3 years (%p.a.)	22.3%	-0.2%	5.7%
5 years (%p.a.)	20.8%	4.9%	10.6%
7 years (%p.a.)	23.2%	6.7%	10.6%
10 years (%p.a.)	15.9%	3.3%	4.5%
Since inception: Nov 2003 (%p.a.)	16.0%	9.6%	7.8%

# What makes the Fund different?

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We manage the Fund as if it were our own portfolio, even though it is shared with outside investors.

We do not attempt to track any index.

We aim for a minimum net return of 10% pa, which should beat most indices over time.

We invest globally, with a bias towards Australia.

We look beyond equities. At times, we invest in distressed debt and options.

We invest across the range of market caps, from Microsoft to <\$10m.

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# What makes the Fund different?

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We often hold lots of cash. Since inception, our average cash weighting has been 17%. In the pre-GFC period, it was 29%.

The majority of our investments are usually in companies which themselves have net cash. This helps us sleep at night, especially when markets are slumping.

Our portfolio is more concentrated than most.

We often have part of the Fund in unlisted and illiquid securities, provided an exit is in sight.

We are willing to be activist investors.

We offer a high degree of transparency.

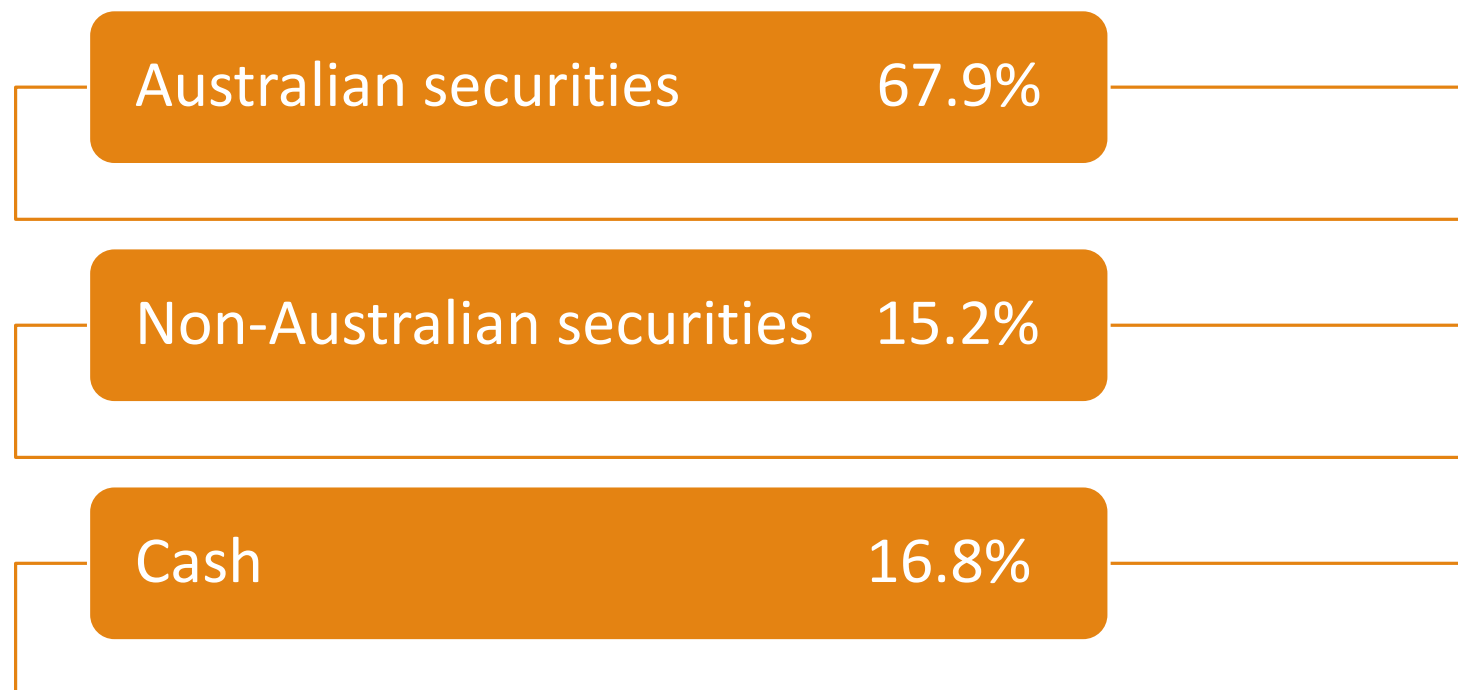
We are low-frequency traders.

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

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# Asset allocation at 8 Sept 2017



Our holdings include:

- 3% in S&P 500 options.
- 28% in companies with net cash, of which 6% is in companies whose net cash exceeds their market capitalisation.

We aim to hold securities issued by 20-30 diverse names.

The Fund currently owns securities issued by 21 names.

# Largest Holdings at 8 September 2017

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Kangaroo Island Plantation Timbers 33.2%

AIMS Property Securities Fund 7.6%

Spicers Ltd 6.4%

Undisclosed 5.0%

South32 3.4%

Co-Operative Bank bonds 3.0%

Emeco notes and shares 2.9%

Bisalloy Steel 2.8%

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# Some reasons not to invest in the Fund

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

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

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.

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

A large part of the Fund is invested in Kangaroo Island Plantation Timbers, which effectively means the Fund owns 30% of 26,000 hectares of land. [www.kipt.com.au](http://www.kipt.com.au)

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*.



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# More reasons you might not want to invest with us

The Fund is managed with the objective of maximizing after-tax returns for Australian residents, rather than maximizing pre-tax returns. A consequence of this is that the Fund has large unrealised capital gains.

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

The Fund is unlikely to pay a regular income.

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 panic of 2008-2009.



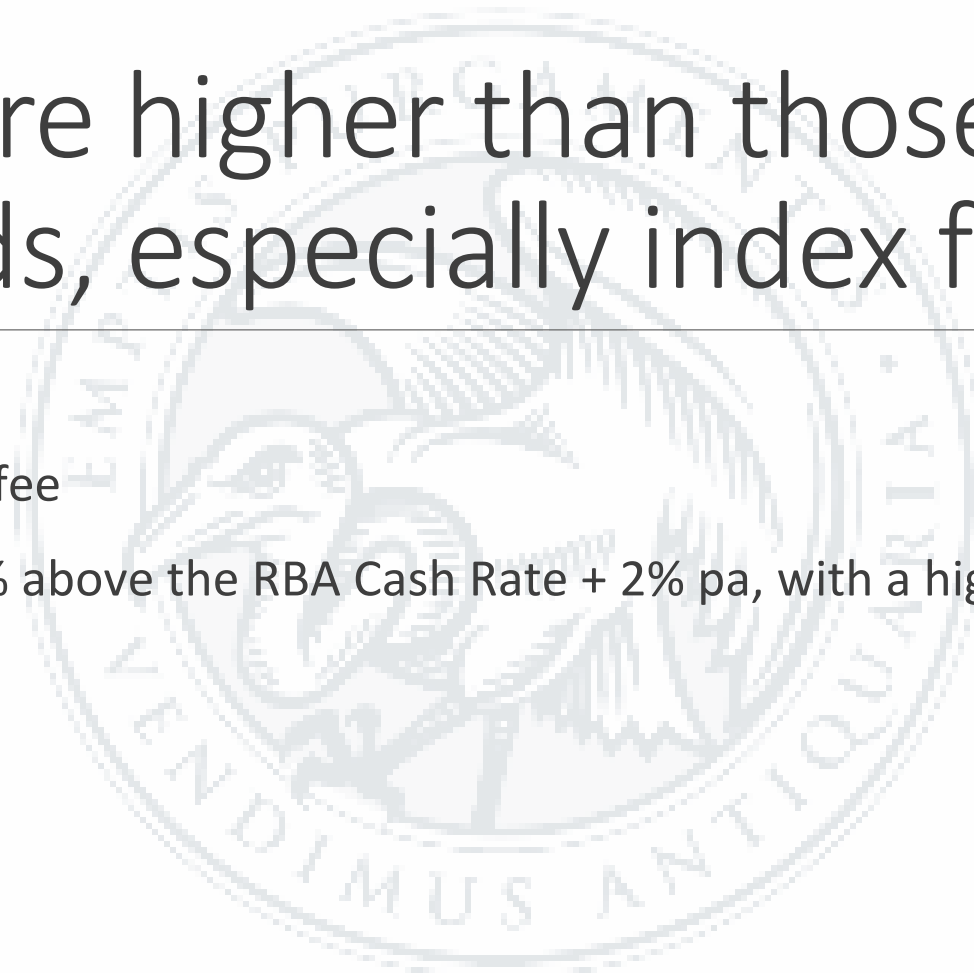
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# Our fees are higher than those of many other funds, especially index funds.

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1.5% p.a. management fee

Performance fee of 20% above the RBA Cash Rate + 2% pa, with a highwater mark.



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# Still interested?

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Feel free to contact us to hear more.

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**Fred Woollard** [fred@samuelterry.com.au](mailto:fred@samuelterry.com.au) is founder, majority-owner and chief executive of Samuel Terry Asset Management.



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# Disclaimer

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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 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.*

*Samuel Terry*