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Small tech and industrial companies in Bond's sights

Jared Lynch

Bond is back – Jeremy Bond that is, grandson of one of Australia's more notorious corporate figures, the late Alan Bond.

Five years after the younger Bond launched his first investment fund at Terra Capital, which targeted small resource stocks, he is raising cash for another. This time he has his eyes on small technology and industrial companies, which he says is a game not for the "faint-hearted".

"By nature, a lot of these companies won't work, so as an investor, if you are not able to devote the time to meeting management teams, going out to look at the factory or the mining site, it's going to be hard," Mr Bond said.

The Perth-based businessman is hoping to raise between \$25 million and \$200 million and emulate the success of the resource fund, which he launched in mid-2010.

In that time he has achieved about a 23 per cent annual return for his investors and paid out 50 cents in cash distributions from an initial \$1 unit price. This compares with the ASX small-resource-stock index plunging about 90 per cent.

Still, Mr Bond said he struggled to arrange meetings with potential investors when he launched the resources fund.

"Marketing the resource fund has been very tough. Just to get meetings with people has been pretty hard.

"There is no denying that it's tough in the resource market.

"But what has worked for us in the resource sector is that there have still been companies that have performed

well, and to be honest, when companies do get momentum in that sector they seem to perform very well and

possibly overshoot a little a bit." Asked if his family name has been a help or an hindrance in setting up

those meetings, Mr Bond says he has "never really thought about it to be honest". "Probably sometimes it helps and sometimes it's a hindrance. It is what it is."

Mr Bond says everyone has a view on his grandfather, some positive, some negative. "But I think people are grown-

up enough to know that what someone's grandfather did probably doesn't have a whole lot of relevance to what the grandson is doing."

Despite Alan Bond's past interests in the resources sector, the younger Bond is adamant that he, his grandfather, and his father John have forged different paths in their financial careers.

"We've all been very different: Dad was property and Alan was all sorts of things, I suppose.

"I was close to Alan and we got on

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Jeremy Bond: sector not for the faint-hearted. PHOTO: PHILIP GOSELOW

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well. But he had his business and I had mine and my father has his own business and each person does his own thing. "Alan used to enjoy mining so we'd talk about mining stocks. I don't think he would have had much ability to talk about technology stocks; he wasn't super tech-literate."

Mr Bond's new fund, called Terra New Horizons, will focus on technology stocks and small industrial companies with a tech focus.

"Initially, we thought about going down the route as a small cap, generalist manager. But at the end of the day there are a lot of funds which do that, and do that very well.

"When we looked at where the small-cap market was heading there were certain trends that we could see and one of them was the Australian

market at the small-cap end had really become almost like a listed VC [venture capital] market for a lot of technology companies and small industrial companies too. That interested us."

Ideally, Mr Bond says, he would like

to raise \$200 million, but he says that would be unlikely. "It will be a fair way south of that to start, but it will be larger than the resource fund, so it will be somewhere north of \$25 million. I don't exactly know where that will land at the moment."

He won't draw a salary from the fund and says it will have a high screening threshold.

"We would probably see three or four companies a day, and we probably make an investment every three or four months, so there is a lot of filtering which goes into the process before we make an investment decision."

The fund will launch on January 1.

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