

## Media Release

31 January 2017

## Small caps deliver stellar results for Terra Capital

*50.17%pa for Natural Resources Fund*

*27.7%pa for New Horizons Fund*

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Boutique equities fund manager, Terra Capital today announced its strong 12-month performance figures to December 31 for its two small cap funds, with the Natural Resources Fund posting a 50.7% gain and the New Horizons Fund a 27.7% gain.

Terra Capital founder and chief investment officer Jeremy Bond said the results “were a vindication of the firm’s bottom-up value investing approach based on identifying opportunities in the smaller, often under-researched companies and fledgling, high potential businesses in the IPO and pre-IPO market.”

He noted that this approach included a portfolio of companies in both the funds where returns are not necessarily correlated to financial market performance.

The flagship Terra Capital Natural Resources Fund, launched in 2010, is designed for investors seeking exposure to small to mid-sized global mining and energy companies and has outperformed all benchmarks since inception, delivering a cumulative total return of 244.88% since inception and an annual average return of 20.96%pa.

“The four largest commodity exposures in the current portfolio are lithium, gold, cobalt and coal, with lithium and cobalt reflecting our continued exposure to the electric vehicle and energy storage thematic.

“Key performers in 2016 were Galaxy Resources (ASX:GXY), General Mining (ASX:GMM) and NexGen Energy Limited (TSX:NXE),” Mr. Bond said.

The Terra Capital New Horizons fund was launched in January 2016 with the aim of providing superior absolute returns through investing in small and emerging companies.

Mr. Bond noted “This fund currently comprises an eclectic mix of businesses ranging from a vegetable seed intellectual property company, Abundant Produce Limited (ASX:ABT); a real estate technology company Updater Inc. (ASX:UPD); a water technology company Emefcy Group Limited (ASX:EMC) and a tech based industrial company operating in specialized and high performance microprocessor manufacturing sector, Sensera Limited (ASX:SE1).

“As small cap, high conviction investors, we build a concentrated portfolio of stocks that satisfy our investment criteria. Terra Capital’s view is not that investors should avoid major companies but that there are excellent opportunities beyond the large caps,” he noted.

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“We follow an exhaustive schedule of company meetings to identify and analyse opportunities, typically meeting with more than twenty companies a week, and have a deep network of professional contacts in the emerging companies field.

“In terms of the New Horizons Fund it pays to look for companies that offer significant technological or business model innovation. However it’s important to note that innovation is not just limited to science or information technology companies, but can exist across varied sectors, industries and regions.

“On the macro level we are optimistic about the market outlooks with the Trump factor likely to sustain market progress and drive economic growth and reflation.

“At the portfolio level we are confident that our holdings are positioned to gain further momentum in this environment,” Mr. Bond said.

Both Funds are Australian domiciled unit trusts, which Terra Capital believes is of benefit to incoming investors.

“At a time when the plethora of Listed Investment Companies on the ASX are generally trading well below their asset value the Terra Capital funds offer investors the additional advantage of being unlisted and therefore always being redeemable at full asset value,” Mr. Bond said.

## **About Terra Capital**

Founded in 2010, Terra Capital is an Australian based specialist investment manager for sophisticated, wholesale and institutional clients. Based in Sydney, the firm has established itself as one of the best performing boutique Fund managers in the country. Terra Capital has a proven track record of performance, a focus on risk management and a management team that is strongly aligned with investors.

More: <http://terracapital.com.au/>

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