

# TERRACAPITAL

## ETHICAL EMERGING COMPANIES FUND

NOVEMBER 2018

	1M	3M	6M	FYTD	1Y (rolling 12mths)	2Y (p.a.)	Inception (p.a.)	Inception (cumulative)
Terra Ethical Emerging	-0.5%	-1.7%	-9.2%	-5.8%	-18.7%	-1.7%	7.7%	24.0%
ASX All Ords	-2.2%	-9.5%	-4.1%	-6.9%	-0.7%	6.6%	7.0%	21.7%
ASX Small Ords	-0.4%	-10.3%	-8.0%	-8.9%	-1.6%	8.9%	9.3%	29.5%
Exit Unit Price	\$1.20							

Terra Capital Ethical Emerging Companies Fund movements are shown net of (after) fees. Inception: 1st Jan 2016

### Performance & Overview

The Fund returned -0.5% after fees for the month of November 2018. Since inception (Jan 2016) the Fund has returned +24.0% after fees outperforming the market (All Ordinaries Accumulation Index) by 2.3%.

The Unit Price is currently \$1.20

### Markets

The Australian market (-2.8%) continued its decline in November and underperformed global markets.

In the US (S&P 500) defensive sectors including utilities (+5.0%), consumer staples (+3.9%) and real estate (+3.5%) were the only sectors in the black over the past two months.

European equities were some of the worst performers in November reflecting weaker than expected economic data. The FTSE 100 was -2.1% weaker, the CAC 40 lost -1.8% and the DAX moved -1.7% lower.

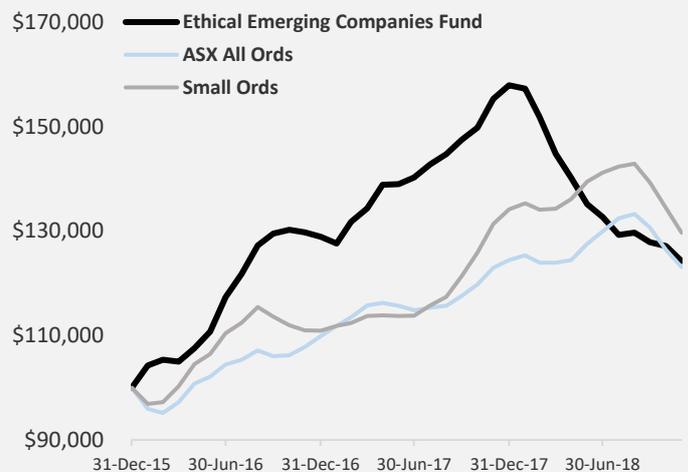
Asian equities bounced back from a very weak October, with the Hang Seng rising +6.1% and the Nikkei 225 gaining +2.0%. The Shanghai Composite was modestly weaker at -0.6%.

### Portfolio

After a lacklustre October, the month of November started strongly for both the Small Ords index and the Ethical Emerging Markets portfolio however both ended slightly down (-0.4% and -0.5% respectively).

The trade war and discussions about a Chinese slowdown has keep some investors out of the market however interestingly we saw an increase in the frequency and value of block trades throughout the month. As mentioned in previous months, an increase

Value of \$100,000 invested at inception



in volatility (which has been absent for nearly a decade) is likely to persist into the long term showing an increase in institutional activity.

After a successfully equity raising (\$33 million) in October, one of our holdings Fluence (FLC.ASX) released multiple positive announcements to the market during November. FLC has spent several years building their customer network within China & South America which is where they received two new substantial purchase orders over the month. China's clean environment strategy is providing a strong tailwind for FLC and we hope to see strong operational performance in 2019.

In the second half of the month Homestay Care (HSC.ASX) listed via RTO and was received positively by the market. HSC is an aged care focused technology company which operates with a software as a service model. They have developed a platform which provides services to individuals who need assistance at home (personal care, health, cleaning, laundry, grocery) and help carers with the management of these individuals. HSC is a small company and a relatively small position in the fund however we look forward to seeing the business de-risk throughout 2019.

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While we remain bullish on the Cannabis sector, we trimmed and repositioned certain exposures over the month to align with our change in investment thesis post our trip to Canada and the US during October. Into 2019, the recreational legalisation of cannabis in the US will be the underlying driver of investment into the sector.

We thank you for your ongoing support and would like to invite you to reply to this email if you would like to arrange a call or meeting to discuss the Fund.

### Ethical Emerging Companies Fund Strategy

The Fund is a global, long only emerging companies fund established in January 2016. The Fund's strategy is fundamentally driven, high conviction, high concentration and we pride ourselves on our relationships with our investors. Terra Capital's research driven process and true active management is complimented by a focus on risk management.

The objective of the Fund is to deliver superior absolute returns over the medium to long term by investing in small to medium-sized listed and a portion of unlisted companies.

### Fund Details

NAV	\$1.2041
Entry Price	\$1.2071
Exit Price	\$1.2011
Fund Size	\$27.3m
APIR Code	TCN0001AU

### Fund Exposure

Software & Services	18%
Media, Fintech & Financial Services	17%
Pharmaceuticals, Biotechnology & Life	16%
Infrastructure & Services	15%
Agriculture	14%

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