

TERRACAPITAL

ETHICAL EMERGING COMPANIES FUND

APRIL 2018

	1M	3M	6M	FYTD	1Y (rolling 12mths)	2Y (p.a.)	Inception (p.a.)	Inception (cumulative)
Terra EEC Fund	-6.2%	-13.1%	-8.6%	-3.2%	-0.5%	15.4%	14.7%	37.6%
ASX All Ords	3.2%	0.0%	3.6%	8.8%	6.4%	13.2%	10.1%	25.2%
ASX Small Ords	2.8%	0.4%	7.1%	18.2%	18.4%	15.9%	14.0%	35.7%
Unit Price	\$1.3621							

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

Performance & Overview

The Fund returned -6.2% after fees for the month of April 2018. Since inception (Jan 2016) the Fund has returned +37.6% after fees vs. the market (All Ordinaries Accumulation Index) +25.2%.

The Unit Price is currently \$1.36

Markets

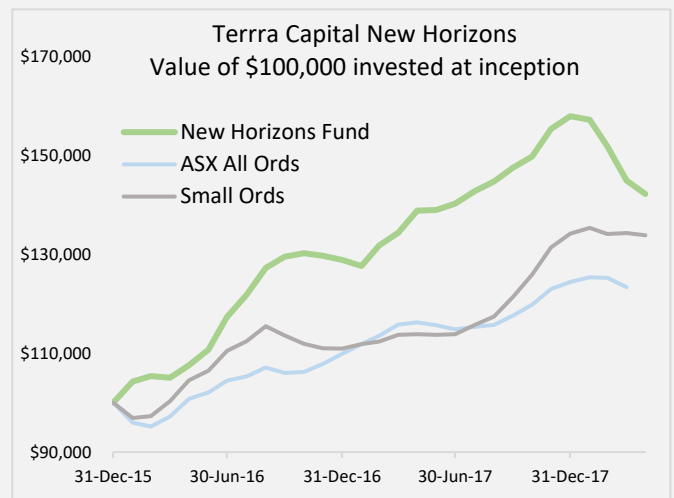
During the month of April, the Australian market (3.2%) finished the month in the black following three straight months of losses.

While the Small Ordinaries were also up for the month (6.2%) micro-cap stocks struggled in what has become the typical April, May tax loss selling period. Liquidity has been lower than usual, not helped by an air of distrust in small companies as the fallout from disasters such as Big Un Ltd and Get Swift Ltd.

In the coming three months we have a number of exciting pre-IPO investments coming to market and we expect our current positions to continue to perform well.

Portfolio

In months such as April, aided in part by the fact that the managers of the Terra Funds combined are by far the largest investor in the Fund, we take the Fund performance extremely seriously. For those of you who are relatively new to the Fund we must explain that we do occasionally have these volatile months. Of course, we are always doing our best to ensure that the volatility is to the upside, but volatility is a feature of the Funds as a result of our concentrated strategy.



Typically, both of the Terra Funds contain 20-30 stocks at one time, with 50% of the portfolio concentrated in our 10 best ideas. Having a concentrated portfolio creates additional volatility, but it also increases the odds that a strong performer or two will have an outsized, positive impact on the Fund.

In our opinion, the three main benefits of running a concentrated portfolio, if done well, are excess returns, lower risk, and lower correlations. A portfolio concentrated in best-idea stocks has an excellent chance of generating excess returns. In turn, the cumulative excess return to investors lowers the risk of underperformance over the medium term. Finally, a portfolio comprised of a small number of stocks is characterized by a low stock-market correlation. Thus, the concentrated equity triple play: higher returns, lower risk, and lower correlations.

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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		\$1.3621
Entry Price		\$1.3655
Exit Price		\$1.3587
Fund Size		\$31.9M
APIR Code	TCN0001AU	
	Terra NHF	Small Ords
Sharpe ratio (1Y)	0.07	1.84
Sortino ratio (1Y)	0.71	2.60
Std Deviation (1Y)	11.05%	8.55%
% Positive Months (1Y)	58.33%	75.00%

Further information on the ratios can be found [HERE](#)

Fund Exposure

Internet Software & Services	15.93%
Pharmaceuticals, Biotechnology & Life	13.20%
Agriculture	11.87%
Software & Services	11.52%
Cash	9.93%
Infrastructure & Services	8.36%
Telecommunications & Services	6.84%
Media	5.88%
Semiconductors + related equip.	5.76%
Commercial Services and Supplies	5.58%
Technology Software & Hardware	4.49%
Consumer Staples	0.63%

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