

TERRACAPITAL

ETHICAL EMERGING COMPANIES FUND

JULY 2018

	1M	3M	6M	FYTD	1Y (rolling 12mths)	2Y (p.a.)	Inception (p.a.)	Inception (cumulative)
Terra Ethical Emerging	-1.2%	-5.3%	-17.9%	-1.2%	-8.5%	1.4%	10.7%	30.0%
ASX All Ords	1.2%	5.7%	5.7%	1.2%	14.9%	10.7%	11.4%	32.2%
ASX Small Ords	-1.0%	3.7%	4.2%	-1.0%	22.6%	10.1%	14.2%	40.8%
Unit Price	\$1.26							

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

Performance & Overview

The Fund returned -1.2% after fees for the month of July 2018. Since inception (Jan 2016) the Fund has returned +29.7% after fees underperforming the market (All Ordinaries Accumulation Index) by 2.2%.

The Unit Price is currently \$1.26

Markets

The Australian market (+1.4%) closed above 6,300 points for the first time since April 2008 late in the month.

The best performing sector was Telecommunications (+7.9%) with the sector looking relatively cheap to history in comparison to other sectors. Utilities (-1.4%) was the weakest performing sector as the ACCC put forward measures to rein in electricity prices.

Portfolio

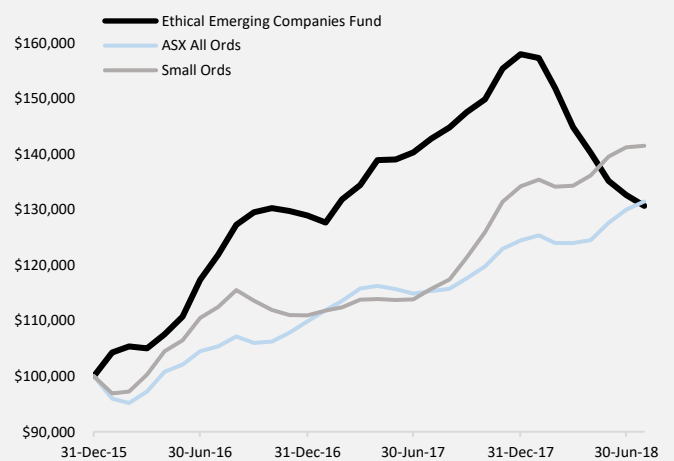
Unlike large caps, small companies, particularly those under \$500m market cap have performed poorly for the last 7 months and our Fund has come off as a result.

We have had some stocks in the portfolio which have continued to perform operationally during the year, but which have been sold off unceremoniously.

Amongst these is water treatment business Fluence (FLC) which reported its June quarter results, with revenues of US\$22.6m, more than doubling the US\$10.2m in the March quarter. The company still guides to US\$105-115m of revenues for the year as its ramp up continues.

In addition to the growing revenue, the major shareholder of Fluence, Mr Ron Lauder who currently holds 30.86% of the company has been buying more

Value of \$100,000 invested at inception



market in recent months, as allowed by the 3% per 6-month creep rule for substantial shareholders. Having been crucial in creating Fluence by merging his company RWL Water with Emefcy in 2017, he clearly sees value in the shares at present.

In addition, [as mentioned in the AFR](#) we are involved in the upcoming float of blockchain software company Identitii. The company's software is aimed at helping banks and other international payment providers comply with anti-money laundering policies by attaching messages to each transfer saying exactly who is making the payment and why.

Identitii is an add-on to the SWIFT payments network, which is the payments system behind most international transfers, and has bank-to-bank and bank-to-corporate products both aimed at helping customers better know their clients. The company is due to list within the next 6 weeks.

As always, we look forward to updating you on our progress and welcome any feedback.

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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	\$1.2626
Entry Price	\$1.2658
Exit Price	\$1.2594
Fund Size	\$30.2m
APIR Code	TCN0001AU

Fund Exposure

Internet Software & Services	19.16%
Pharmaceuticals, Biotechnology & Life	13.23%
Software & Services	11.88%
Technology Software & Hardware	9.96%
Commercial Services and Supplies	9.94%

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