

TERRACAPITAL

ETHICAL EMERGING COMPANIES FUND

JUNE 2018

	1M	3M	6M	FYTD	1Y (rolling 12mths)	2Y (p.a.)	Inception (p.a.)	Inception (cumulative)
Terra New Horizons Fund	-3.6%	-10.4%	-19.3%	-6.4%	-6.4%	8.0%	11.6%	31.6%
ASX All Ords	2.9%	7.7%	4.0%	13.7%	13.7%	12.1%	11.3%	30.6%
ASX Small Ords	1.1%	7.7%	4.7%	24.2%	24.2%	14.6%	15.1%	42.2%
Unit Price	\$1.31							

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

Performance & Overview

The Fund returned -3.6% after fees for the month of June 2018. Since inception (Jan 2016) the Fund has returned +31.6% after fees outperforming the market (All Ordinaries Accumulation Index) by 1%.

The Unit Price is currently \$1.31

Markets

The Australian market (+3.0%) hit a 10-year high in June, rising above the psychological 6,200 level during the month, to outperform global markets in local currency terms.

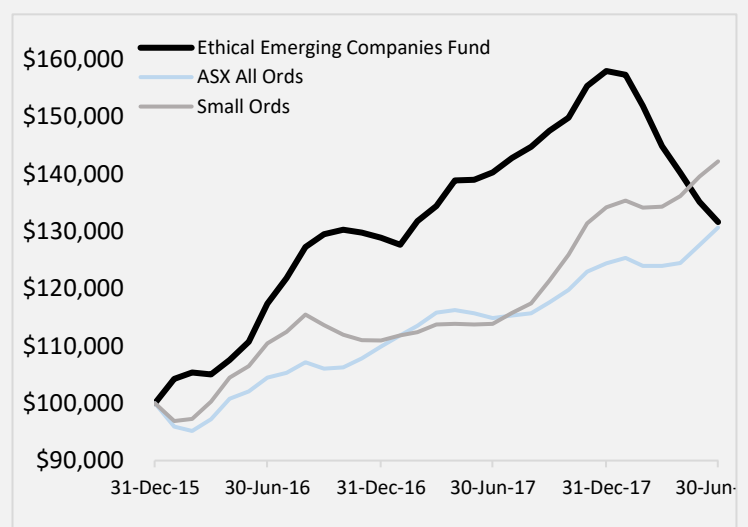
Currencies that are strongly linked to trade for growth, including the Australian dollar, performed poorly as markets reacted to trade war concerns. The Australian dollar lost -2.2% against the US dollar which likely sparked some offshore interest in Australian equities. Sell-offs in emerging markets also likely drove some inflows into the Australian market.

Portfolio

The Ethical Emerging Companies Fund finished lower 3.6% for the month of June, in comparison the emerging companies index fell 1.7% for the same period.

Our investment universe for the EECF are the small and micro-cap emerging companies which do over the long term provide strong returns relative to the rest of the market. These same small and micro-cap stocks with a market cap below \$400m were down 7.7% for the first half of the year (source: Bloomberg).

Value of \$100,000 invested at inception



We are looking forward to several positions listing on the ASX over the next few months. We have already seen Pivotal Systems (ASX:PVS), one of our smaller positions, list during July and finish up during its first weeks of trading. PVS provides monitoring and process control technology products for the semiconductor manufacturing industry. Despite being headquartered in Silicon Valley, PVS decided to list on the ASX to increase its working capital to fulfil orders from the leading semiconductor manufactures. We are seeing an increasing number of smaller foreign companies list on the ASX due to the Australian investors' appetite for foreign technology companies and the companies being too small to list on the NASDAQ. Most also want to avoid raising capital in the harsh and illiquid private equity market.

As we mentioned in the May report, we are optimistic about the second half of 2018 and we are seeing some outstanding corporate opportunities.

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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	\$1.3055
Entry Price	\$1.3088
Exit Price	\$1.3022
Fund Size	\$30.5m
APIR Code	TCN0001AU

Fund Exposure

Pharmaceuticals, Biotechnology & Life	15.56%
Internet Software & Services	15.53%
Agriculture	11.97%
Software & Services	13.02%
Cash	9.74%
Infrastructure & Services	7.06%
Telecommunications & Services	5.38%
Commercial Services and Supplies	8.33%
Media	3.90%
Semiconductors + related equip.	6.24%
Technology Software & Hardware	2.64%
Consumer Staples	0.63%

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