

# TERRACAPITAL

## ETHICAL EMERGING COMPANIES FUND

MARCH 2018

	1M	3M	6M	FYTD	1Y (rolling 12mths)	2Y (p.a.)	Inception (p.a.)	Inception (cumulative)
Terra Ethical Emerging Companies Fund	-2.4%	-10.0%	0.2%	3.3%	4.7%	18.1%	19.4%	46.8%
ASX All Ords	-3.2%	-3.4%	4.5%	5.4%	4.0%	14.1%	9.3%	21.3%
ASX Small Ords	-2.3%	-2.8%	10.5%	15.0%	15.0%	17.4%	13.7%	32.0%
Unit Price	\$1.45							

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

### Performance & Overview

The Fund returned -2.4% after fees for the month of March 2018. Since inception (Jan 2016) the Fund has returned +46.79% after fees vs. the market (All Ordinaries Accumulation Index) +21.32%.

The Unit Price is currently \$1.45

### Markets

The Australian market had its worst quarter (-5.0%) since September 2015 on fears of a global trade war.

Donald Trump imposed steel and aluminium tariffs directed at China, damaging market sentiment and causing risk appetite to fall in financial markets.

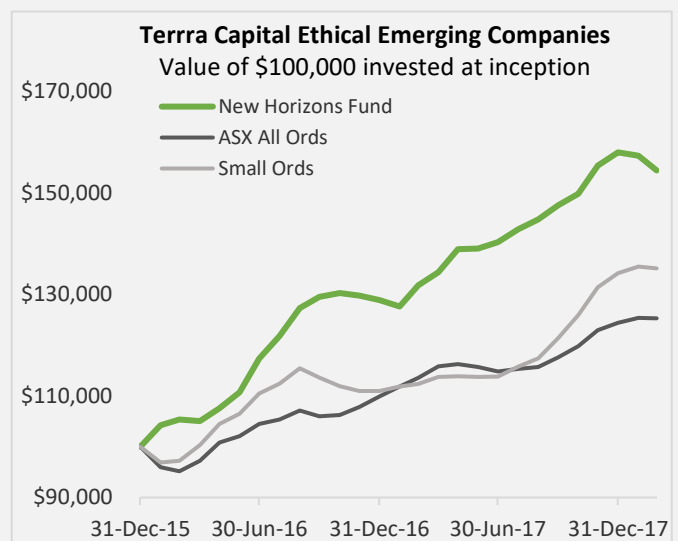
All major global indices finished the month in the red, led by the Australian market given Australia's ties to China and its weighting to commodities.

We think Trump is more likely using the 'trade war' for domestic political purposes and prefer to watch what Trump does, not what he says.

### Portfolio

While much of the hot (retail) money has left emerging companies with the index down strongly for the quarter, we believe our diverse range of industrial and technology businesses should provide positive returns for the remainder of FY18 and beyond.

One of the areas of interest for the Fund has become the internet service provider space as it become evident over the past 18 months that the NBN is unlikely to deliver what was promised. An opportunity in the market exists for companies who are able to provide



high internet speeds as an alternative to what is offered via the NBN.

Fixed wireless service providers such as Spirit Telecom (ST1.ASX) and (yet to be listed) Uniti Wireless, wirelessly connect very high-quality internet to businesses and homes with line of site to its fixed aerial. The aerial sits above ground (atop apartment buildings, billboards, shopping centres) and connects to homes or businesses which have a router sitting on their own roof supplying the house/building with internet. If the aerial is sitting on an apartment block internet can be provided to each apartment.

Both Uniti and Spirit offer fixed wireless solutions and are positioned to take advantage of the current landscape. Spirit focuses on commercial contacts with business and apartment buildings whereas Uniti focus on the retail market.

Both companies are providing exceptional service as evidenced by customer reviews and referrals. This is due in part to the significantly higher up/download speeds achievable with these services.

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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		\$1.4890
Entry Price		\$1.4890
Exit Price		\$1.4890
Fund Size		\$31.3M
APIR Code	TCN0001AU	
	<b>Terra NHF</b>	<b>Small Ords</b>
Sharpe ratio (1Y)	1.15	2.32
Sortino ratio (1Y)	1.65	4.24
Std Deviation (1Y)	15.69%	7.78%
% Positive Months (1Y)	66.67%	75.00%

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

### Fund Exposure

Internet Software & Services	19.70%
Cash	14.96%
Agriculture	13.86%
Technology Software & Hardware	12.49%
Commercial Services, Supplies & Technology	8.93%
Pharmaceuticals, Biotechnology & Life	7.05%
Semiconductors + related equip.	6.77%
Electronic equipment + instr.	6.66%
Biotechnology	6.31%
Media	2.29%
Consumer Staples	0.98%

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