

# TERRACAPITAL

## ETHICAL EMERGING COMPANIES FUND

SEPTEMBER 2018

	1M	3M	6M	FYTD	1Y (rolling 12mths)	2Y (p.a.)	Inception (p.a.)	Inception (cumulative)
Terra Ethical Emerging	5.3%	1.0%	-9.5%	1.0%	-9.3%	1.4%	10.9%	32.9%
ASX All Ords	-1.1%	1.9%	9.7%	1.9%	14.7%	11.6%	11.0%	33.1%
ASX Small Ords	-0.4%	1.1%	8.9%	1.1%	20.3%	11.3%	14.1%	43.8%
Exit Unit Price	\$1.29							

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

### Performance & Overview

The Fund returned 5.3% after fees for the month of September 2018. Since inception (Jan 2016) the Fund has returned +32.9% after fees underperforming the market (All Ordinaries Accumulation Index) by 0.2%.

The Unit Price is currently \$1.29

### Markets

Global equities made gains in Q3, primarily due to US market strength. Political uncertainty and trade concerns weighed on other regions. Government bond yields were broadly higher.

US equities significantly outperformed other major regions. Economic growth and earnings data remained extremely robust, ultimately overshadowing concerns surrounding the escalating US-China trade war.

Eurozone equity gains were modest, the UK's FTSE All-Share fell over the period and Japanese equities saw strong gains amid a weaker yen and greater clarity on the medium-term policy outlook following Prime Minister Abe's re-election as his party's leader.

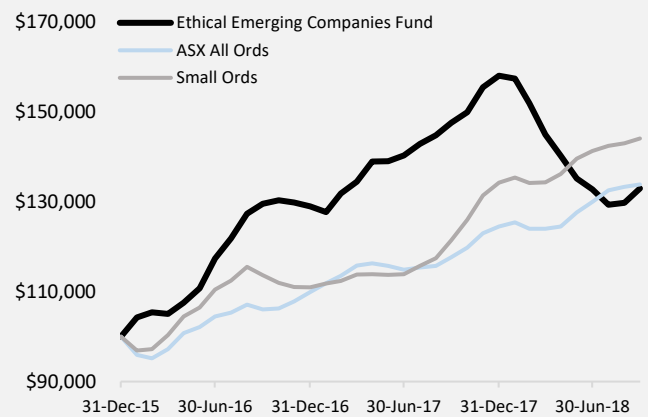
Emerging markets equities lost value, with US dollar strength and trade tensions weighing. China underperformed as the US implemented tariffs on a total of \$250 billion of Chinese goods.

### Portfolio

After a period of negative returns we are pleased to finally present some more compelling numbers on the back of some new listings.

The main positive contributor by sector to the fund during the month was medical marijuana where the

### Value of \$100,000 invested at inception



listings of Althea and Canopy Rivers provided positive performance for the month.

Upcoming, on October 17<sup>th</sup> the Cannabis Act will come into force as law in Canada, marking the end of prohibition for adult-use cannabis and in our view, the beginning of a highly regulated consumer staple industry.

With all eyes on Canada as the first G7 nation to legalize recreational cannabis, we believe that the fate and perception of the world's largest national cannabis market will hinge on execution and sound regulation at the local, provincial, federal and corporate levels.

In October part of the Terra team will be travelling to Canada for an intensive company visitation program to gauge the temperature of this market. Our meetings will take us across North America seeing over 100 companies.

In addition to the listings we had in September we have an exciting portfolio of other entities to list in the next few months and we look forward to updating you on our progress.

As always, we 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	\$1.2905
Entry Price	\$1.2937
Exit Price	\$1.2873
Fund Size	\$30.6m
APIR Code	TCN0001AU

### Fund Exposure

Pharmaceuticals, Biotechnology & Life	19%
Software & Services	19%
Cash	11%
Internet Software & Services	10%
Technology Software & Hardware	9%

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