TERRA CAPITAL
NATURAL RESOURCE FUND

JUNE 2017

	1M	3M	6M	FYTD	1Y (rolling 12mths)	3Y (p.a.)	Inception (p.a.)	Inception (cumulative)
Terra Natural Res. Fund	-0.7%	-8.3%	22.3%	8.9%	8.9%	18.7%	23.1%	321.6%
ASX All Ords	0.3%	-1.5%	2.9%	13.1%	13.1%	6.8%	8.9%	80.5%
ASX 300 Mining	-0.3%	-1.5%	0.5%	27.6%	27.6%	0.9%	-2.0%	-13.0%
ASX Small Resources	0.0%	-2.0%	-2.5%	3.6%	3.6%	-1.7%	-11.0%	-55.3%
Unit Price	$ 2.86							

Terra Capital Natural Resource Fund movements are shown after fees. Inception: 1st July 2010

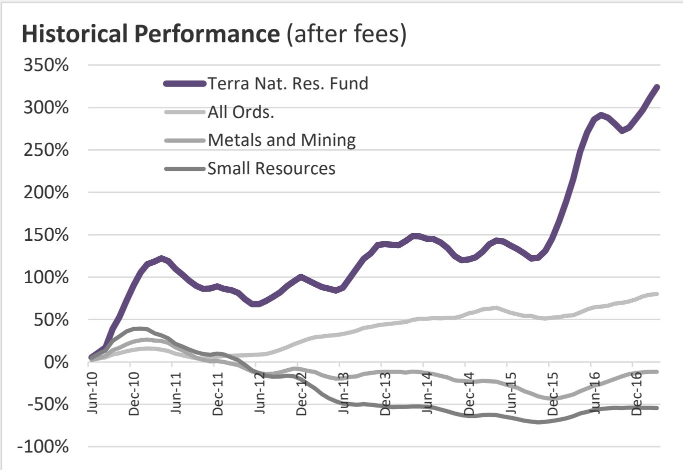
RISK METRICS

Fund Sharpe Ratio	0.21
Index Sharpe Ratio	-0.18
Fund Sortino Ratio	0.39
Index Sortino Ratio	-0.27
Fund Volatility p.a.	0.09
Index Volatility p.a.	0.09
Fund % Positive Months	54%
Index % Positive Months	44%

Further information on the ratios can be found HERE.

FUND DETAILS

NAV	$2.8646
Entry Price	$2.8646
Exit Price	$2.8646
Fund Size	$44.0M
APIR Code	TER0001AU



FUND STRATEGY

The Fund is a global, long only mining and energy fund established in July 2010. 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 return in excess of 10% p.a. after fees over a 3-5yr investment time horizon.

PERFORMANCE + OVERVIEW

The Fund returned -0.6% after fees for the month of June 2017. Since inception (July 2010) the Fund has returned +322% after fees vs. the small ordinaries accumulation Index -55.3%.

The Unit Price is currently $2.86

INDUSTRY EXPOSURE

Gold	18.9%
Cobalt	16.8%
Lithium	15.2%
Base metals	12.3%
Fertilisers	8.7%
Coal	3.4%
Oil and Gas	2.4%
Silver	1.8%
Uranium	1.5%
CASH	19.0%

MONTHLY PERFORMANCE BY CALENDAR YEAR

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2010							5.6%	4.6%	16.0%	10.1%	11.8%	20.3%	**68.4%**
2011	0.6%	17.1%	6.1%	-2.0%	-6.1%	-4.7%	2.7%	-4.7%	-10.4%	6.0%	-10.5%	-0.4%	**-6.3%**
2012	11.5%	7.6%	-4.6%	-11.1%	-6.2%	-7.7%	-3.1%	17.4%	13.9%	1.2%	-3.3%	-5.5%	**10.2%**
2013	5.8%	7.4%	10.8%	-24.0%	-3.6%	-6.3%	14.9%	7.4%	28.3%	-2.4%	-1.8%	-6.6%	**30.0%**
2014	-2.1%	16.3%	0.5%	-6.6%	-1.2%	7.0%	0.9%	-1.1%	-4.8%	-1.7%	-9.7%	-0.2%	**-2.8%**
2015	-6.4%	11.5%	10.3%	2.5%	0.6%	5.4%	-15.0%	-5.4%	1.5%	4.2%	-2.5%	4.2%	**11.1%**
2016	0.7%	13.2%	16.3%	14.4%	3.5%	7.3%	9.1%	-5.4%	-0.6%	-4.6%	-10.0%	1.0%	**45.1%**
2017	8.0%	13.6%	8.7%	-3.7%	-4.1%	-1.0%							**21.4%**

Address: L12 Domain House, 139 Macquarie Street Sydney NSW 2000 | Phone: +61 2 9252 2518 | Email: info@terracapital.com.au

TERRACAPITAL
NATURAL RESOURCE FUND

JUNE 2017

AUSTRALIAN MARKETS OVERVIEW

June proved to be a volatile month for Australian equities but one where key benchmark returns ended largely flat. The ASX200 fell 5bps (-0.05%) with the ASX20 falling 14bps (0.14%).

Energy was the biggest drag on returns falling -6.2% with rate-sensitive sectors also coming under selling pressure late in the month as Australian bond yields followed global yields higher, following comments from key central bankers (BoC, BoE, ECB) that the period of extraordinary easing monetary policy might be coming to an end.

For the June quarter, the ASX200 fell 2.4% to post its worst quarterly return since 1Q16 when it declined 4.0% (off similar weakness in the Energy sector). Year-to-date, the ASX200 is still in positive territory, rising 1.0%. For the 12 months through June (Fiscal 2017), the market had a strong year with the ASX200 rising 9.3% - its third-best year post the GFC.

GLOBAL MARKET OVERVIEW

Global equities finished the month on a sour note with markets selling off sharply in response to comments from central bankers that implied the period of extraordinary easy monetary policy might finally be coming to an end. Statements from ECB chief Mario Draghi, BoE governor Mark Carney, the BoC's Stephen Poloz worked in line with expectations of further Fed tightening to push global bond yields higher and equity markets lower across the board.

The NASDAQ ended the month off less than 1% but down 3% in the final few days as tech stocks absorbed a multiple number of concerns (cyber-attacks in Europe, Google's Europe fine on top of extended valuations for the FANGS. European markets suffered their largest one-day decline (Euro First 300 -1.4%) since September 2016 following the comments of Draghi. US financials (banks) bucked the trend as positive news regarding stress tests raised the prospect of higher dividends and/or capital returns.

Asian equity markets were supported by strong returns from China, which continued its strong run off the back of solid growth data.

COMMODITIES OVERVIEW

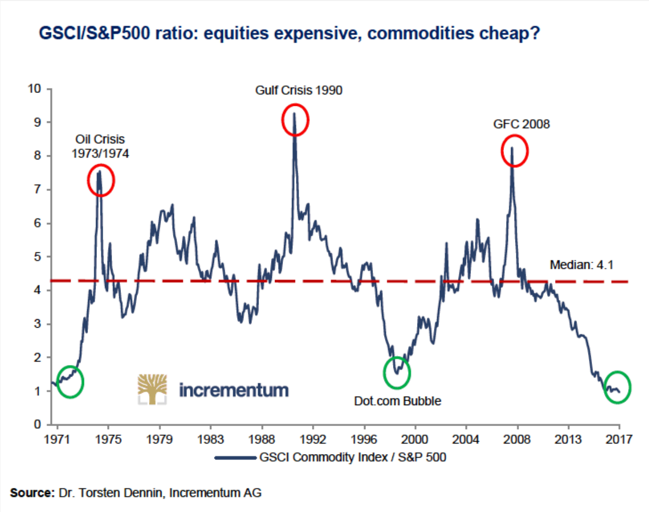
Oil continued its torrid decline through June with WTI hitting a nine-month low of $42.50bbl and at worst, a monthly decline of ~6%. Brent fell close to 16% over 1H17 to post its worst first half performance since 1998. This was despite an extension to supply cuts by major oil producers (OPEC + Russia) which has not been enough to offset doubts about the ability for OPEC to deliver on stated intentions. Since the middle of 2014, oil prices have fallen 58% as the return of US shale has raised supply concerns amongst modest demand.

In comparison, iron ore entered a bull market after rising ~14% for the month (finishing at $64/t) as Chinese steel-makers ramped up demand. Gold finished the month lower as fears of further rate hikes undermined safe haven demand. Gold was down -1.9% for the month, bringing its YTD change to +7.4%.

During June copper was up 5.2%, nickel 5.3% and zinc was also up strongly, +7.08%.

PORTFOLIO COMMENTARY

After a difficult first 6 months to the financial year we made up ground in the last 6 months. Our bottom-up stock picks began to deliver results as the market caught on to the value of the assets our investee companies own. Using the themes currently influencing mining and energy commodity demand we continue to pick what we think are the best risk adjusted exposures to those themes.



Above is the Goldman Sachs commodity index divided by the S&P 500 index. In the last 45 years commodities have only been this cheap relative to equities on two other occasions.

Tawana Resources (ASX:TAW)

Just after 30 June Tawana Resources announce the result of a pre-feasibility study (PFS) that confirmed the project will be a low-cost producer of quality spodumene (lithium) concentrate in early 2018.

The high quality nature of the PFS is bolstered by the fact it only contains a small portion of the resources on the property which is currently at the inferred stage. We estimate that resource drilling of the known resource to take place of the next year will see the mine life increased to 10+ years.

We look forward to updating you on our progress and welcome any feedback.

Address: **L12 Domain House, 139 Macquarie Street Sydney NSW 2000** | Phone: **+61 2 9252 4293 or +61 2 9252 2518**