

# TERRACAPITAL

## NEW HORIZONS FUND

AUGUST 2016

	1M	3M	6M	FYTD	Inception
Terra New Horizons	-0.2%	11.9%	20.0%	11.8%	26.2%
ASX All Ords Acc.	-1.3%	2.5%	14.2%	2.5%	6.5%
ASX Small Ords Acc.	-1.6%	5.5%	19.3%	6.9%	14.3%
Unit Price	\$1.2620				

*Terra New Horizons Fund movements are shown after fees. Inception: 1st Jan 2016*

### FUND PERFORMANCE

During the month the S&P/ASX All Ordinaries Accumulation Index was down 1.3% and the S&P/ASX Small Ordinaries Accumulation Index was lower 1.6%. Against this backdrop the Fund was flat for the month after fees.

The Unit Price is currently **\$1.2620**.

### GLOBAL MARKETS OVERVIEW

Global markets were mixed through August, despite being dragged lower late in the month by US weakness. US Equities were flat (S&P500 +0.1%) but European markets still finished higher, led by Germany (DAX +2.5%). Asia was strong with Hong Kong and China rising +5.0% and +3.6% respectively. Despite a turn in the USD, this failed to stop the strong momentum in Emerging Asian markets (lead by Thailand +1.6%, India +1.4% and Malaysia +1.8%).

### OUTLOOK

August was a volatile period with the index reaching a year-to-date high on August 1<sup>st</sup> (5,587), trading largely sideways through the reporting season before concerns around a rate rise from the Federal Reserve took the market, largely via yield sensitives (in particular REITs) and commodities, lower.

During August one of our top 10 holdings; Emefcy Group Limited (EMC) performed well and it's worth sharing with you what they do.

Emefcy is an ASX listed, Israeli company that helps to solve the globally significant problem of waste water treatment. They do this via the development, manufacture and marketing of a new, proprietary, energy-efficient wastewater treatment solution that

significantly changes the economics of waste water treatment.

In short Emefcy have developed a modular, decentralised wastewater treatment solution which uses significantly less energy than conventional technology via the utilisation of a biofilm reactor. Emefcy's modular solutions have the ability to replace very large scale, old tech, and inefficient municipal wastewater treatment plants.

Emefcy is led by Eytan Levy and Ronen Shechter who are veteran entrepreneurs with strong scientific backgrounds, complimented by exec chairman Richard Irving who has a history of success in small companies. Having recently won several global innovation awards, the company is at the forefront of the next generation of wastewater treatment solutions.

The company is well capitalised and after a long period of development and testing has received first revenues from commercial sales to customers. Further, the company has established reference sites for the Company's innovative wastewater sites in Isreal, US Virgin Islands, Ethiopia and China.

In China Emefcy is developing and executing a strategy to enter the market, following the Chinese Government's Five Year Plan to increase the number of rural communities with wastewater treatment from 10% to 70%. The Emefcy team continue to develop larger, more advanced modules and their extensive R&D operations are scheduled to be announced in the coming year.

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