

# TERRACAPITAL

## NEW HORIZONS FUND

JULY 2016

	1M	3M	Inception
Terra New Horizons	12.0%	18.7%	26.4%
ASX All Ords Acc.	6.3%	7.1%	7.9%
ASX Small Ords Acc.	8.6%	11.5%	16.1%
Unit Price	\$1.2641		

New Horizons Fund movements are shown after fees

### FUND PERFORMANCE

During the month the S&P/ASX All Ordinaries Accumulation Index was up 6.3% and the S&P/ASX Small Ordinaries Accumulation Index was higher 8.6%. Against this backdrop the Fund was up 12.0% after fees.

The Unit Price is currently **\$1.2641**.

### MARKET OVERVIEW

Global markets ground their way higher in July as expectations around additional global monetary policy support continued to underpin risk assets in general and equity markets more specifically. The positive sentiment was supported late in the month by a stronger than expected US reporting season and some solid growth data which provided increased comfort that the US economy is gradually on the mend (despite politics attempting to derail the balance) and pushed the S&P500 to a new record high (+3.7%).

European markets were broadly stronger (Eurostoxx +5.1%) as BREXIT fears evaporated and concerns around bank recapitalizations (Italy) proved inconsequential (whether this be reality or not).

A wait and see decision by the BOE did not prove to be a hurdle for the UK market with the FTSE250 (domestically focused UK companies) now only a whisker away from pre-BREXIT levels. The FTSE100 (externally focused UK companies) which recovered BREXIT losses within a week continued to move higher (+3.4%) despite the pound remaining flat against the greenback over the month. Japan was, for the most part, the high beta market as expectations around a BoJ led stimulus package drove the Yen weaker and equities higher. The outcome (announced by the BoJ on Friday 29th)

proved disappointing (no increase in its annual bond purchases of 80trn but more than a doubling in equity ETF purchases to 6tn and a doubling of dollar lending facilities with fiscal stimulus yet to be announced). Markets reversed course on the announcement, particularly the Yen, but not enough to wipe out a solid gain for the Nikkei (+6.4%)

### OUTLOOK

In July our holding in Updater (UPD) was the largest contributor to the Fund's positive performance. The company, which helps households relocate; transfer utilities, update accounts, records and forward mail, reached the milestone of 5% market share. This translates to circa 80,000 household moves processed in the US during the month of June.

This number of moves has the critical mass necessary for the volume of data collected during the moving process to be of significant value to a number of businesses including, amongst others, insurance companies. To that end Updater has announced an acceleration of its business product trials with 3 pilots targeted by the end of 2016. To that end the company signed a partnership for a business product pilot with Liberty Mutual Insurance, the 2<sup>nd</sup> largest insurance company in the US. The company also revised its growth target upwards for market share of monthly moves processed to 15% by 2017. With significant commercial opportunities and investor interest we believe Updater represents a significant opportunity in the months ahead.

Whilst mentioning opportunities we thought we should highlight the following article about 2016's top IPOs published by Business Insider. Across both Funds we were meaningful investors in 3 of the top 5, including being the largest single investor in the Abundant Produce IPO capital raise.

<http://www.businessinsider.com.au/the-3-top-performing-australian-ipos-youve-never-heard-of-2016-7>

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