

TERRACAPITAL

NEW HORIZONS FUND

JUNE 2017

	1M	3M	6M	FYTD	1Y (rolling 12mths)	Inception (p.a.)	Inception (cumulative)
Terra New Horizons Fund	1.6%	0.1%	9.8%	24.3%	24.3%	29.0%	40.3%
ASX All Ords Accum.	0.3%	-1.5%	2.9%	13.1%	13.1%	11.0%	14.9%
ASX Small Ords Accum.	2.0%	-0.3%	1.1%	7.0%	7.0%	10.7%	14.4%
ASX Emerg Co's Accum.	2.2%	-4.7%	-6.3%	-2.8%	-2.8%	12.3%	16.7%
Unit Price	\$1.40						

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

RISK METRICS

Fund Sharpe Ratio	0.38
Index Sharpe Ratio	0.17
Fund Sortino Ratio	0.98
Index Sortino Ratio	0.28
Fund Volatility p.a.	0.048
Index Volatility p.a.	0.035
Fund % Positive Months	56%
Index % Positive Months	56%

FUND DETAILS

NAV	\$1.4027
Entry Price	\$1.4027
Exit Price	\$1.4027
Fund Size	\$26.2M
APIR Code	TCN0001AU

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

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.

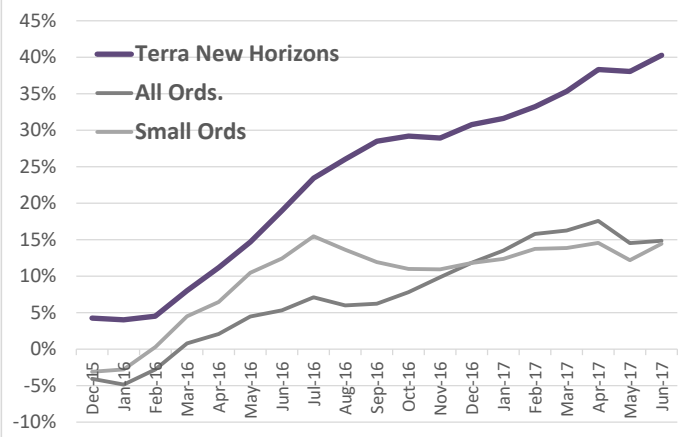
The objective of the Fund is to return in excess of 10% p.a. after fees over a 3-5yr investment time horizon.

PERFORMANCE + OVERVIEW

The Fund returned +1.6% after fees for the month of June 2017. Since inception (July 2010) the Fund has returned +40% after fees vs. the market (All Ordinaries Accumulation Index) +14.9%.

The Unit Price is currently \$1.40

HISTORICAL PERFORMANCE (after fees)



INDUSTRY EXPOSURE

Agriculture	5.2%
Biotechnology	8.0%
Commercial services + supp.	11.0%
Electronic equipment + instr.	5.2%
Food products	5.5%
Internet software and services	28.0%
Media	2.0%
Pharmaceuticals	3.5%
Semiconductors + related equip.	9.3%
Software	5.3%
CASH	17.0%

MONTHLY PERFORMANCE BY CALENDAR YEAR

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2016	7.56%	-2.21%	-1.75%	3.08%	5.91%	0.04%	12.02%	-0.17%	2.39%	2.99%	-3.49%	-0.57%	25.8%
2017	2.2%	-4.5%	12.5%	-1.3%	-0.2%	1.6%							10.3%

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AUSTRALIAN MARKETS OVERVIEW

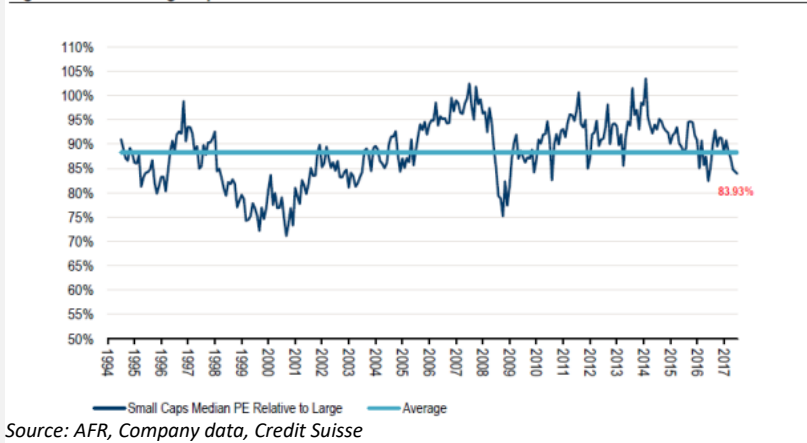
June proved to be a volatile month for Australian equities but one where key benchmark returns ended largely flat. The ASX200 fell 5bps (-0.05%) with the ASX20 falling 14bps (0.14%).

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

PORTFOLIO COMMENTARY

In a month that was a reprieve from the market negativity in April and May, it felt a lot harder than the figures suggested to make a positive return. Nonetheless, reflecting on the 6 months, while it was difficult for small cap names generally we have done what we've said we'd do – that being to pick a portfolio of stocks that will outperform the market.

Figure 9: Small-to-large cap discount



Source: AFR, Company data, Credit Suisse

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.

Updater Inc (ASX:UPD)

During June, our holding in ASX listed, US based, Updater Inc performed well after the company announced further results from one of their pilot programs. By way of background Updater makes moving easier for around 10% of the 17 million households that relocate every year in the US. With Updater, users can transfer utilities, update accounts and records, forward mail, and much more. Updater has established significant market penetration of all US household moves and can therefore enable contextual and personalised communication between relocating consumers and the US businesses spending billions of dollars trying to reach them.

Abundant Produce Ltd (ASX:ABT)

During June Abundant Produce, an agricultural intellectual property development house which creates superior seeds and natural vegetable extracts, signed a multi-decade distribution agreement covering hybrid seed production, marketing, sales and distribution.

Abundant specialises in breeding hybrid greenhouse vegetables with better yield, disease resistance, temperature tolerance, taste, texture, colour and shape, developing innovative products to target demand for highly productive food crops that thrive in low-tech conditions. The agreement signed should see revenue in this half year.

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

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