

# TERRACAPITAL

## NEW HORIZONS FUND

NOVEMBER 2016

	1M	3M	6M	FYTD	Inception
Terra New Horizons Fund	-3.5%	1.8%	13.9%	13.8%	28.4%
ASX All Ords Acc.	2.5%	0.6%	3.2%	5.5%	7.2%
ASX Small Ords Acc.	-1.2%	-4.4%	0.8%	2.2%	9.2%
Unit Price	\$1.28				

*Terra Capital New Horizons Fund movements are shown after fees. Inception: 1<sup>st</sup> Jan 2016*

### FUND PERFORMANCE

During the month the S&P/ASX All Ordinaries Accumulation Index was up 2.5% and the S&P/ASX Small Ordinaries Accumulation Index was lower 1.2%. Against this backdrop the Fund was down 3.5%.

The Unit Price is currently **\$1.28**

### AUSTRALIAN MARKETS OVERVIEW

It was a positive month with broad-based sector gains for the Australian market (ASX 200 up +3.0%), despite a surprise US Trump election early in the month, which was initially thought to be negative for risk assets but which quickly reversed into a risk-on rally as global inflation expectations reversed course and spending intentions were ratcheted up. Bond yields rose a massive 35 basis points to take the 10-year yield up to 2.73%—a move that saw spreads with US long rates remaining constant.

### GLOBAL MARKETS OVERVIEW

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Global developed equity markets had a strong month led by the US (S&P500 + 4%) as expectations around Trump's spending programs accelerated. This was despite a strong rise in US bond yields (10-year yields rose from 1.83% to 2.39%) which crimped performance of yield-sensitive sectors across the globe. On the other side of this trade were emerging markets, which as a result of the 'triple whammy'—Trump's protectionist policies, a stronger US\$ and capital outflows—were down significantly with a performance differential of 5% versus developed markets. As expected, and in a

stronger US\$/weaker Yen backdrop, the Nikkei was up strongly (+5%) to lead returns for the region. Europe was a laggard as fears of potential political change (the Italian referendum will be the first test in December) continued to overhang performance despite a weaker EUR.

### OUTLOOK

As much as it was eventful, November was terribly unpredictable. With the surprise election of Trump, to most market commentator's disbelief the Dow Jones then went on to add 5.5% for the month. To add to the drama there were no less than 20 significant downgrades in small and midcap stocks here in Australia which we were thankfully able to avoid.

We're confident that post this week's FOMC meeting, stabilisation in markets will begin to occur and confidence will return over the coming months leading to greater market participation.

Stock specifically despite some of the share price movements our major investments continue to perform well operationally and we have a number of particularly exciting new stories that we look forward to talking about in the next three months.

We welcome any feedback.