

TERRACAPITAL

NEW HORIZONS FUND

NOVEMBER 2017

	1M	3M	6M	FYTD	1Y (rolling 12mths)	Inception (p.a.)	Inception (cumulative)
Terra New Horizons Fund	1.3%	4.7%	10.4%	8.5%	18.7%	24.6%	52.5%
ASX All Ords Acc.	1.5%	5.6%	7.0%	6.7%	14.3%	11.2%	22.5%
ASX Small Ords Acc.	3.9%	11.6%	17.3%	15.0%	20.5%	15.4%	31.6%
ASX Emerging Companies Acc.	4.2%	12.3%	21.0%	18.4%	11.1%	18.4%	38.2%
Unit Price	\$1.51						

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

FUND DETAILS

NAV		\$1.5091
Entry Price		\$1.5091
Exit Price		\$1.5091
Fund Size		31.9M
APIR Code	TCN0001AU	
	Terra NHF	Small Ords
Sharpe ratio (1Y)	1.15	2.09
Sortino ratio (1Y)	1.81	2.50
Std Deviation (1Y)	13.86%	8.50%
% Positive Months (1Y)	55.67%	75.00%

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.

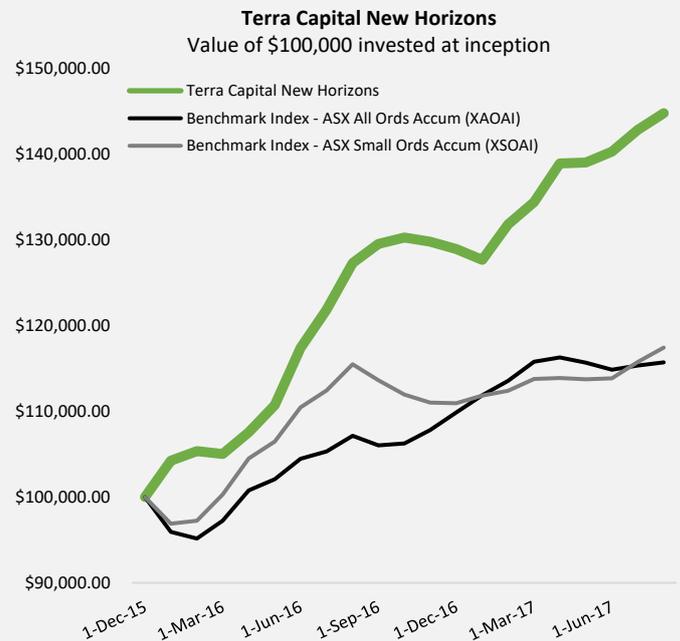
PERFORMANCE + OVERVIEW

The Fund returned +1.3% after fees for the month of November 2017. Since inception (Jan 2016) the Fund has returned +52.5% after fees vs. the market (All Ordinaries Accumulation Index) +22.5%.

The Unit Price is currently \$1.45

MONTHLY PERFORMANCE BY CALENDAR YEAR

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2016	7.6%	-2.2%	-1.7%	3.1%	5.9%	0.0%	12.0%	-0.2%	2.4%	3.0%	-3.5%	-0.6%	25.8%
2017	2.2%	-4.5%	12.5%	-1.3%	-0.2%	1.8%	1.1%	2.4%	0.6%	2.8%	1.3%		14.5%



INDUSTRY EXPOSURE

Agriculture	5.9%
Biotechnology	7.7%
Commercial services + supp.	16.0%
Electronic equipment + instr.	4.8%
Food products	5.9%
Internet software and services	20.1%
Media	2.0%
Pharmaceuticals	3.4%
Semiconductors + related equip.	10.2%
Software	5.5%
CASH	18.5%

TERRACAPITAL

NEW HORIZONS FUND

NOVEMBER 2017

AUSTRALIAN MARKETS OVERVIEW

Australian equities were once again caught up in continued euphoria that has engulfed risk assets as further evidence of economic improvement, confidence around US tax cuts and a continuation of relatively dovish central bank signalling helped propel markets to another month of fresh highs – albeit with a hint of higher volatility.

Domestically, the announcement of a Royal Inquiry into the Banking sector proved to be a sizeable negative drag on Banks and the overall market late into the month (with the index falling -0.7% on November 30th). However, this was not enough to unwind what were very broad-based gains across cyclical and rate sensitive areas (in line with declining bond yields).

At a sector level, performance was led by Energy (+4.7%), which continued to rally off the back of a rising oil price - supported by strong global products demand, declining global stocks and the anticipation that OPEC would extend its nine-month production curbs, which were set to expire in March (confirmed by OPEC on the turn of the month). Real Estate (+4.6%) was the other large cap standout finally reversing its loss leadership that has prevailed for the majority of the year. In part, the sector was supported by the substantial decline in the 10-year bond yield (falling 17bps to 2.50%) as the market continued to back out the prospect of the RBA following the Fed with early rate hikes. This also supported other rate sensitive areas (Utilities +3.1%) with the exception of Telco's which were dragged lower by TLS (-3%), which offset further gains in both TPM (+10%) and VOC (+9%).

It was a mixed month for domestic economic data with business confidence hitting 20-year highs in early November backed up by stronger-than-expected building approvals and CAPEX. On the weaker side were retail sales, which were poor in both nominal and real terms with per capita sales close to 30-year lows. On top of this, the RBA kept rates on hold (1.5%) and issued a somewhat dovish set of minutes reducing the likelihood of an early hike in 2018.

GLOBAL MARKET OVERVIEW

It was another strong month for global equity markets led by the US, which posted multiple new highs despite a late month setback for the high flying FAAMG stocks (Facebook, Apple, Amazon, Microsoft and Google (Alphabet)). Further evidence of growth recovery together with excitement around Trump's proposed tax cuts and a still decidedly dovish Fed kept stocks powering higher despite growing concerns of a "momentum" bubble. The NASDAQ finished the month up 2.2% (but down from its month high) with the S&P500 rising 2.8%.

In Europe, economic conditions surged to their highest level in 17 years. The Eurozone's industrial sector is now running at its best level since 2000 with cyclical industries such as consecution continuing to show incremental improvement. Despite the strong economic data, European markets were mixed with Germany (DAX -1.6%) and France (CAC -2.4%). The UK was weaker as concerns mounted that it would be forced into significant economic compromises to follow through BREXIT. This was also seen in a further strengthening of the GBP:US\$.

In Asia, Hong Kong continued its march higher with the Hang Seng (+3.3%) and up +27% on a 12-month basis. Japan was also strong (Nikkei 3.2%), while China continued to head lower following a mid-

month peak. The Shanghai Comp is down 4% from its recent high after a meteoric rise of nearly 50% in the past 12 months. Following the party congress meeting, concerns have re-surfaced in light of the recent slowdown in cyclical sensitive areas (property) as well as credit.

PORTFOLIO COMMENTARY

A mixed month for the portfolio with some of our holdings experiencing lower than usual volumes as we wait for stock specific news flow.

During the month one of our newest holdings, IXUP Limited (ASX:IXU) listed. IXU is a SaaS platform that enables the collaboration of data between organisations in an encrypted environment. It allows enterprises to build and share customer centric information on a single platform. One example of this is Hospital, Pharmacy, GP and Insurance entities combining their patient information to provide a single source of information about their patients' health and medical history. This platform can be used across several different industries and IXU's key partnerships already include Westpac, NSW State Government and Microsoft.

This is a good example of the type of investment we look for in the market. We see value in IXU because it holds key partnerships demonstrating the platform is proven and is already earning recurring revenues (although current revenues are small) as well as being backed by a strong management and board.

In 2018 we anticipate the market to continue the momentum of the previous 5 months and we expect our current holdings to bring significant news to the market.

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