

# TERRACAPITAL

## NEW HORIZONS FUND

SEPTEMBER 2017

	1M	3M	6M	FYTD	1Y (rolling 12mths)	Inception (p.a.)	Inception (cumulative)
Terra New Horizons Fund	0.6%	4.2%	4.5%	4.2%	13.3%	24.4%	46.5%
ASX All Ords Acc.	0.1%	1.0%	-0.5%	1.0%	8.5%	8.9%	16.0%
ASX Small Ords Acc.	1.3%	4.4%	4.0%	4.4%	3.0%	10.7%	19.5%
ASX Emerging Companies Acc.	3.3%	8.9%	3.8%	8.9%	-4.3%	14.7%	27.1%
Unit Price	\$1.45						

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

### FUND DETAILS

NAV	\$1.4496	
Entry Price	\$1.4496	
Exit Price	\$1.4496	
Fund Size	\$29.6M	
APIR Code	TCN0001AU	
	<b>Terra NHF</b>	<b>Small Ords</b>
Sharpe ratio (1Y)	0.72	0.03
Sortino ratio (1Y)	1.08	0.02
Std Deviation (1Y)	14.8%	8.6%
% Positive Months (1Y)	58.3%	58.3%

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.

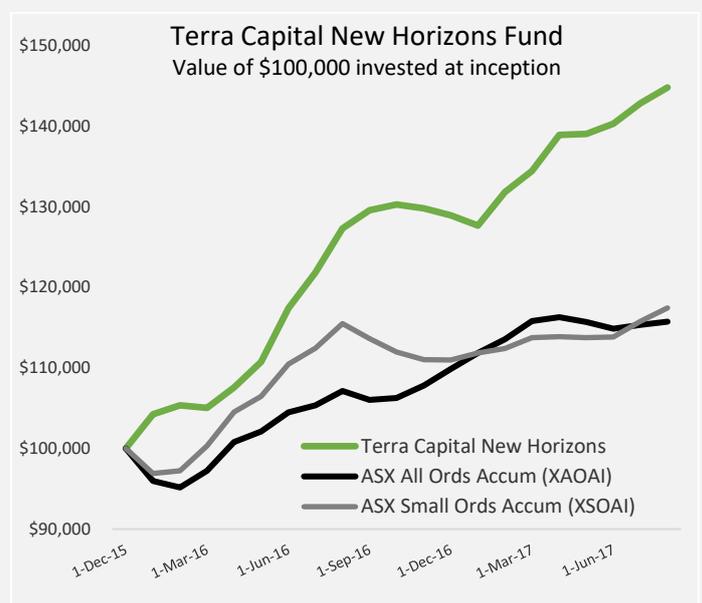
### PERFORMANCE + OVERVIEW

The Fund returned +0.6% after fees for the month of August 2017. Since inception (Jan 2016) the Fund has returned +46.5% after fees vs. the market (All Ordinaries Accumulation Index) +16.0%.

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%				14.5%



### INDUSTRY EXPOSURE

Agriculture	5.9%
Biotechnology	7.8%
Commercial services + supp.	15.1%
Electronic equipment + instr.	4.8%
Food products	5.4%
Internet software and services	22.0%
Media	2.2%
Pharmaceuticals	3.4%
Semiconductors + related equip.	10.2%
Software	4.8%
CASH	18.4%

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### AUSTRALIAN MARKETS OVERVIEW

September proved to be another volatile month for Australian equities with the key benchmark index ending the month 0.6% lower, despite posting a number of large daily gains. Returns were most positive for the mega cap stocks (ASX20) led largely by Energy (+1.0%), Healthcare (+0.9%) and Banks (+1.4%).

At a sector level, Telecommunications Services was the most significant drag, falling a further 4.8% (TPM -11.3%, TLS -4.9%) to record an annual decline of 32%. Utilities were the second worst performers, in particular AGL (-2.6%), and APA (-5.8%). However, not all interest rate sensitive areas came under pressure with REITs among the best performers led by LLC (+10.1%) and WFD (+5.5%). Banks also performed well as the yield curve steepened due to firming expectations around Fed tightening. NAB (+4.3%), WBC (+2.1%) and BOQ (+3.1%) were particularly good and outside of the majors CYB rose a strong +9.4%.

### GLOBAL MARKET OVERVIEW

It was generally a strong month for global equities with MSCI World rising 2.1% off the back of substantial gains from Europe (+3.2%) as well as Japan (+3.6%). US equity markets also added to the mix as they again posted record high levels (S&P500 +1.9%).

Markets were led by a continuation of strong economic data as well as the mid-month announcement by US President Trump on a new corporate and personal tax package. This led to a rally in the dollar (underperformance of EM markets) as well as firming expectations for a Fed December rate hike with further steepening of the US yield curve.

### PORTFOLIO COMMENTARY

In what was a mildly positive month for emerging companies generally we saw some of our key holdings begin to get traction with the market, a trend that has continued into October.

Worthy of note is our holding in Abundant Produce, a vegetable seed IP company which has recently begun sales into the Chinese cosmetics market via its 100% owned subsidiary Abundant Natural Health. The company is currently selling its product via the Alibaba owned TMall and via daigou channels. In the following video, Abundant's Chairman Graham Brown explains the evolution of the [company](#).

Sensera Limited, another of our holdings is also progressing well as a designer and manufacturer of end-to-end sensor solutions and services for the rapidly-growing Internet of Things (IoT) market. Sensera is executing an aggressive growth strategy to leverage Wireless Sensor Networks and Machine to Machine technologies to provide clients with valuable insights to drive improvements in productivity and profitability.

An early outcome of this strategy, supporting direct monetisation of Sensera's technology, has come through Smartbow ([www.smartbow.com](http://www.smartbow.com)), an Austrian agricultural technology company. Smartbow has incorporated Sensera's location awareness system in its Eartag LIFE product which empowers dairy farmers to improve their milk yield through smart real-time herd management.

Smartbow has partnered with Zoetis, the global leader in animal health products and services, to address a market estimated at 8% of the world's 1.25 billion cattle, representing US\$572m in system sales.

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

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