

# TERRACAPITAL

## NEW HORIZONS FUND

SEPTEMBER 2016

	1M	3M	6M	FYTD	Inception
<b>Terra New Horizons</b>	<b>2.39%</b>	<b>14.51%</b>	<b>25.04%</b>	<b>14.51%</b>	<b>29.22%</b>
ASX All Ords Acc.	0.40%	5.30%	9.51%	5.30%	6.93%
ASX Small Ords Acc.	1.53%	8.50%	14.84%	8.50%	16.02%
Unit Price	<b>\$1.2922</b>				

*Terra 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 0.4% and the S&P/ASX Small Ordinaries Accumulation Index was higher 1.5%. Against this backdrop the Fund was up 2.4% after fees.

The Unit Price is currently **\$1.2922**.

### AUSTRALIAN MARKETS OVERVIEW

Despite central bank speculation, oil price volatility, and the first US presidential debate, the ASX 200 finished the month largely flat at +0.5%. At a sector level, Materials (+5.7%), Staples (+1.6%) and IT (+1.5%) led monthly returns.

General bond proxies were extremely weak on the month with REITs (-4.0%) and Utilities (-3.2%) both down as the market reacted to rising bond yields. Telcos fell (-4.0%), the largest drag being TPM (-29.3%) following disappointing guidance and concerns over the NBN rollout. The Energy (+0.1%) sector recovered the entire month declines following OPEC's decision to cut supply.

### GLOBAL MARKETS OVERVIEW

Global markets were mixed through September as all the major developed market central banks held monetary policy meetings. In the US, equities finished the month flat (S&P500 0.0%). The Fed kept rates unchanged at 0.25-0.50% but stated that "the case for an increase in the federal funds rate has strengthened". The FOMC continued to signal that cumulative progress in the US economy is positive and that the appropriate rate should be higher by the end of the year. The Euro Stoxx also finished the month flat while the German DAX was dragged down

-3.8%, by Deutsche Bank concerns - the bank faces US\$14bn in fines over claims it mis-sold mortgage-backed securities - more than its market capitalization at its lowest point. In Asia, the Bank of Japan (BoJ) shifted the focus of its stimulus from expanding the money supply to controlling interest rates (recommitting to reach its elusive 2% inflation target). Abandoning its base money target, the bank has implemented the "yield curve control", a policy under which it will buy long-term government bonds - at a pace that ensure its holdings increase by 80tr yen per year - and designed to keep the 10-year Japanese government bond yield near current levels, around 0%. The yen initially weakened against the USD before reversing to trade at 101.76, the strongest in almost a month. Japanese shares fell, with the Nikkei 225 index down - 1.9% at month's close. There was a large divergence of performance between the Hang Seng (+1.5%) and the Shanghai Composite (-2.6%).

### OUTLOOK

Terra's high conviction, high concentration approach to investing continues to provide unitholders with positive, uncorrelated returns.

In September our holding in Nvoi Ltd (NVO) contributed to our performance with the announcement of the launch of their staffing platform.

The Nvoi Platform is a complete 'workforce-as-a-service' offering for on-site, non-permanent, white-collar professionals, and Hiring Managers, globally. Nvoi offers a complete validated-candidate search, hiring, billing, and payment, and management service, with Nvoi standing as the employer-of-record in the relationship between Candidate and Hiring Manager.

A number of organisations have commenced registering on the Platform with Open and Active Assignments. The

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Nvoi Platform has commenced its billing and paying processing.

In late August Updater Inc (UPD) announced a second set of pilot programs with a number of moving companies - an obvious vertical to attack for a company who knows ahead-of-time when and from where a particular person is going to move home.

Additionally, given Updater's market leading position and success in attracting interest from companies looking to use their data, in September, Updater raised AUD\$30m from international institutional investors to help them accelerate the existing pilot programs, grow market share and to tackle more verticals.

A number of our other top positions have catalysts in the months ahead and we look forward to updating you on our progress.