



ACORN CAPITAL

ACORN CAPITAL INVESTMENT FUND LIMITED

DECEMBER 2017 QUARTER UPDATE

ASX : ACQ



INNOVATION



EFFICIENCY



GROWTH



DIVERSITY



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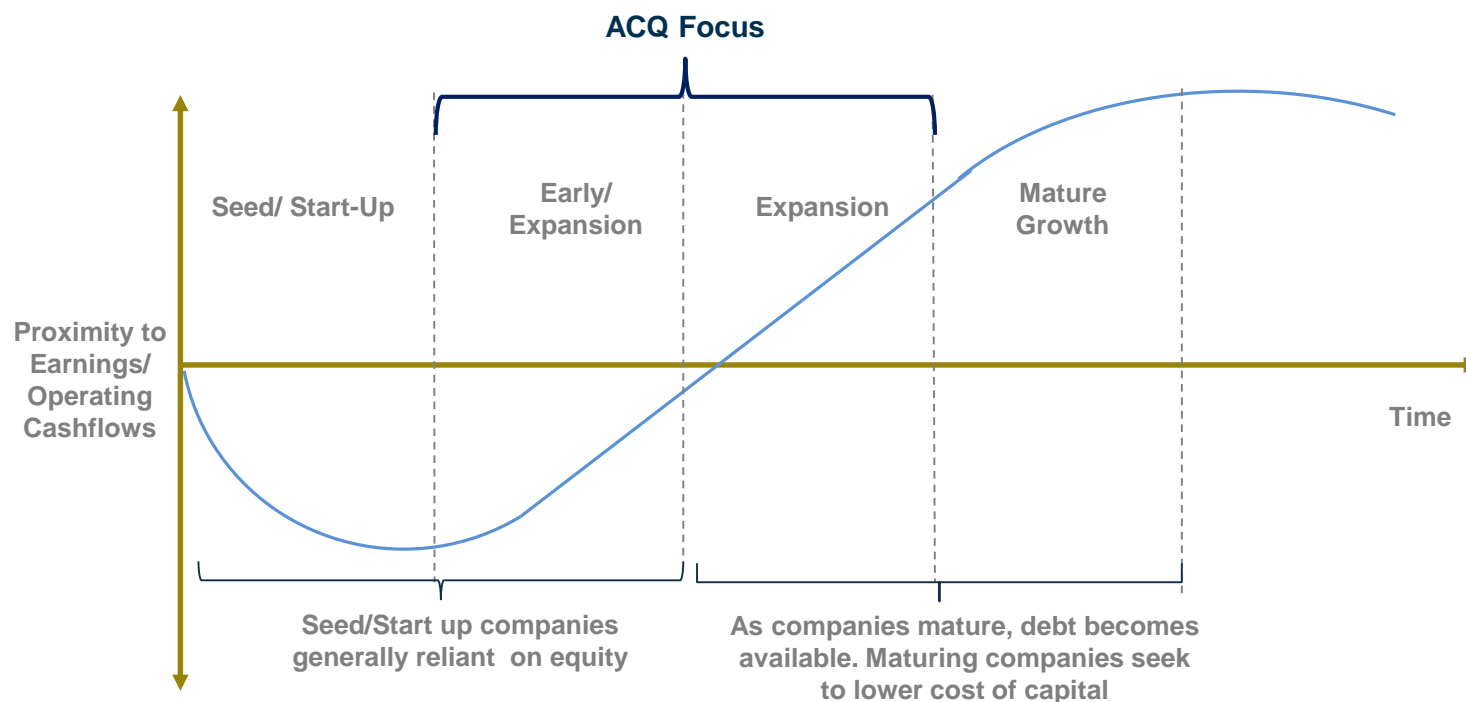
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ACQ gives investors access to listed and unlisted companies distinguished by their smaller size and stage of development through a single diversified portfolio



ACQ provides investors with access to innovation and entrepreneurialism through developing companies



Key highlights



- Investment portfolio returned +19.4%⁽²⁾ for the December 2017 quarter as compared to the S&P/Small Ordinaries Accumulation Index of +13.7%
- Increased guidance in relation to future dividend payments as a percentage of 30 June post tax NTA from 3% to 5%⁽³⁾
- ACQ Pre-Tax and Post Tax NTA as at 31 December 2017 was \$1.3289 and \$1.2385 respectively⁽¹⁾
- Announced the acquisition of a portfolio of assets from Washington H Soul Pattinson & Company Limited (ASX:SOL) ⁽³⁾ which completed on 29 January 2018⁽⁴⁾
- Completed one further unlisted investment in Thinxtra Limited

1. Unaudited

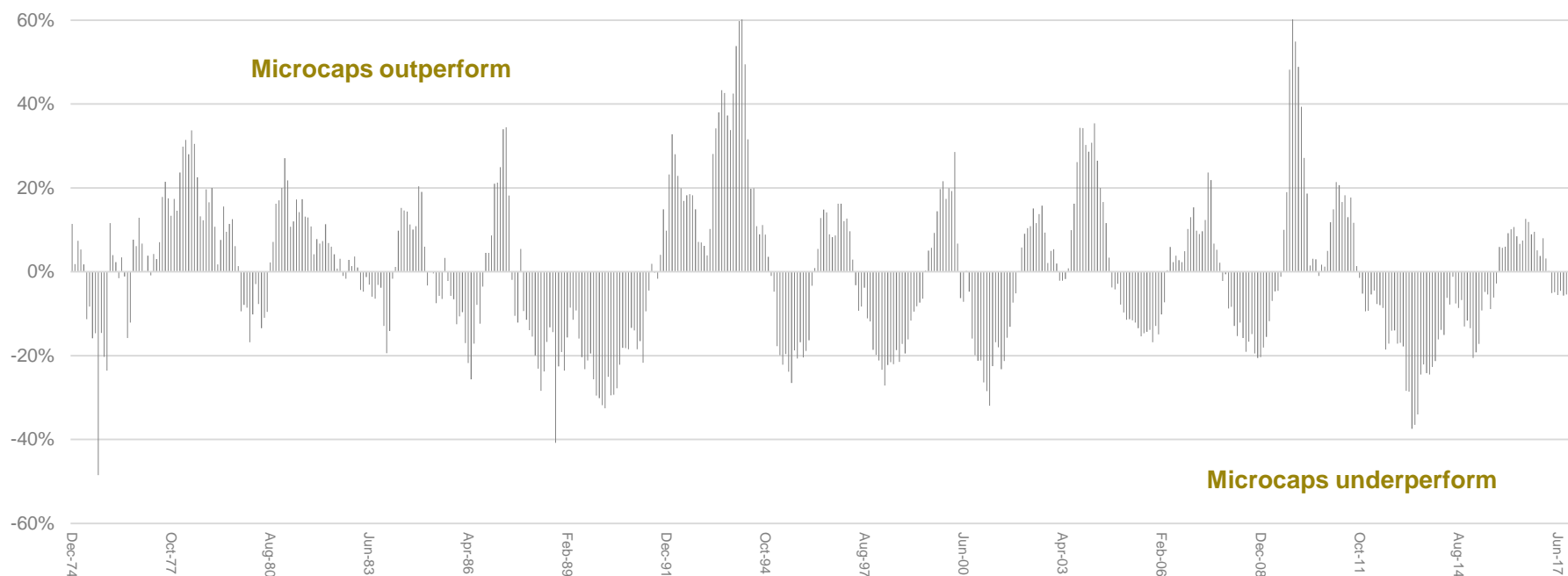
2. Portfolio performance is unaudited and calculated as the movement in NTA before tax effects, which is post all management fees, performance fees and operating costs. Performance includes dividends paid and payable but has not been grossed up for franking credits received by shareholders. All figures are unaudited, and unlisted valuations are performed by Acorn Capital in accordance with ACQ Board approved policies.

3. Refer to ACQ ASX release on 14 December 2017 for further information

4. Further payments may be due to SOL subject to 30 June 2018 valuations



Microcap Sector has significantly outperformed the All Ordinaries Accumulation Index over the past 12 months to 31 December 2017, returning +19.3% vs +12.5%





ACQ investment portfolio had 31.7% of FUM in top 10 investments

Top 10 Holdings

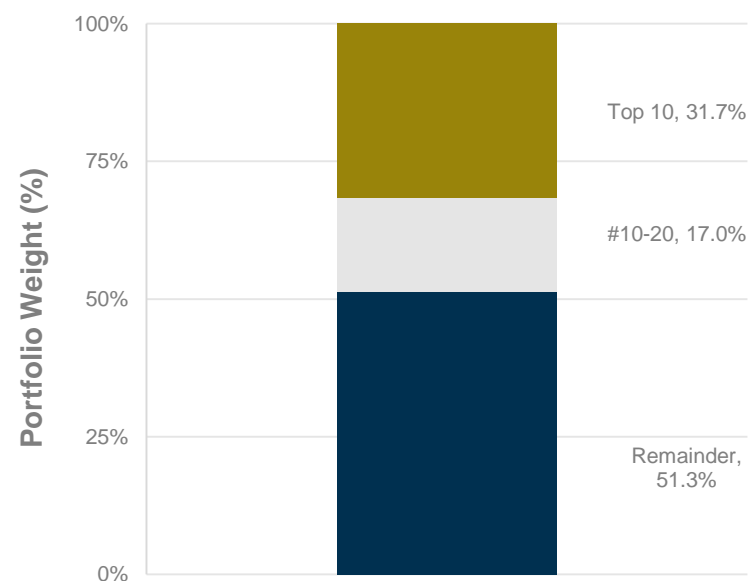
% Gross Portfolio

1.	Telix Pharmaceuticals Limited	4.8%
2.	Genea Limited (UL)	4.3%
3.	Hub24 Limited	3.8%
4.	Redbubble Limited	3.4%
5.	Kidman Resources Limited	2.8%
6.	Carbon Revolution Pty Ltd (UL)	2.8%
7.	Moula Money Pty Ltd (UL)	2.7%
8.	Clover Corporation Limited	2.6%
9.	Innovative Asset Solutions Group Ltd (UL)	2.3%
10.	Redhill Education Limited	2.2%

Top 10 Positions

31.7%

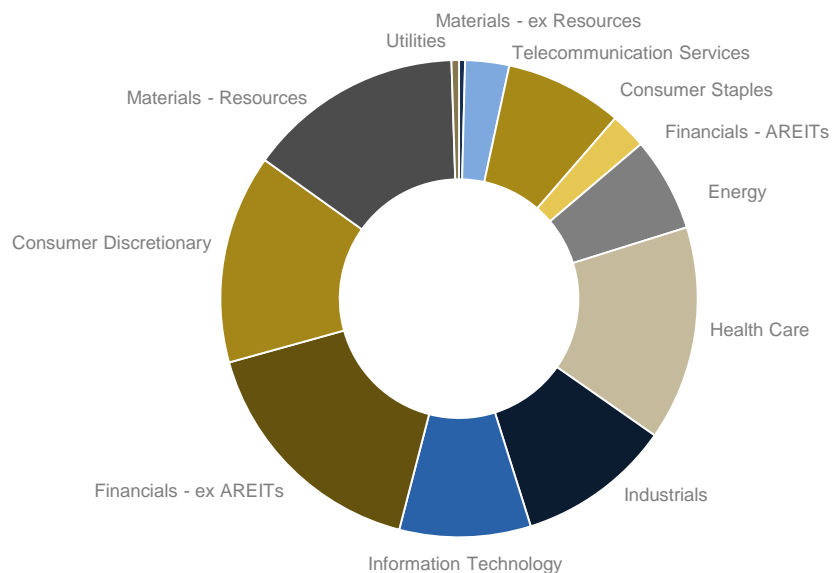
Distribution of holdings by weight



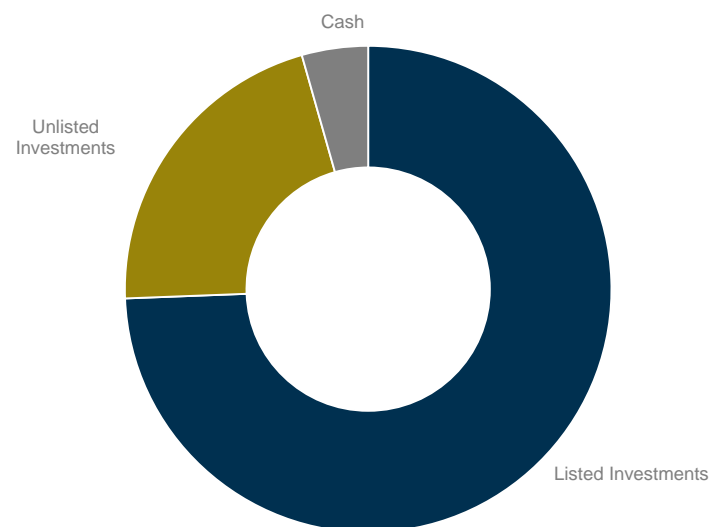


ACQ provides investors with a diversified exposure to Australian Emerging Growth Companies

ACQ Sector Diversification



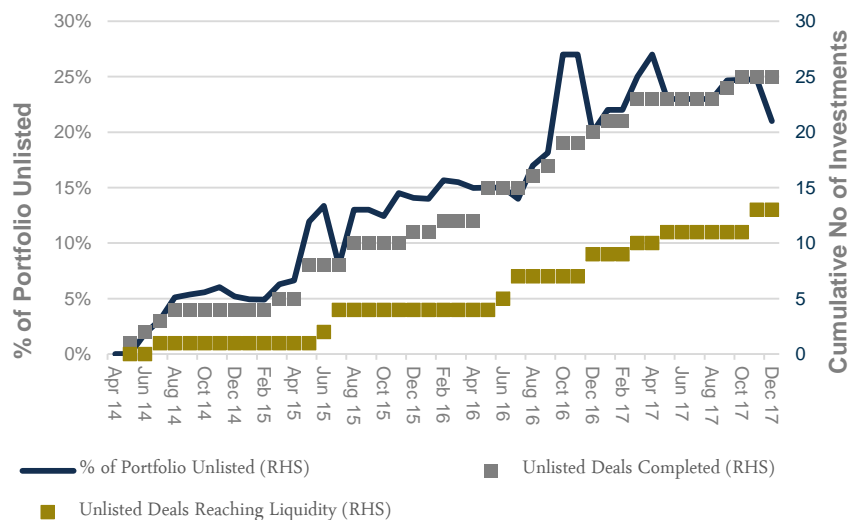
ACQ Portfolio Composition



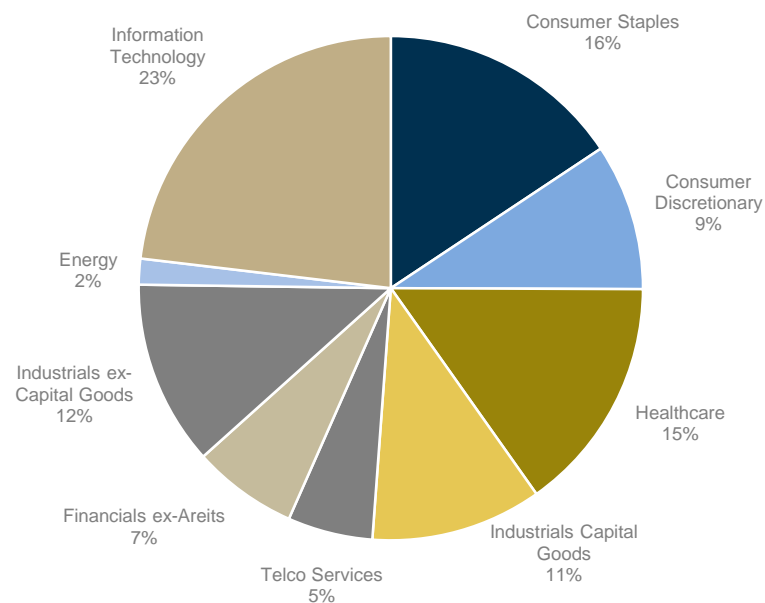


ACQ has invested \$27.1m in 25 unlisted opportunities⁽¹⁾,
13 of which have reached liquidity events

Unlisted Investment Rate



Sector Composition of Unlisted Investments⁽¹⁾





ACQ Board has announced its intention to pay annual dividends targeting at least 5% of closing post-tax NTA for each financial year subject to available profits and cashflows⁽¹⁾

- Dividend intention implies an annual cash dividend of 5.35 cents per share (compared to 3.5 cents in fully franked dividends paid in relation to the 2017 financial year)
- The ACQ board intends to frank the dividend to the fullest extent possible ⁽¹⁾



ACQ has funded the purchase of a portfolio of assets from WHSP through the issuance of up ACQ ordinary shares⁽¹⁾

Vendor		Washington H Soul Pattinson & Company Limited (ASX:SOL)
Number of Securities	6	ACQ made an offer to purchase 7 assets held by SOL. In one instance existing shareholders exercised their pre-emptive rights to acquire the shares on offer. Accordingly this did not form part of the portfolio purchased.
Purchase Price	\$7.2 million	70% of the Purchase Price was paid as a part of the Stage 1 Payment. The remaining 30% (or Stage 2 Payment) remains “at risk” and is subject to the 30 June 2018 portfolio valuation.
Purchase Consideration	Up to 5.796 m ACQ Ordinary Shares	<p>ACQ shares issued at the 31 December 2017 post tax NTA of \$1.2385.</p> <ul style="list-style-type: none">▪ 4,025,932 shares issued on 29 January 2018 as a part of the Stage 1 Payment▪ Up to 1.770 million shares to be issued as a part of the Stage 2 Payment.
Earn Out		SOL entitled to a 30% share of the cash realised from the sale of the portfolio after ACQ has received (and retained in whole) cash equal to the Purchase Price plus 8% p.a. (the Preferred Return). ACQ conversely retains 70% of all cash proceeds above the Preferred Return.

(1) Refer ASX announcement on 14 December 2017 for more information



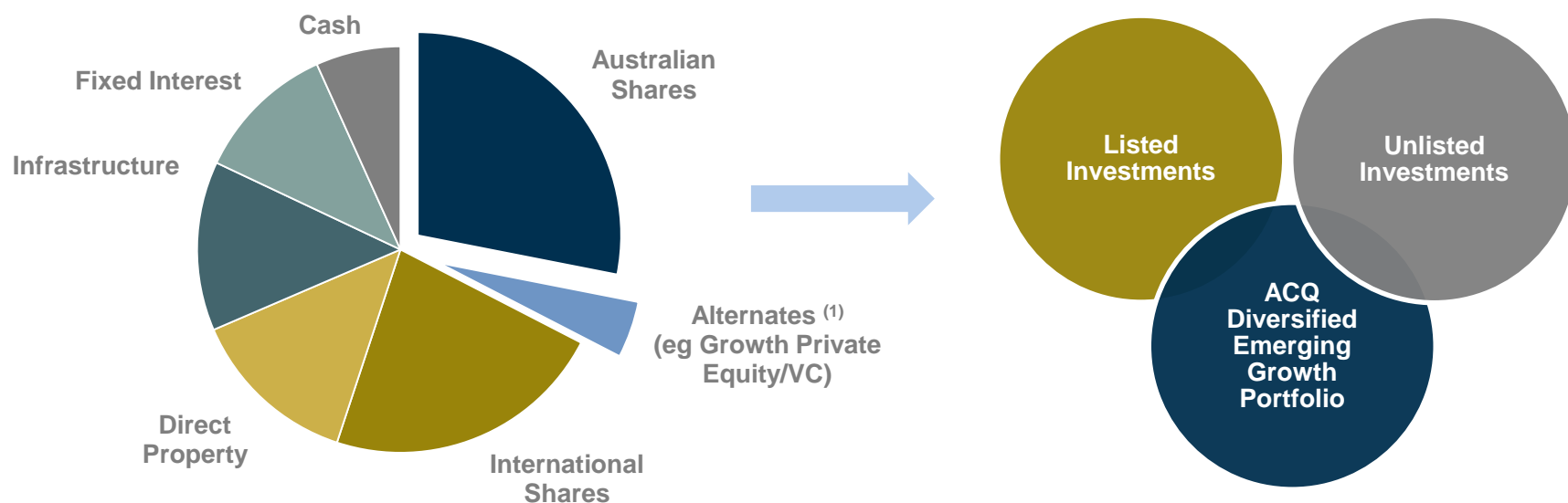
ACQ generated a return of 19.4%⁽¹⁾ for the December 2017 quarter

Periods to 31 December 2017	3 months	6 months	1 year	2 years p.a.	3 years p.a.	Since inception p.a. ²
ACQ ¹	+19.40%	+24.72%	+17.96%	+19.36%	+18.14%	+11.14% ³
S&P/ASX Small Ords Acc. Index	+13.69%	+18.70%	+20.02%	+16.55%	+14.38%	+10.55%
Acorn Capital / SIRCA Microcap Acc. Index ⁴	+12.80%	+21.68%	+19.30%	+17.33%	+14.74%	+9.92%
S&P/All Ords Accumulation Index	+8.20%	+9.31%	+12.47%	+12.06%	+9.23%	+7.91%

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2. Inception is 1 May 2014
3. Acorn Capital estimates that the unaudited pre- management & performance fee portfolio return post operating costs is 13.8% p.a. from Inception using last trade price for the valuation of listed securities.
4. Acorn Capital / SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA ('Securities Industry Research Centre of Asia-Pacific')



ACQ provides long term investors a differentiated and efficient platform to allocate capital to small companies





Further Information

www.ACQfund.com.au