

ACORN CAPITAL INVESTMENT FUND LTD

JUNE QUARTER 2019

ASX: ACQ



Disclaimer and Important Information

This presentation has been prepared by Acorn Capital Investment Fund Limited ACN 167 595 897 (ACQ). The information in this presentation is only intended for Australian residents. The purpose of this presentation is to provide information only and the contents of the presentation does not purport to provide investment advice. We strongly suggest that investors consult a financial adviser prior to making any investment decision. The presentation does not take into account the investment objectives, financial situation or particular needs of any person and should not be used as the basis for making investment, financial or other decisions. The information is selective and may not be complete or accurate for your particular purposes and should not be construed as a recommendation to invest in any particular investment or security, or fund/company offered by ACQ or Acorn Capital Limited (Acorn Capital).

The information provided in the presentation is given in good faith and is believed to be accurate at the time of compilation. Neither Acorn Capital, ACQ, nor its directors or employees make any representation or warranty as to the accuracy, reliability, timeliness or completeness of the information.

To the extent permissible by law, Acorn Capital, ACQ and its respective officers, employees agents and advisers give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this presentation. Further neither ACQ nor Acorn Capital, or its respective officers, employees, agents and advisors accept, to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of or in connection with the information contained in this presentation. Any recipients of this presentation should independently satisfy themselves as to the accuracy of all information contained herein.

Key facts at a glance as at 30 June 2019

Pre-tax NTA	\$1.2349	Gross portfolio return since inception ⁽¹⁾	+10.82%p.a.
Post-tax NTA	\$1.1784	S&P/Small Ordinaries Accumulation Index since inception ⁽²⁾	+8.73%p.a.
ACQ share price	\$1.02	S&P/Emerging Companies Accumulation Index since inception ⁽²⁾	+7.69%p.a.
Final 2018 Dividend + Interim 2019 Dividend	7.0c	Number of Investments	80
Implied cash dividend yield (based on share price)	6.8% ⁽³⁾	Number of Unlisted Investments Current in Portfolio	20
% Franked ⁽⁴⁾	100%	% of Portfolio Unlisted	28%
Shares Outstanding	53.04m		

(1) Acorn Capital estimates as at 30 June 2019, reported portfolio return since inception is 8.26%

(2) Inception is 1 May 2014

(3) Based on the ACQ share price as at 30 June 2019

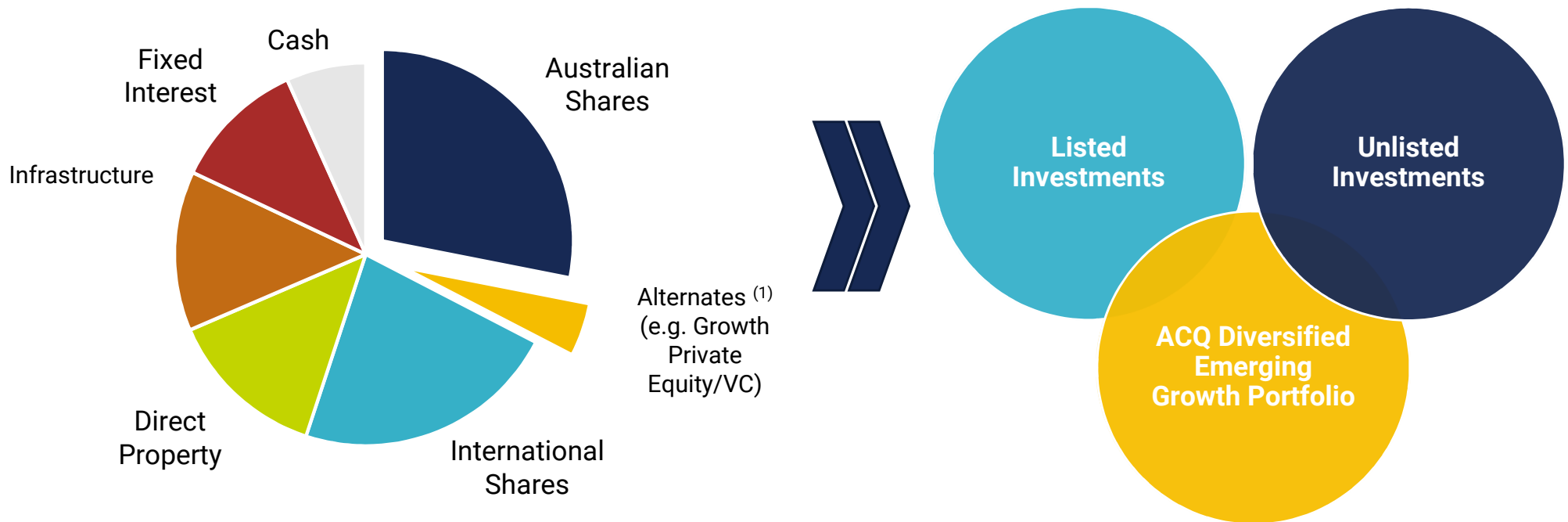
(4) Dividends paid that relate to the 2019 financial year are anticipated to be franked at a rate of 27.5%

Recent Highlights

- For the quarter to 30 June 2019 the ACQ portfolio underperformed the S&P/Small Ordinaries Accumulation Index by 2.36%, returning +1.39%⁽¹⁾ and 3.75% respectively
- 3.5c fully franked dividend (@27.5%) paid 21 May 2019
- Current unaudited dividend reserves adequate to sustain current dividend rate for approximately 4.5 years
- In April 2019, completed a further new unlisted investment in Camplify (www.camplify.com.au) Australia's largest caravan and motorhome hire and peer-to-peer sharing community
- In June 2019 an unlisted portfolio holding Whispir (ASX:WSP) successfully listed on the ASX

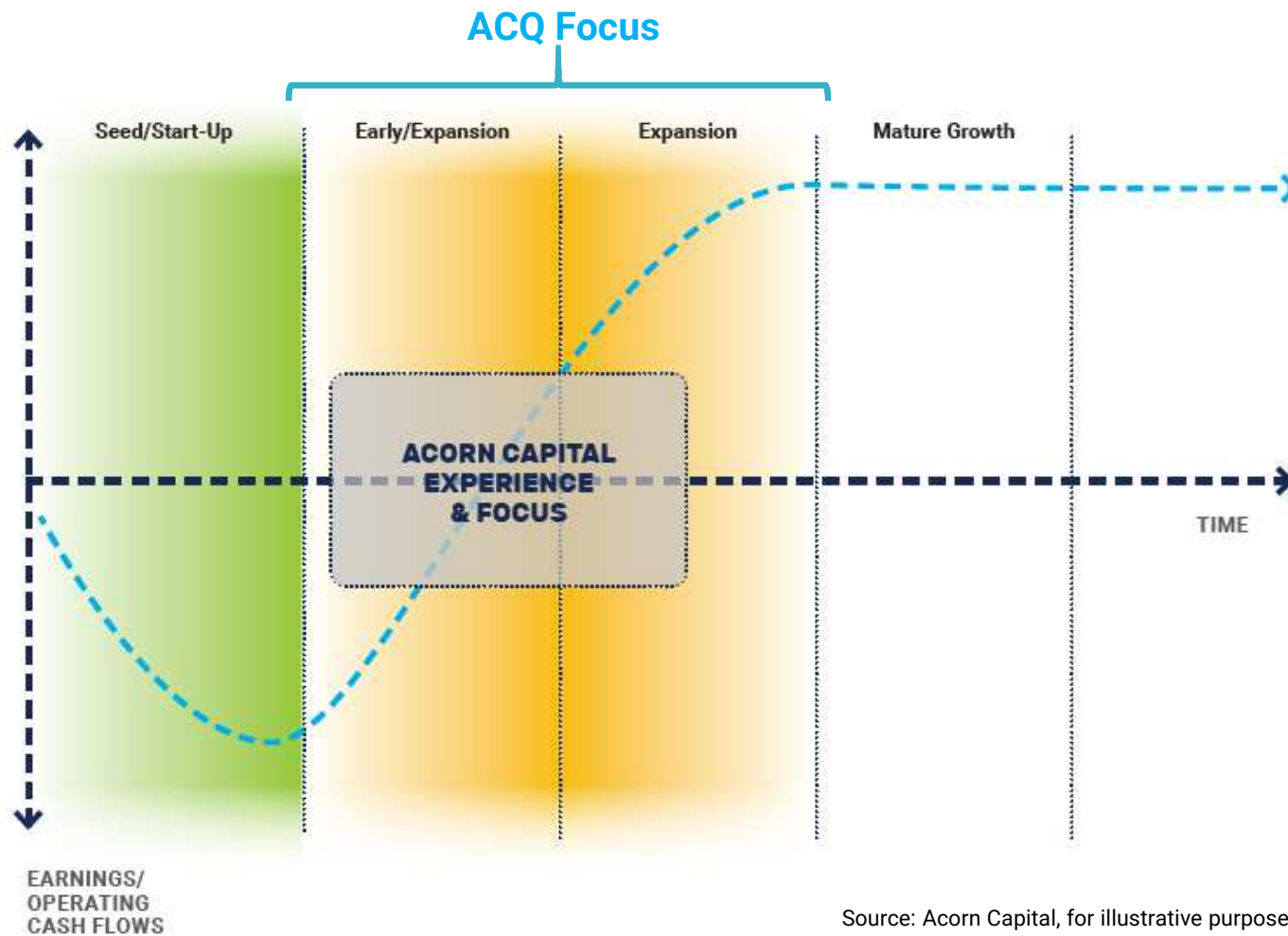
(1) Portfolio performance is unaudited and calculated as the movement in NTA before tax effects, which is post all management fees, performance fees and operating costs. Performance includes dividends paid and payable but has not been grossed up for franking credits received by shareholders. All figures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

ACQ provides long term investors a differentiated and efficient platform to allocate capital to Emerging Companies



(1.) Acorn Capital illustration of Asset Allocations in a Diversified Portfolio

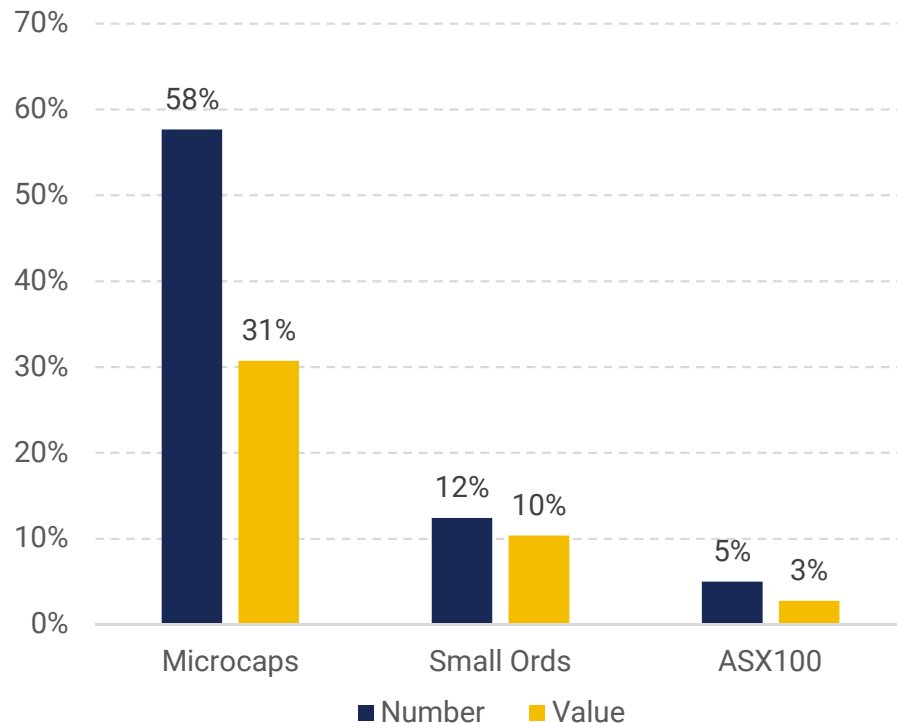
ACQ provides investors with access to innovation and entrepreneurialism in developing companies



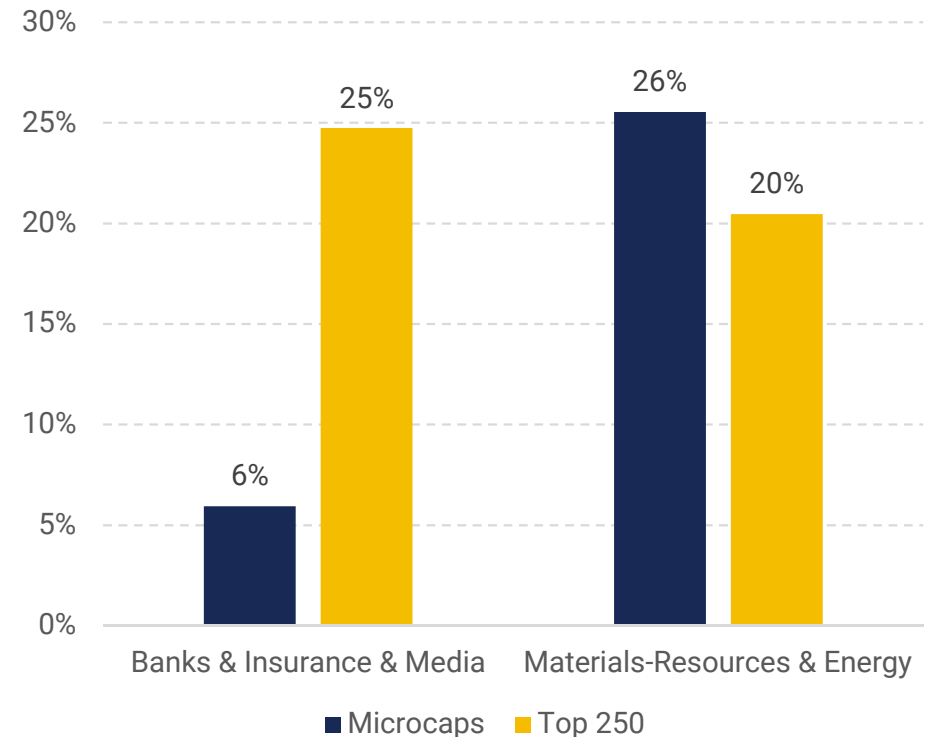
Source: Acorn Capital, for illustrative purposes only

ACQ investment universe is compositionally different to that of larger capitalisation securities

Percentage of Developing Companies



Industry Sector Exposure Comparison ⁽¹⁾

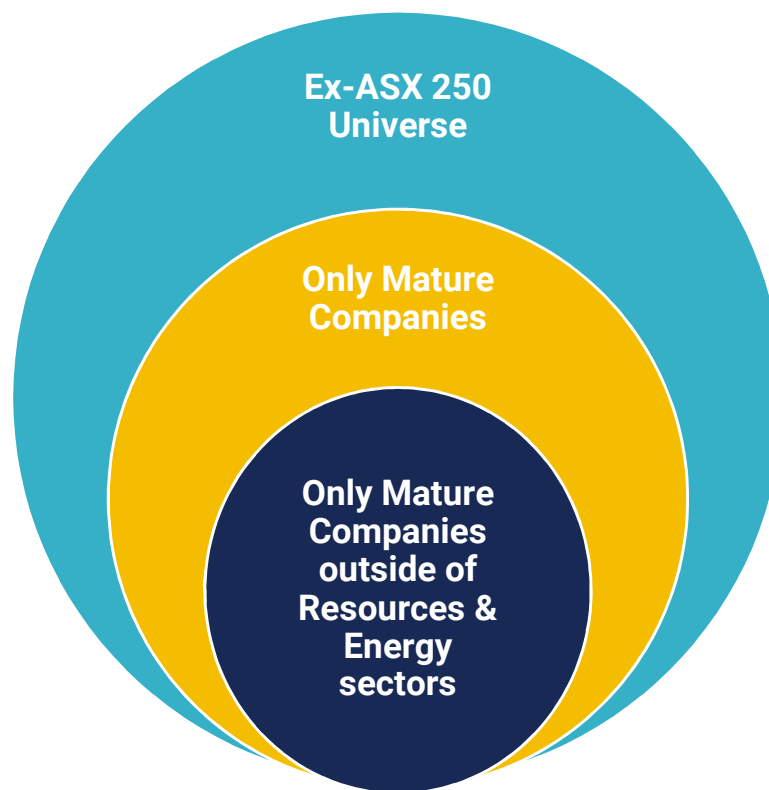


Source: Acorn Capital, as at 30 June 2019

(1) Calculated by number of companies using FactSet subject to data availability, (2) Developing companies are defined as those companies with revenues less than 10% of market capitalisation

Acorn Capital seeks to identify the best available investment opportunities within industries in both public and private markets in either mature or developing companies

- Investing in the Listed Emerging Company or Microcap universe requires a distinct capability in developing ⁽¹⁾ companies and the Resources & Energy sector
- Excluding these opportunities significantly reduces the investible universe



All Microcap Companies (ex LICs)
~1,600 Companies worth \$124B

Excluding Developing Co's
Reduces universe to ~700
companies worth \$85B

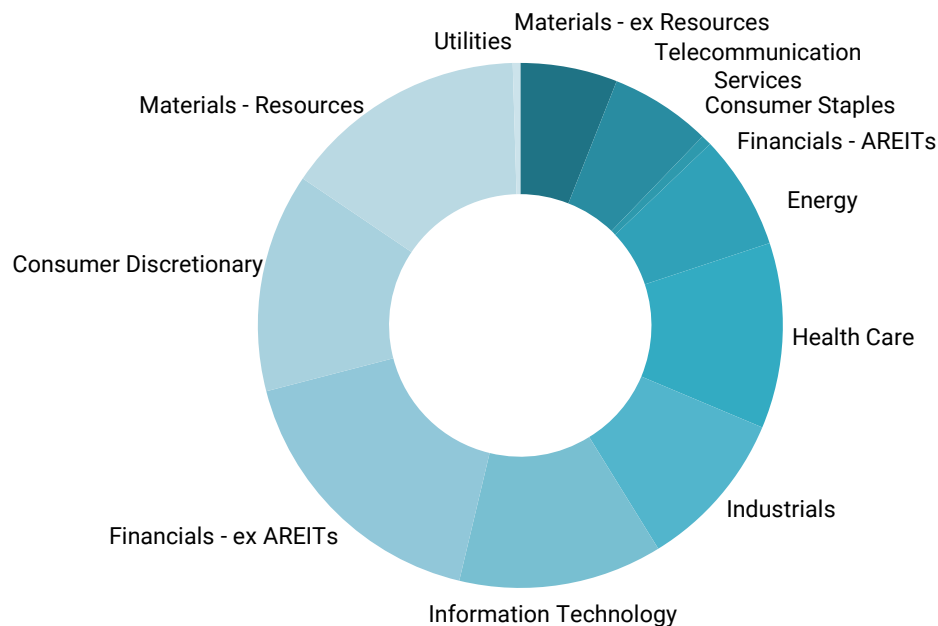
Excluding Resources & Energy
stocks
Further reduces universe to ~590
companies worth \$74B

Source: Acorn Capital, as at 30 June 2019

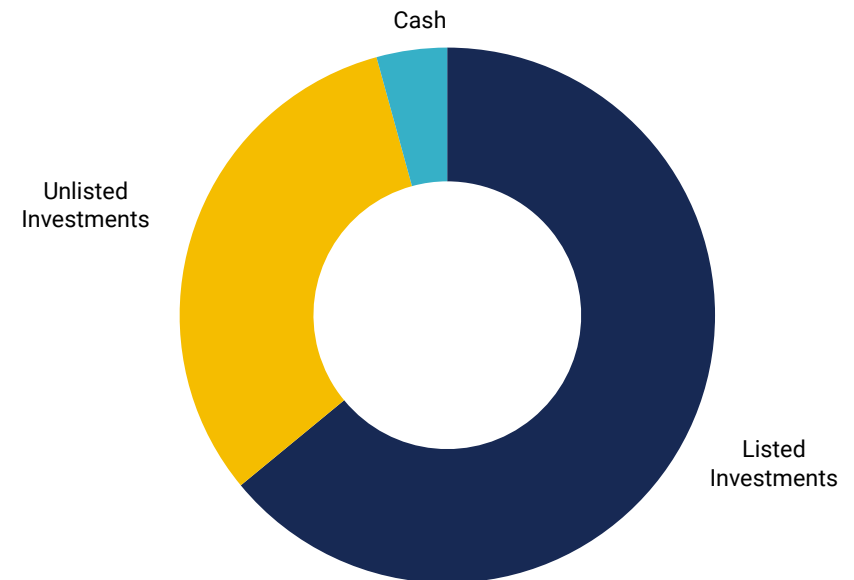
(1) Developing companies are defined as those companies with revenues less than 10% of market capitalisation

ACQ provides investors with a diversified exposure to Australian Emerging Companies

ACQ Sector Diversification

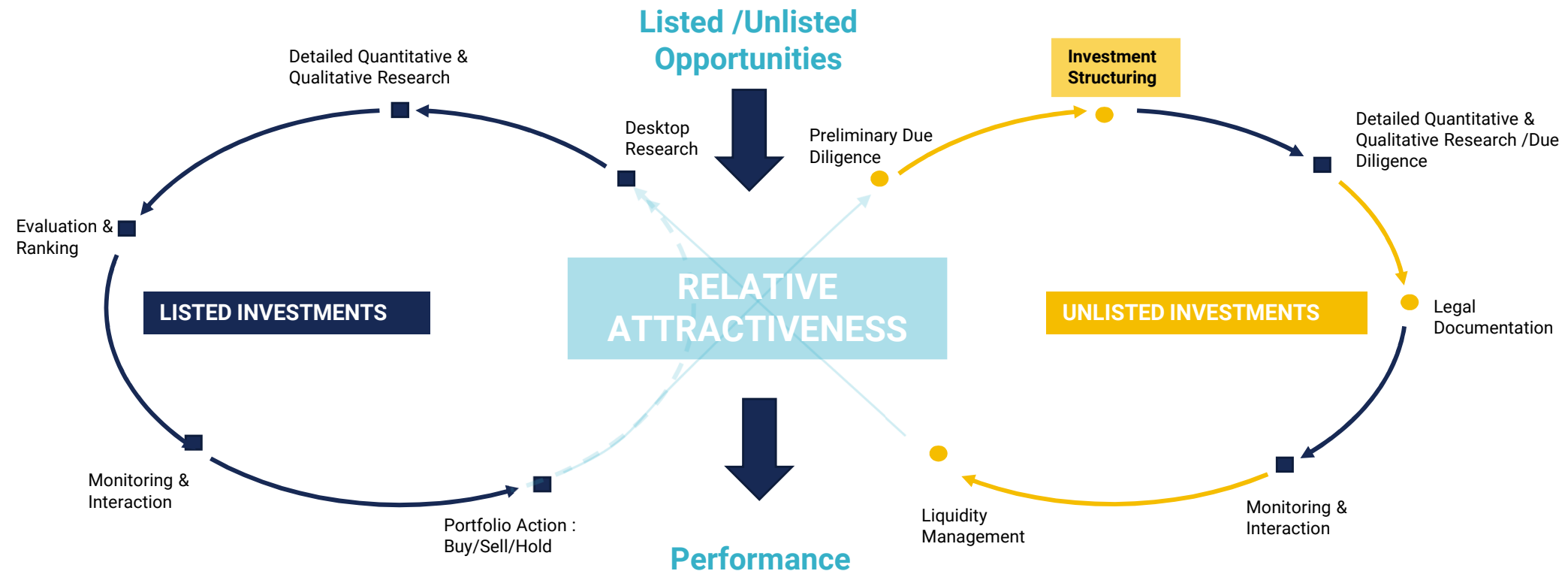


ACQ Portfolio Composition



Source: Acorn Capital, as at 30 June 2019

The underlying investment process is to transition into unlisted assets only where they are relatively more attractive, accordingly no fixed weight in unlisted assets



Source: Acorn Capital, for illustrative purposes only

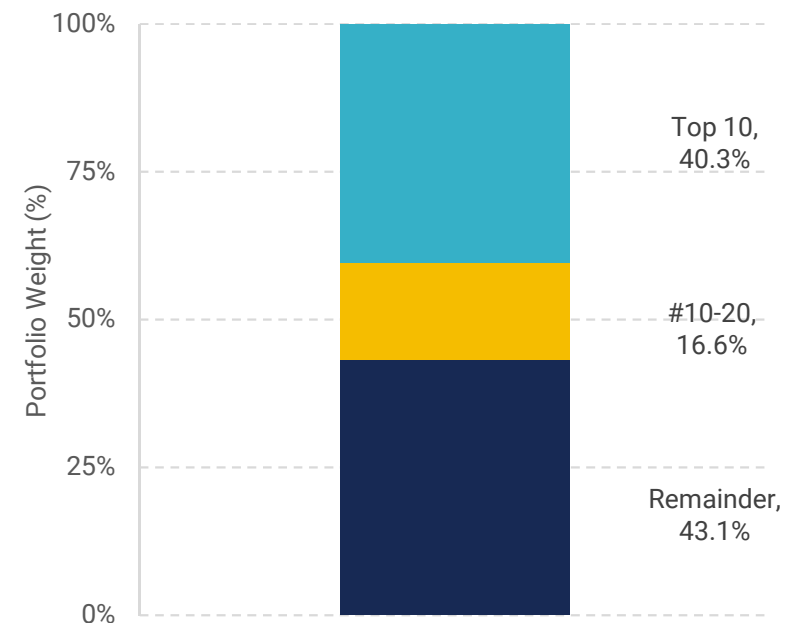
ACQ investment portfolio had 40.3% of FUM in top 10 investments

Top 10 Holdings

		% Gross Portfolio
1.	Telix Pharmaceuticals Limited	9.0%
2.	Moula Money Pty Ltd (UL)	6.2%
3.	Calix Limited	4.9%
4.	Carbon Revolution Pty Ltd (UL)	3.6%
5.	Shine Corporate Ltd	3.4%
6.	Redhill Education Limited	3.1%
7.	Lifestylepanel Holdings (UL)	2.9%
8.	Zip Co Limited	2.6%
9.	Innovative Asset Solutions Group Ltd (UL)	2.4%
10.	Redbubble Limited	2.3%

Top 10 Positions **40.3%**

Distribution of holdings by weight

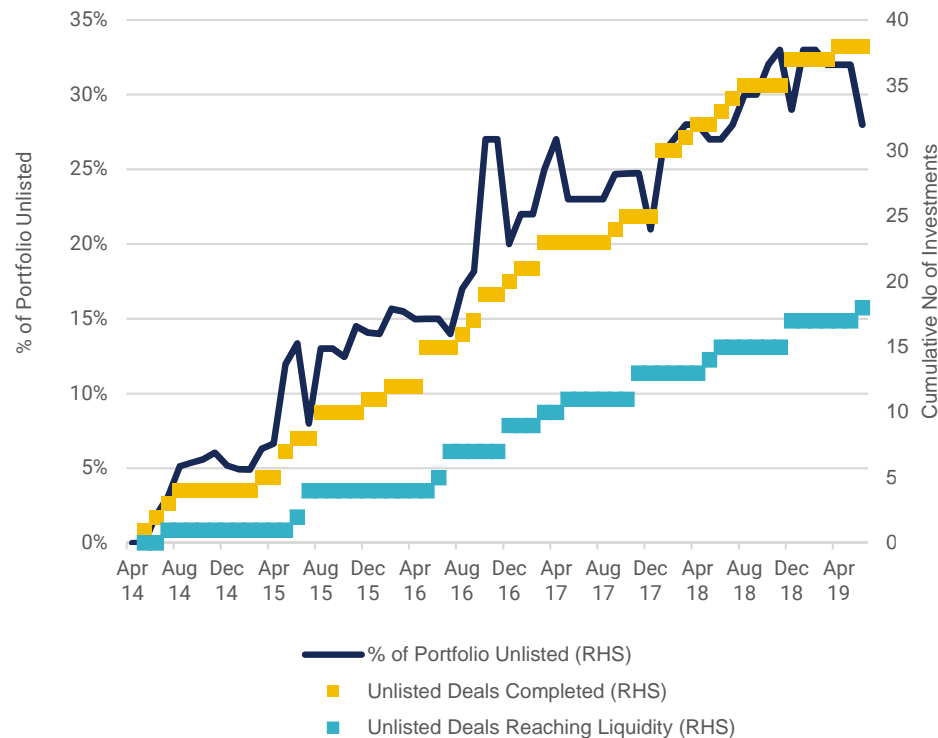


Source: Acorn Capital, as at 30 June 2019

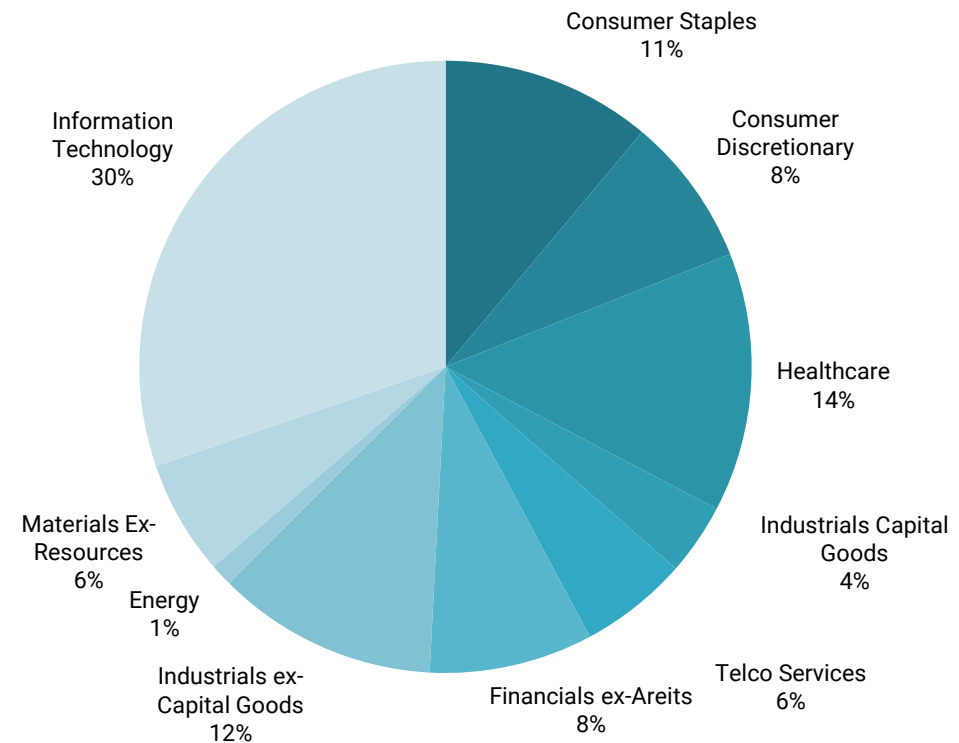
(1) Since ACQ listing on ASX in May 2014

ACQ has invested in 38 unlisted opportunities ⁽¹⁾, 18 of which have reached liquidity events

Unlisted Investment Rate



Sector Composition of Unlisted Investments⁽¹⁾

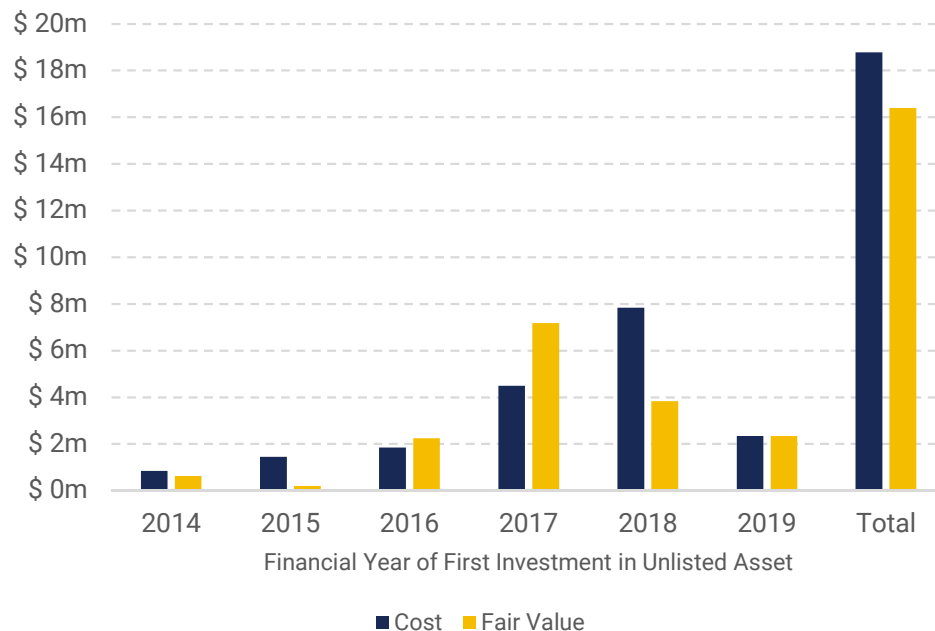


Source: Acorn Capital, as at 30 June 2019

(1) Since ACQ listing on ASX in May 2014

Acorn Capital has developed and tested its unlisted valuation processes over 10 years

For Unlisted Investments held as at 30 June 2019 Comparison of Unlisted Investment Cost v Unaudited Fair Value by Financial Year Vintage of First Purchase⁽¹⁾

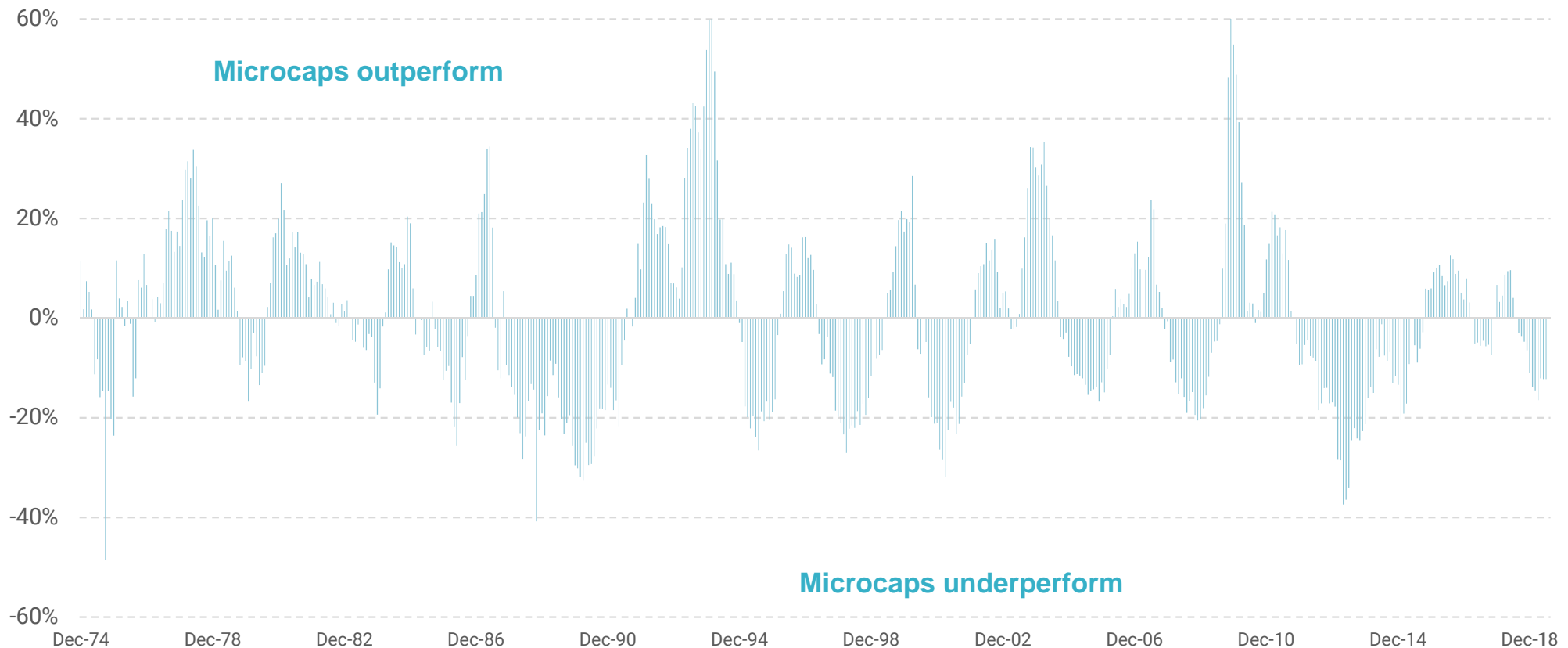


Key Observations with respect to Unlisted Valuations⁽¹⁾

- 81% of the total unaudited fair value relates to unlisted investments that were made since 30 June 2016
- As at 30 June 2019 ACQ has a total of \$18.8m invested in 20 unlisted opportunities currently valued at \$16.4m representing approximately 28% of ACQ gross assets ⁽¹⁾
- Of the 18 unlisted investments that have reached a liquidity event the weighted average uplift is 40% (average 50%) as compared to the unlisted portfolio valuation immediately preceding the liquidity revaluation event

(1) All data unaudited and based on Acorn Capital estimates

The Microcap Sector has underperformed relative to the All Ordinaries by 12.3% in the 12 months to 30 June 2019



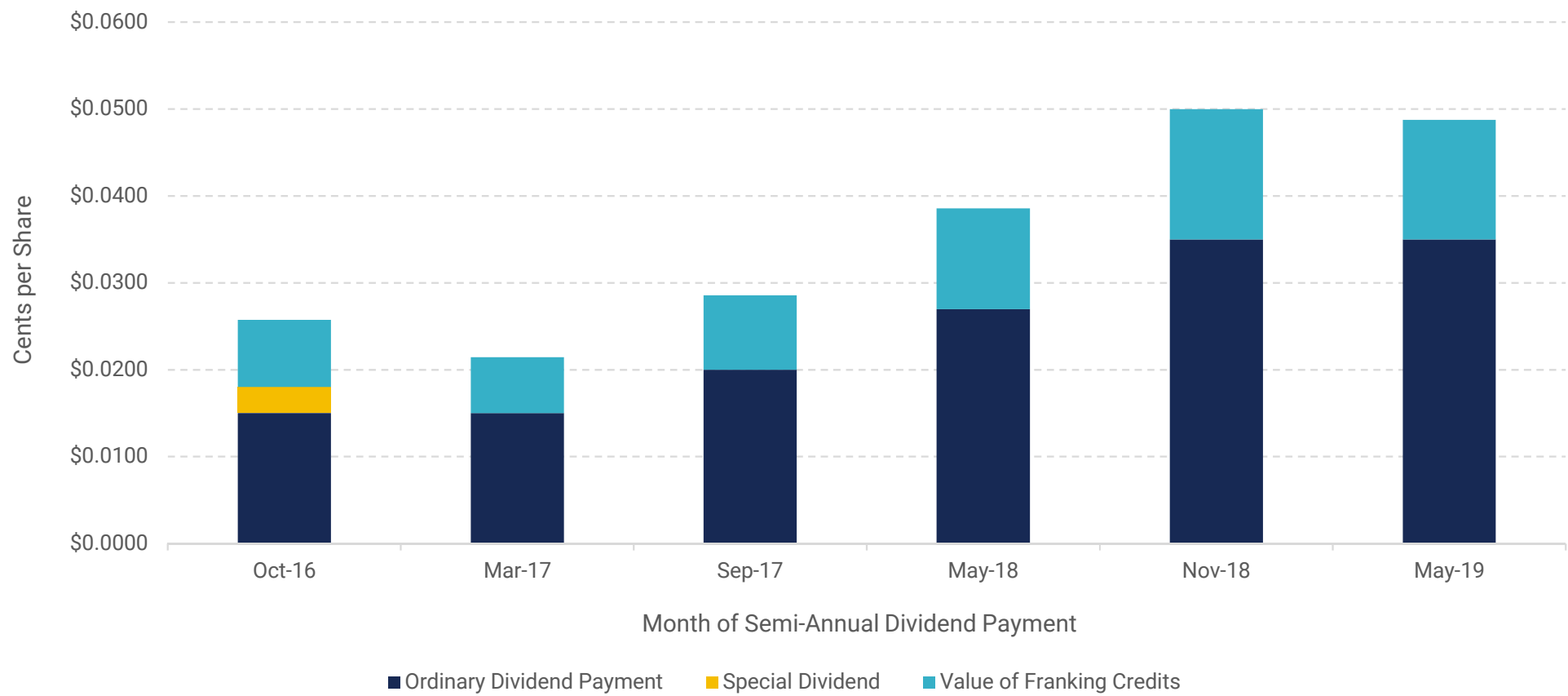
Source: Acorn Capital, as at 30 June 2019 Microcap performance based on Acorn Capital/SIRCA ('Securities Industry Research Centre of Asia-Pacific') Microcap Accumulation Benchmark

ACQ generated a reported portfolio return of +1.39%⁽¹⁾ for the 3 months to 30 June 2019

Portfolio Return for Periods to 30 June 2019	3 months	6 months	1 year	2 years p.a.	3 years p.a.	Since inception p.a. ³
ACQ ¹	+1.39%	+9.12%	-2.33%	+12.95%	+10.70%	+8.26% ⁽⁴⁾
Acorn Capital / SIRCA Microcap Acc. Index ⁵	+4.14%	+12.13%	-1.23%	+7.87%	+7.77%	6.02%
S&P/ASX Small Ords Acc. Index ²	+3.75%	+16.81%	+1.92%	+12.53%	+10.66%	+8.73%
S&P/ASX Emerging Companies Acc. Index ²	+6.07%	+19.12%	-2.89%	+9.39%	+5.16%	+7.69%
S&P/All Ords Accumulation Index ²	+7.83%	+19.78%	+11.04%	+12.38%	+12.62%	+8.54%

- (1) 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 include unlisted valuations are performed by Acorn Capital in accordance with ACQ Board approved policies
- (2) Source: Factset
- (3) Inception is 1 May 2014
- (4) Acorn Capital estimates that the unaudited pre- management & performance fee portfolio return post operating costs is 10.8% p.a. from Inception using last trade price for the valuation of listed securities.
- (5) Acorn Capital / SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA ('Securities Industry Research Centre of Asia-Pacific')

Dividends have been growing as the underlying investment portfolio has matured



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



Further Information
www.ACQfund.com.au

