

16 April 2020
ASX Announcement

Key Points

- **Assets Under Management up 21% over the quarter to \$91m**
- **Cash flow from operating activities \$186,000 for the quarter**
- **Cash on hand at the end of the quarter in excess of \$475,000**
- **Balance sheet strengthened by a \$1m capital raise post quarter end**

March 2020 Quarter in Review – Appendix 4C

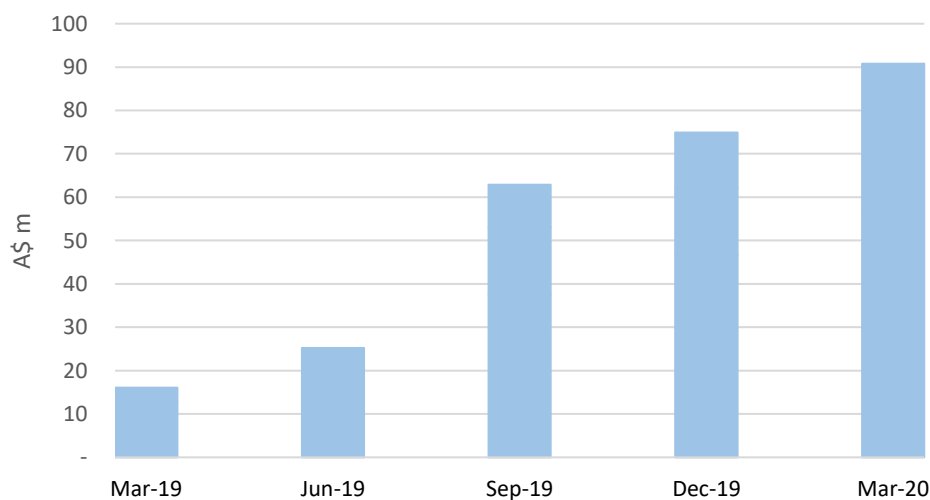
Auctus Alternative Investments Limited ('AVC', 'Auctus' or 'the Company') is pleased to provide the following update in relation to activities for the March quarter of 2020.

Auctus Asset Management Pty Ltd (Auctus AM)

Auctus Asset Management ('Auctus AM') increased Assets Under Management (AUM) from \$75m at the end of December to \$91m at the end of March, a 21% improvement. Investors have shown continued demand for our two open Funds during the first weeks of April. Auctus believe that current market conditions are likely to lead to further allocations to private market investments.

Auctus AM generated over \$660,000 in cash receipts for the period. This is an improvement on that recorded in the December quarter.

Assets Under Management (A\$ m)



Cash Flow from Operations and Cash Position

A combination of continued strong cash generation from Auctus AM and tight control of administration and corporate costs led to a positive cash flow of \$186,000 for the March quarter.

The Company ended the quarter with approximately \$477k in cash.

As announced on the 6th April 2020, the Company has received firm commitments to raise \$1m, through the issue of 5 million new fully paid ordinary shares, from a group of existing major shareholders as well as new strategic investors. These shares will be issued shortly.

The additional capital allows the Company to focus on the continued growth of AUM as well as realising balance sheet investment holdings. The capital injection will provide balance sheet strength, financial flexibility and working capital to build AUM to profitability.

All related party payments noted in Section 6 of the accompanying Appendix 4C during the quarter relate to settlement of directors' fees and salaries, including payment of invoices and amounts due from prior periods.

Fund Investments

Energy Storage Fund

The Energy Storage Fund (ESF) was established to provide investors with access to esVolta, LP – a leading battery storage company focused on the development and acquisition of large-scale projects for utility customers in North America.

During the quarter, esVolta managed to increase the contracted portfolio further and are currently shortlisted on several new projects across the United States which, if successful, will more than double the portfolio size over the coming months.

In February 2020, esVolta announced it had secured a US\$140m credit facility, another major milestone for the business. The facility is one of the first of its kind globally and positions esVolta for continued growth, particularly in the current environment.

The new credit facility will be used to help fund construction and operations of eight of esVolta's energy storage projects. The projects are designed to deliver reliable electricity and other ancillary services to the California electric grid. Once complete these projects generally have a component of their revenue from long-term off take contracts with major utilities.

Scout Ventures Fund III

Launched in October 2019, Scout Ventures Fund III provides investors with unique access to an already established portfolio of companies across the United States. The Fund will raise between US\$10 – 15m from wholesale and sophisticated investors.

Overall, the Fund III companies are well positioned to ride out the current market conditions. Most of the portfolio companies have either raised significant capital or secured revenue contracts in the last 6 months. In a lot of cases, the contracts are directly with the US government due to the strategic nature of the Fund III companies and Scout's long-term investment strategy.

Unite Us Fund

The Unite Us Fund has continued its strong performance post investment. Unite Us is a US based technology platform that enables real-time coordination between healthcare and community services, specifically and comprehensively tracking the Social Determinants of Health.

Given the prevailing conditions in the US, Unite Us has accelerated its roll out through corporate partners such as Kaiser Permanente and CVS, as well as additional State Government wins.

Unite Us have been working closely with State Governments, health plans and health system leaders on the basis that there is a growing recognition of a "second crisis" — the unprecedented stress occurring in the human and social service system in the US. Unite Us is well positioned in the current environment.

Auctus Investment Holdings

Balance Sheet Investments

Gophr Limited ('Gophr'), our minority owned same-day delivery business based in the UK, is operating ahead of this time last year. Courier volumes in London have improved over recent weeks, despite most city-based offices being shut.

Gophr has seen an uplift in most business verticals. This has been led by Pharmacy and home deliveries of food and FMCG. We expect the new contracts and relationships being forged under the current testing conditions will be of long-term benefit to Gophr's business.

Auctus is also continuing the process, which we began at the calendar end of 2019, to sell down some smaller balance sheet holdings. We would expect this to add at least a further A\$100,000 to our cash balance over the June quarter.

Positioning for continued growth

As noted in the release to the ASX on 30 March, we have continued to grow our team consistent with the Board's strategic aspirations. During the quarter we added additional capital raising capabilities with the appointment of a senior executive with over 25 years' experience.

The Company advises that it has today entered into an Executive Services Agreement (**ESA**) with Mr Michael Hynes (**Executive**) in relation to his employment as an Executive Director of the Company. The commencement date of the ESA is 1 January 2020 with the annual remuneration being \$280,000 per annum (plus superannuation) and the Executive being eligible to participate in both short term incentives and long-term incentives. The Company or the Executive can terminate the agreement by providing 6 months' notice in writing or with immediate affect following any breach of the ESA.

The above have both been factored into cash flows for the March quarter.

On behalf of the board:

Campbell McComb

For all shareholder enquiries please contact:

enquiries@auctusinvest.com

AUCTUS ALTERNATIVE INVESTMENTS LIMITED (ASX:AVC)

Appendix 4C**Quarterly cash flow report for entities
subject to Listing Rule 4.7B**

Name of entity

AUCTUS ALTERNATIVE INVESTMENTS LIMITED (ASX: AVC)

ABN

76 149 278 759

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	662	1,614
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(30)	(285)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(346)	(1,181)
(f) administration and corporate costs	(100)	(965)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	186	(817)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	(539)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(539)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,335
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(29)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	1,306

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	293	519
4.2	Net cash from / (used in) operating activities (item 1.9 above)	186	(817)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(539)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,306
4.5	Effect of movement in exchange rates on cash held	(2)	8
4.6	Cash and cash equivalents at end of period	477	477

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	477	293
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	477	293

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
194
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

186

8.2 Cash and cash equivalents at quarter end (Item 4.6)

477

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

477

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

2.6

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 16 April 2020

Authorised by: The Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.