

ACORN CAPITAL INVESTMENT FUND LTD

JUNE QUARTER 2020

ASX: ACQ



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Key facts at a glance as at 30 June 2020

Pre-tax NTA	\$1.1757	Gross portfolio return since inception ⁽¹⁾	+10.3%p.a.
Post-tax NTA	\$1.1430	S&P/Small Ordinaries Accumulation Index since inception ⁽²⁾	+6.3%p.a.
ACQ share price	\$0.90	S&P/Emerging Companies Accumulation Index since inception ⁽²⁾	+6.1%p.a.
2019 Final Dividend + Interim 2020 Interim Dividend	7.25c	Number of Investments	73
Implied cash dividend yield (based on share price)	8.06% ⁽³⁾	Number of Unlisted Investments Current in Portfolio	21
% Franked ⁽⁴⁾	100%	% of Portfolio Unlisted	36%
Shares Outstanding	53.6m		

(1) Acorn Capital estimates as at 30 June 2020, reported portfolio return since inception is +7.3% p.a. Refer page 19 for more information.

(2) Inception is 1 May 2014

(3) Based on the ACQ share price as at 31 March 2020

(4) Dividends paid are estimated to be franked at a rate of 27.5% (subject to availability of franking credits)

Recent Highlights

- ACQ portfolio returned +29.1% net performance for the June 2020 quarter
- Strongest part of portfolio was the resources sector with a +60.3% return
- On 25 May 2020 ACQ paid its interim 2020 fully franked dividend of \$0.0375 per share
- Portfolio return of +2.3%⁽¹⁾ for the 2020 financial year, +8.0% above the S&P/Small Ordinaries Accumulation Index
- On 24 July 2020, Aroa Biosurgery (www.aroabio.com) successfully listed on the ASX at a significant premium to its IPO price
- ACQ's strategy has seen the investment portfolio outperform its Benchmark (Small Ords Accumulation index) over 1, 2, 3, 5 years and since inception⁽²⁾⁽³⁾

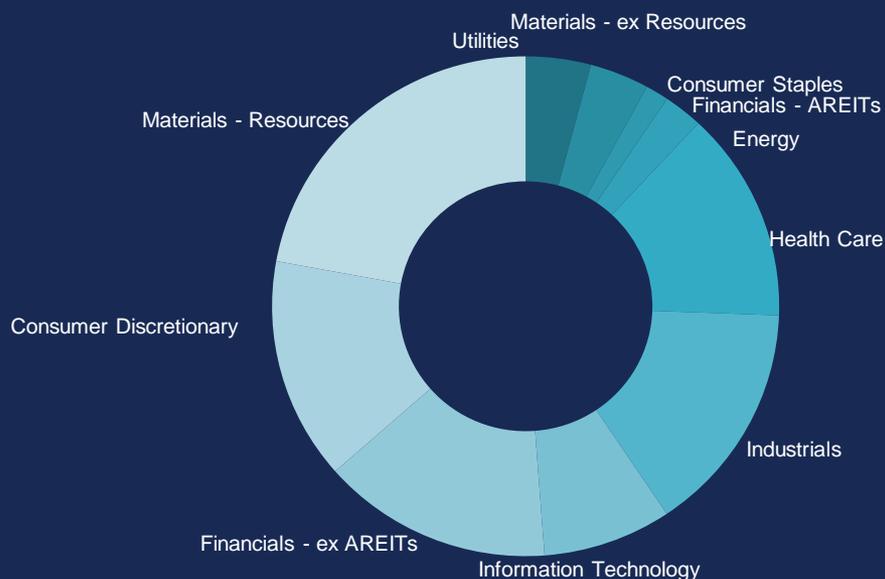
(1) Portfolio performance is unaudited and calculated as the movement in NTA before tax effects, which is post all management fees, performance fees and operating costs. Performance includes dividends paid and payable but has not been grossed up for franking credits received by shareholders. All figures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

(2) 1 May 2014

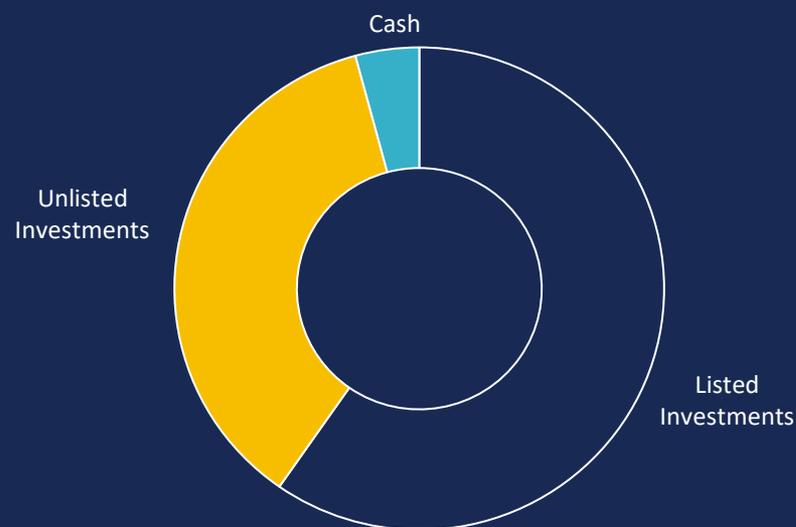
(3) Refer detailed performance information in this presentation

ACQ provides investors access to the full universe of investment opportunities in the Emerging Company sector

ACQ Sector Diversification

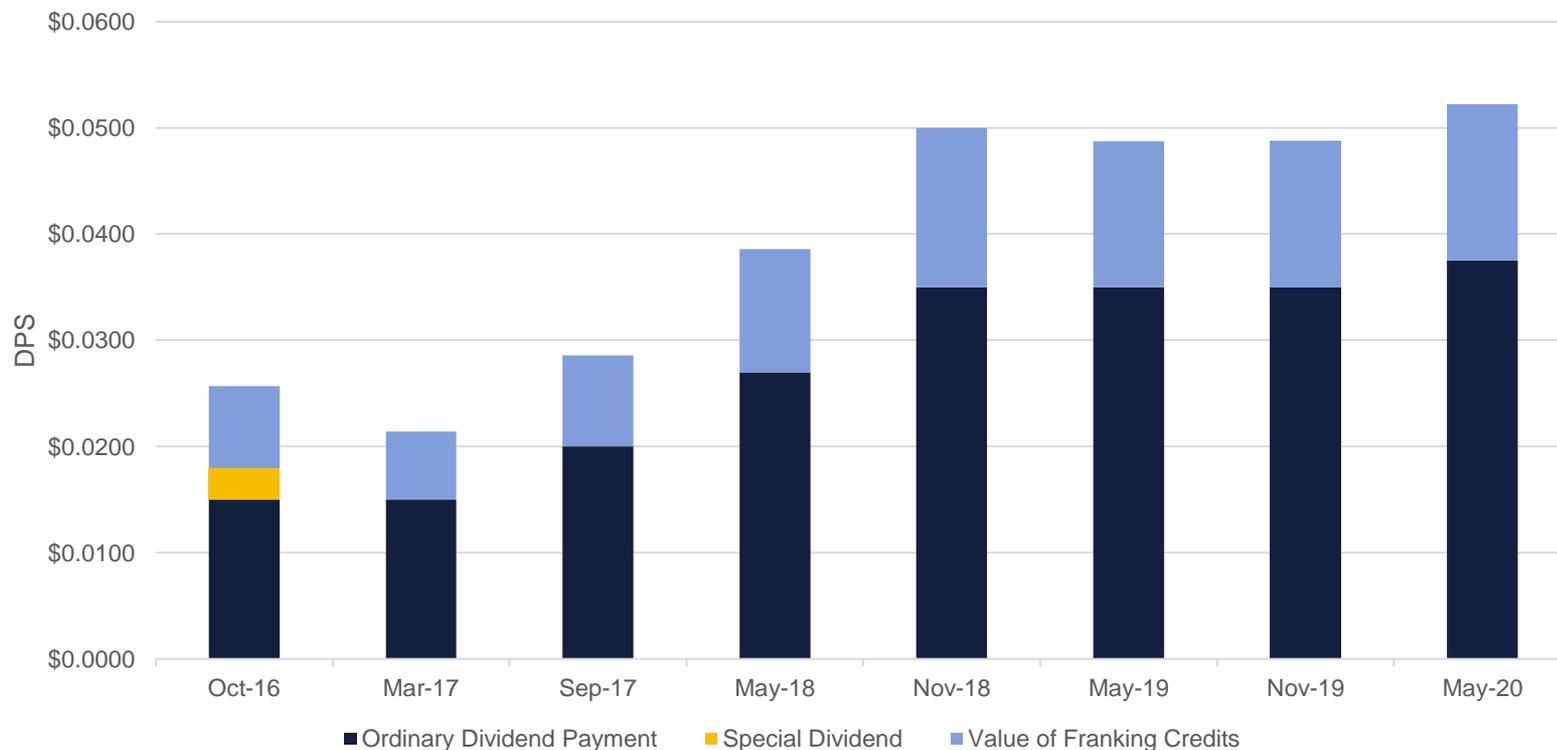


ACQ Portfolio Composition



Source: Acorn Capital, as at 30 June 2020

ACQ has declared and paid 22.25 cents per share in fully franked dividends since inception¹



(1)ASX listing date 1 May 2014

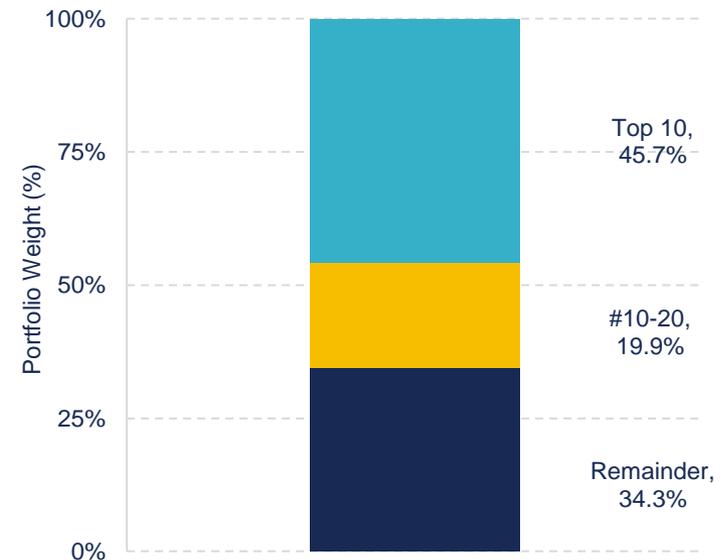
ACQ investment portfolio had 45.7% of FUM in top 10 investments

Top 10 Holdings

1. Moula Money Pty Ltd (UL)	8.7%
2. Telix Pharmaceuticals Limited	6.9%
3. Aroa Biosurgery Ltd (UL)	5.0%
4. CleanSpace Holdings (UL)	4.4%
5. Redbubble Limited	4.2%
6. Calix Limited	4.0%
7. Shine Justice Ltd	3.7%
8. Innovative Asset Solutions Group (UL)	3.1%
9. Flare HR Pty Ltd (UL)	2.9%
10. Thinextra (UL)	2.8%
Top 10 Positions	45.7%

% Gross Portfolio

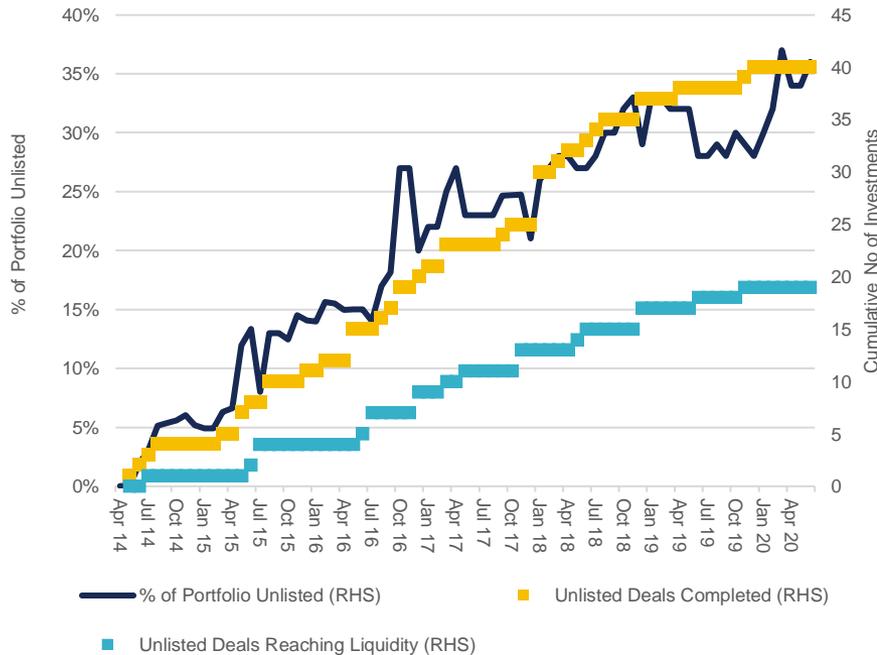
Distribution of holdings by weight



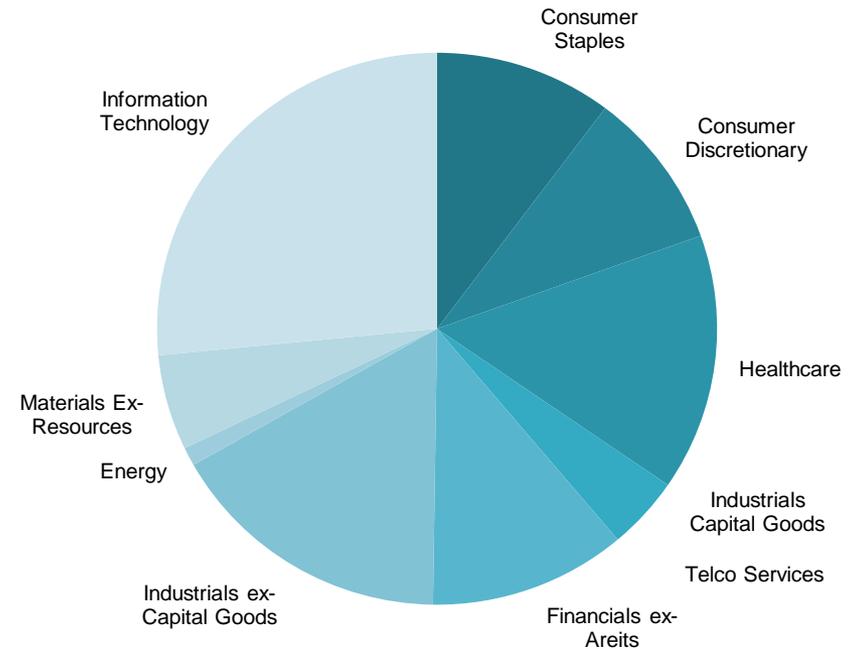
Source: Acorn Capital, as at 30 June 2020
(1) Since ACQ listing on ASX in May 2014

ACQ has completed 40 unlisted investments⁽¹⁾ 19 of these have achieved liquidity events

Unlisted Investment Rate



Sector Composition of Unlisted Investments⁽¹⁾

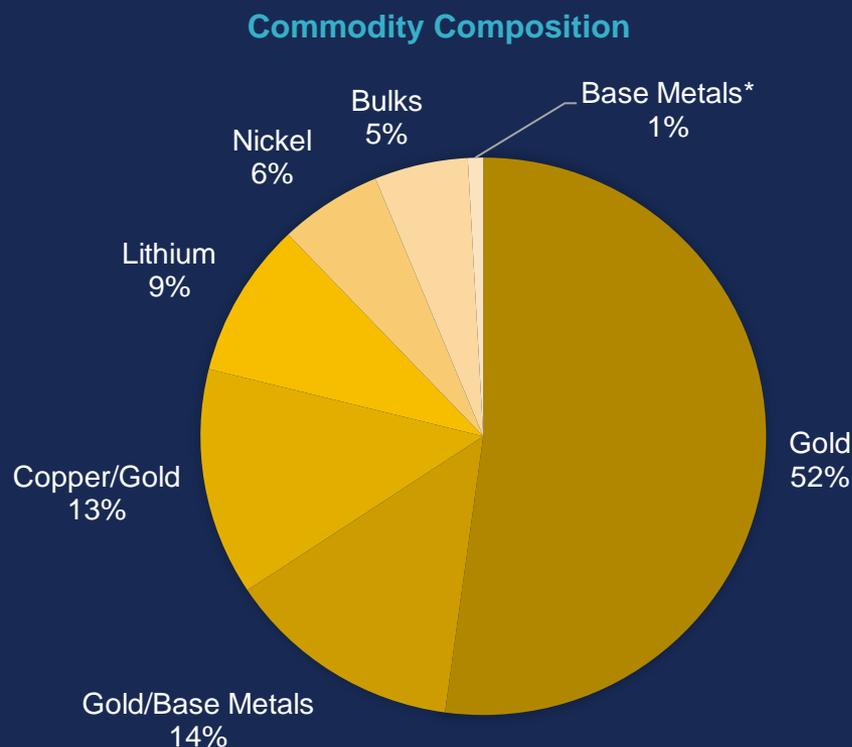


Source: Acorn Capital, as at 30 June 2020

(1) Since ACQ listing on ASX in May 2014

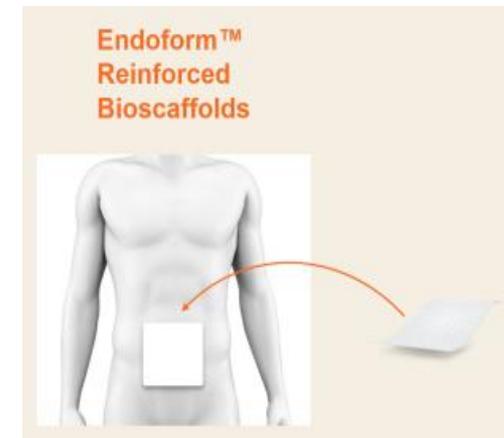
20.3% of the ACQ portfolio is in resources, of which 65% is in gold and copper/gold

- Resources portfolio returned +60.3% for the June 2020 quarter
- Significant contribution from gold investments
- Increased sector primary market activity

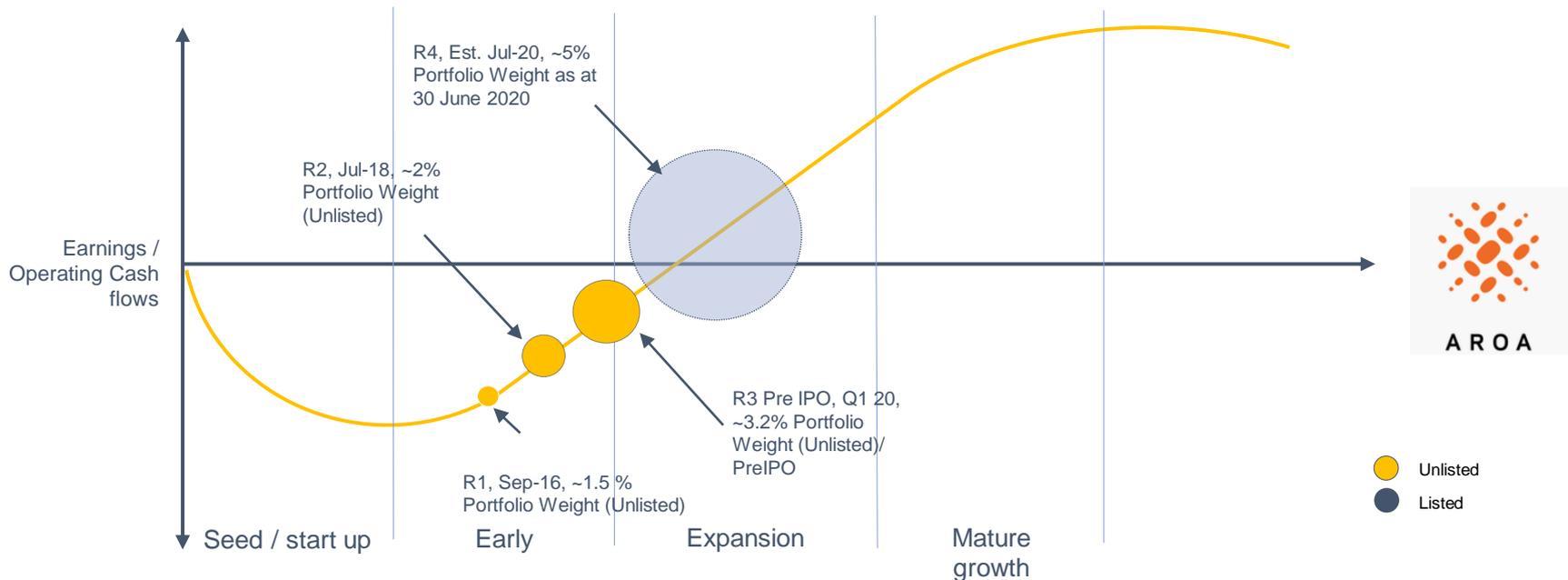


Aroa develops and manufactures high quality, simple to use, regenerative tissue substitutes for soft tissue repair via its proprietary Endoform platform

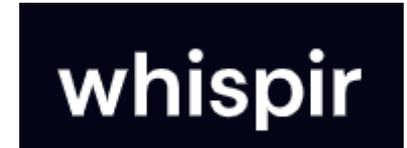
- Proprietary ovine rumen (sheep guts) based biologic medical devices (biological mesh)
- Platform technology – supports manufacture of a range of biologic devices across multiple indications
- Direct sales teams in Woundcare and Plastics
- Reinforced Bioscaffolds commercial launch for the Ventral hernia and Breast Reconstruction via its partnership with TelaBio (Nasdaq listed).
- Significant investment in research to develop Reinforced Bioscaffolds as a new device class - meaningful health and economic advantages
- Strong product pipeline for multi year growth support
- IPO occurred on ASX on 24 July 2020



- Aroa discovered via competitor analysis of an existing listed investment.
- Initial investment in Sep 2016 via preference shares at A\$66m valuation. Acorn Capital was the only Australian financial investor prior to 1Q 2020 pre-IPO round – *Acorn Capital offers full service private markets capability not just pre-IPO*
- Aroa represented a high growth medtech opportunity at a sensible valuation. It was commercialising multiple approved medical devices and demonstrating its platform technology’s scalability
- At 30 June 2020 Aroa was re-valued to the fully underwritten pre-IPO price of \$0.75 per share



The Whispir multi-channel communications platform for enterprise applications



- Acorn invested in June 2018 as an unlisted investment, attracted to its growing workflow communications platform
- 17 March 2020: Telstra launched Business Continuity plans with Whispir 1 of 5 solution partners
- 2019 revenue growth driven by expanded use at existing customers
- 1H FY20 accelerated with 121 additional new customers vs. 23 for whole of 2019.
- Now with 630 customers, ARR growth acceleration in FY21 driven by new and existing customers from \$42.2m base

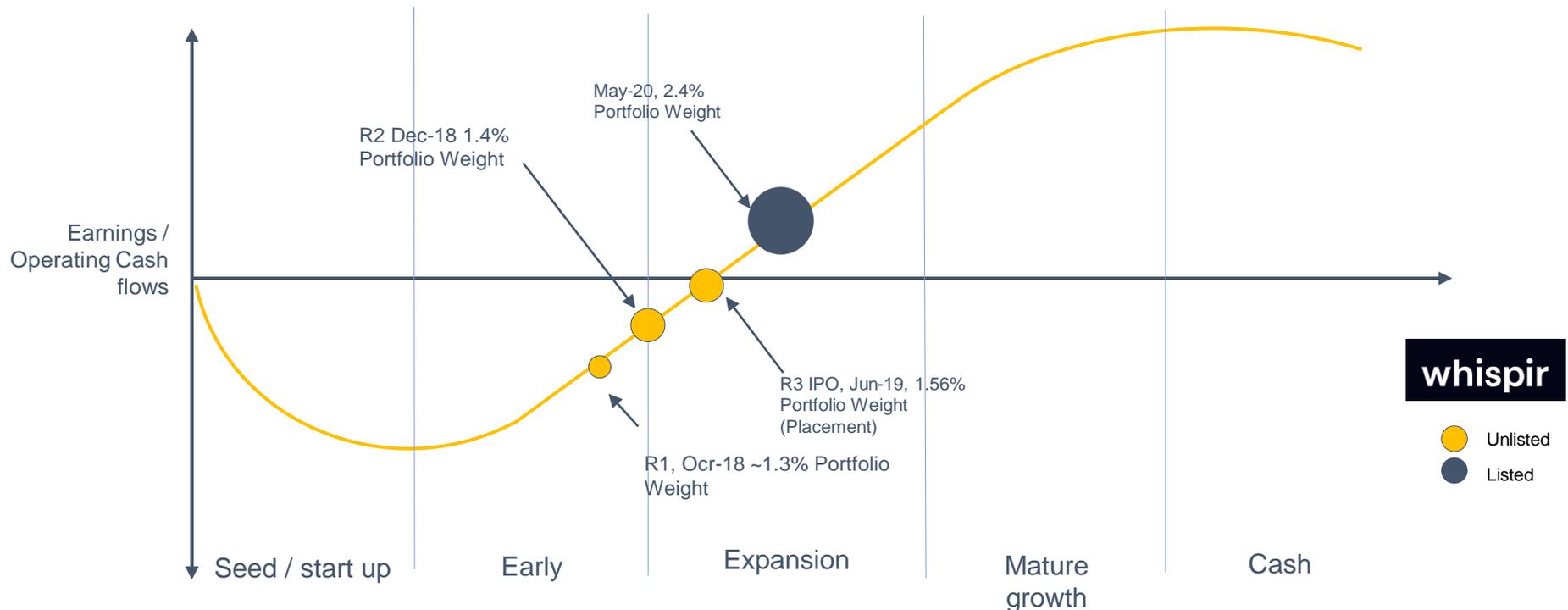
Whispir WCaaS platform



Whispir customer growth



- ACQ first invested in Whispir in June 2018 as part of a Convertible Note to provide growth capital for enhanced sales team and international expansion to Asia and USA.
- ACQ provided further pre-IPO funding in Dec-18 prior to a Jun-19 IPO where Acorn rebalance.
- Covid pandemic has accelerated growth and share price has responded well with Acorn benefiting and weighting increase to 2.4% in May.



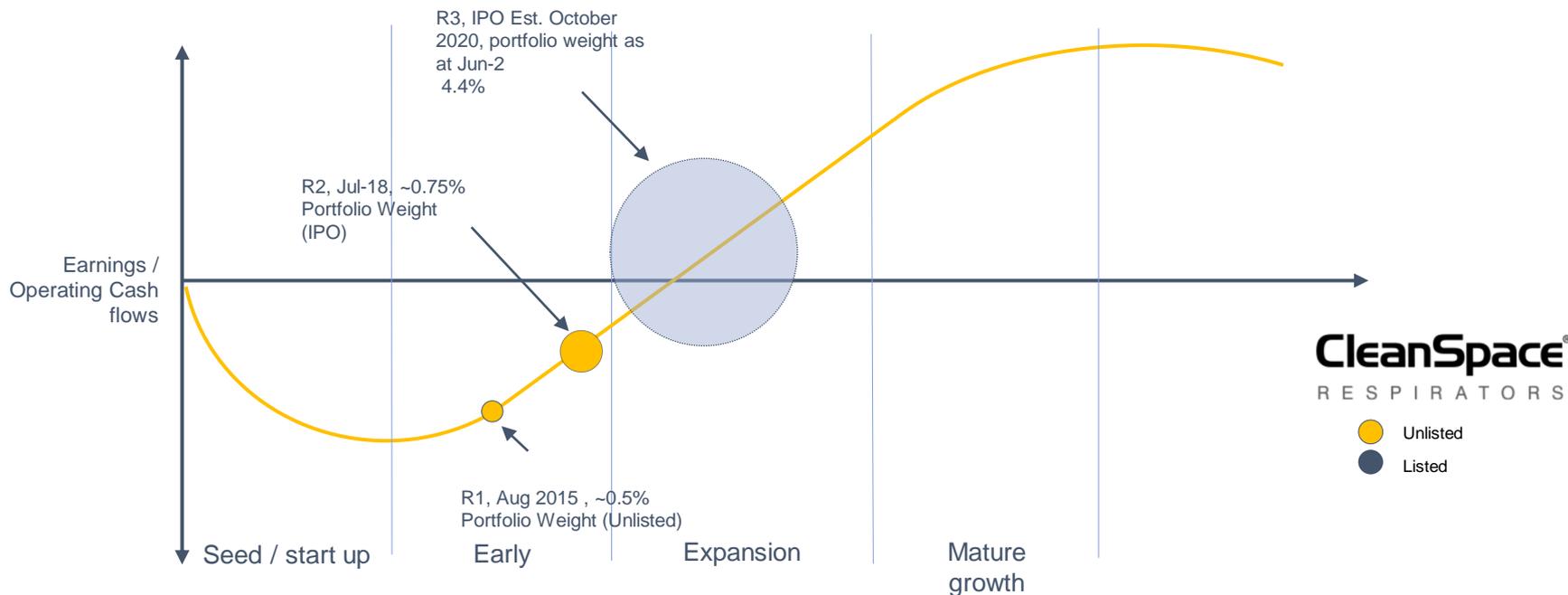
Re-thinking product design approach as well as applications across the medical, mining and consumer goods industries

- CleanSpace has been an approved product since 2011 in A/NZ & Europe
- Patented breath responsive positive pressure system technology
- Frontline solution for respiratory protection of healthcare workers – explosive growth in the COVID-19 environment
- Strong customer engagement across Australian, Asian, European and US hospitals
- Upfront powered air respirator sales with recurring consumable products growing with installed base

CleanSpace[®]
+ HEALTHCARE

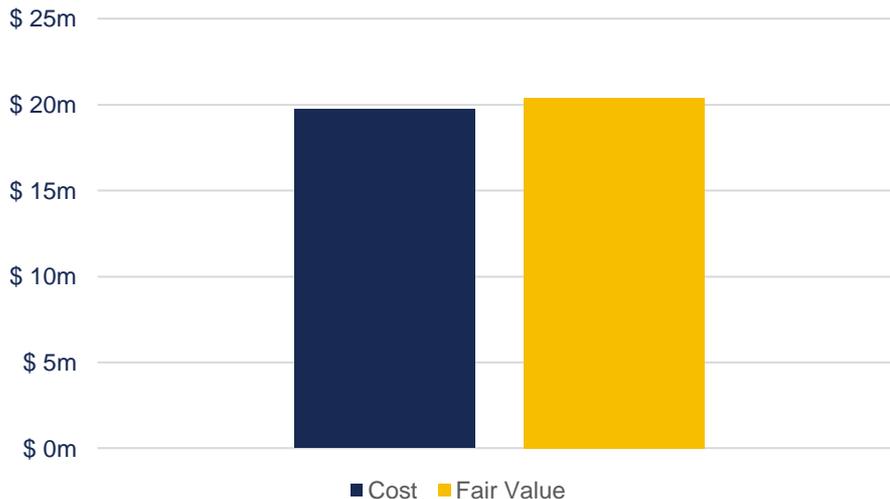


- We came across CleanSpace in 2015 via industry relationships, when we invested at a valuation of \$15.5m via a preferred return structured equity instrument
- The CleanSpace respirator is compelling from user efficacy and cost perspectives. We understand that CleanSpace is working towards a December Quarter IPO



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

Unlisted Investments still held as at 30 June 2020 Comparison of Unlisted Investment Cost v Unaudited Fair Value ⁽¹⁾

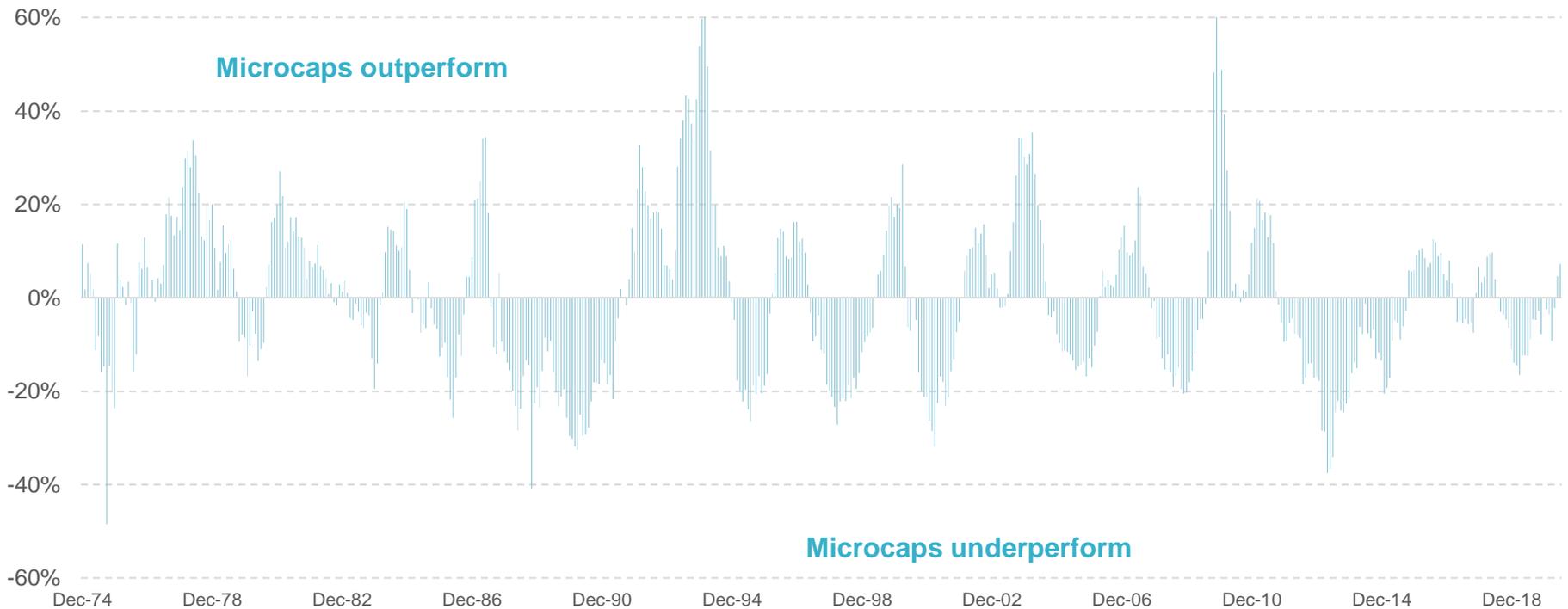


Key Observations with respect to Unlisted Valuations⁽¹⁾

- At 30 June 2020 ACQ has a total of \$20.4m invested in 21 unlisted opportunities currently valued at \$19.8m representing approximately 36% of ACQ's gross assets ⁽¹⁾
- Valuations of unlisted assets reviewed monthly in accordance with ACQ Board approved valuation policies
- Of the 19 unlisted investments that have reached a liquidity event the weighted average uplift is 46% (average 49%), 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 outperformed relative to the All Ordinaries by 7.2% in the 12 months to 30 June 2020



Source: Acorn Capital, as at 30 June 2020 Microcap performance based on Acorn Capital/SIRCA ('Securities Industry Research Centre of Asia-Pacific') Microcap Accumulation Benchmark

ACQ generated a reported portfolio return of +29.1%¹ for the 3 months to 30 June 2020

Portfolio Return for Periods to 30 June 2020	3 months	6 months	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception p.a. ⁴
ACQ (Post Fees & Op Costs) ¹	+29.1%	-11.1%	+2.3%	-0.0%	+9.3%	+10.7%	+7.3%
ACQ (Before Fees & Op costs) ²	+30.4%	-9.6%	+7.5%	+3.7%	+13.5%	+13.8%	+10.3%
Acorn Capital / SIRCA Microcap Acc. Index ³	+37.3%	-9.6%	-0.0%	-0.7%	+5.1%	+6.4%	+5.0%
S&P/ASX Small Ords Acc. Index ⁵	+23.9%	-9.2%	-5.7%	-1.9%	+6.1%	+7.9%	+6.3%
S&P/ASX Emerging Companies Acc. Index ⁵	+44.9%	-10.8%	-1.9%	-2.4%	+5.5%	+8.2%	+6.1%
S&P/All Ords Accumulation Index ²	+17.8%	-10.4%	-7.2%	+1.5%	+5.4%	+6.2%	+5.8%

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- (2) Calculated by Acorn Capital, based before all fees and costs and using last trade price for portfolio.
- (3) Acorn Capital / SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA ('Securities Industry Research Centre of Asia-Pacific')
- (4) Inception is 1 May 2014
- (5) Source: Factset

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



ACQ Background Information



Why is ACQ a listed investment company?

- The investment strategy deployed by ACQ has a longer term investment horizon (7 years) providing investors access to a portfolio of emerging companies
- The portfolio of emerging companies includes securities that are relatively illiquid (as compared to larger capitalised companies)
- It is the relative illiquidity in the portfolio, particularly the unlisted portion that necessitates an investment company structure. Portfolio illiquidity in open ended fund structures may result in an inability to meet unitholder cashflow demands without adverse consequences to other investors
- A stable capital base assists in the execution of the investment and maintenance of a balanced portfolio
- Acorn Capital believes that the ASX listed environment provides retail investors access liquidity and an investment universe that may be otherwise difficult to gain exposure to



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

ACQ Focus

