

ACORN CAPITAL INVESTMENT FUND LTD

INVESTOR UPDATE – MARCH 2022

ASX: ACQ



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KEY FACTS – 31 MARCH 2022

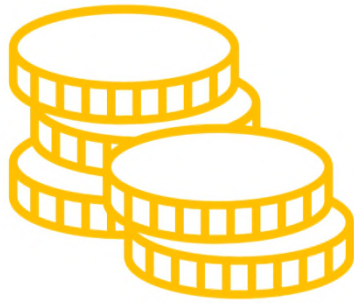
Pre-tax NTA	\$ 1.54	Performance - since inception ^{1,3}	12.8% p.a.
Post-tax NTA	\$ 1.44	Benchmark - since inception ^{2,3}	9.0% p.a.
ACQ share price	\$1.48	Number of investments	95
Ordinary Dividends	8.0c		
Declared dividend	4.25c		
Implied cash dividend yield ³	5.4%	Shares Outstanding	85.4m
Franking on dividends ⁴	100%	Market Capitalisation	\$126.4m

1. Calculated as the movement in NTA before tax, post management fees, performance fees and operating costs. 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. S&P/Small Ordinaries Accumulation Index
3. Inception is the date ACQ listed on the ASX which was 1 May 2014
4. Dividends paid are estimated to be franked at a rate of 30% (subject to availability of franking credits)

STRATEGY

ACQ investment strategy has demonstrated an ability to deliver positive investment outcomes ¹

1. DIVIDEND INCOME



2. CAPITAL GROWTH



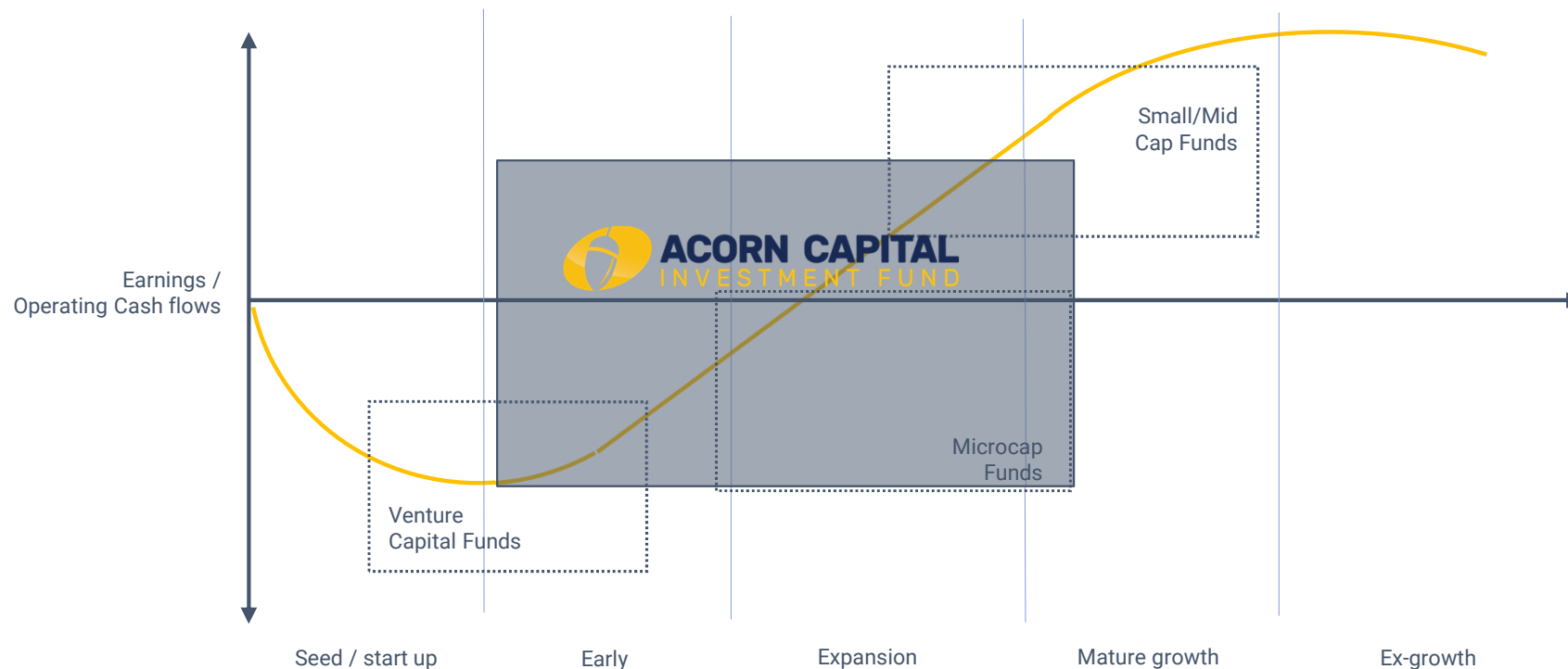
3. DIVERSIFICATION ²



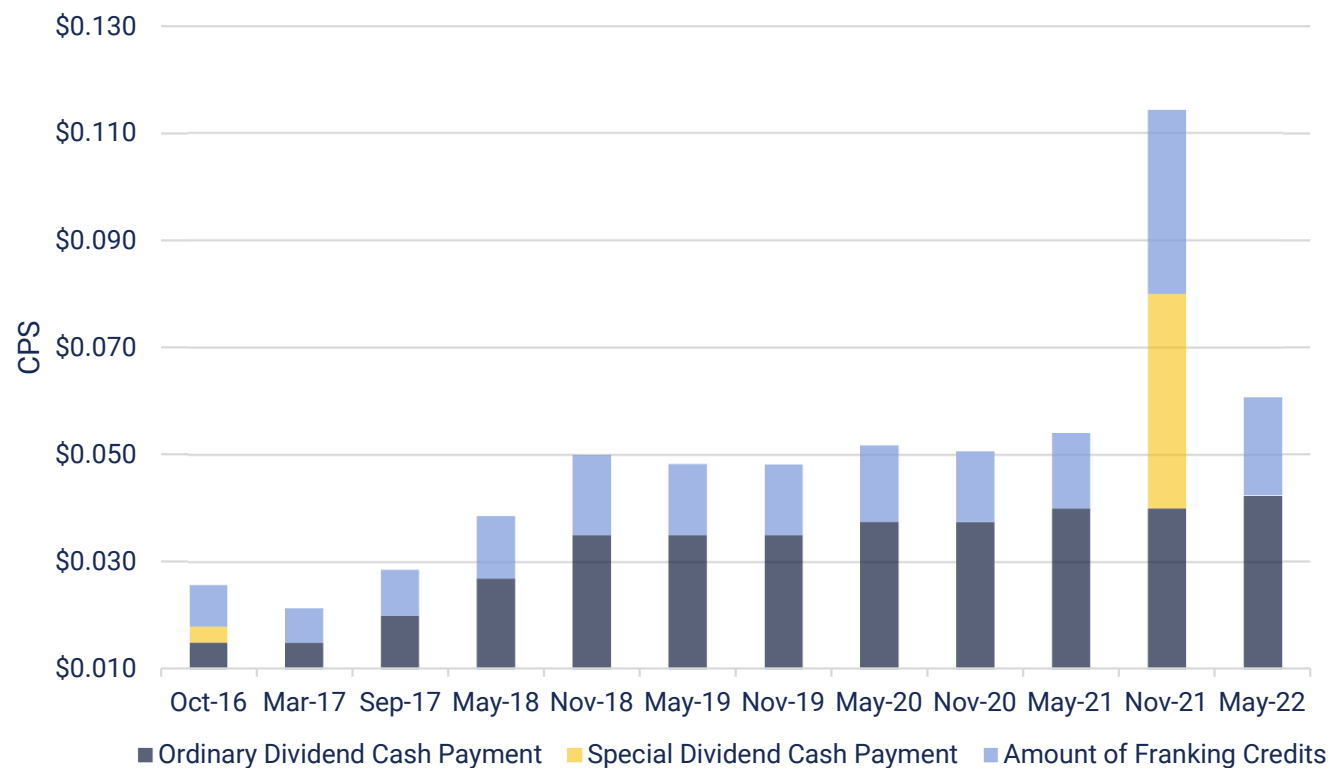
1. As at 31 March 2022 the ACQ gross portfolio return has outperformed the S&P/Small Ordinaries Accumulation Index by 3.8% p.a. since ACQ listed on the ASX on 1 May 2014. Past performance is not a reliable indicator of future performance
2. Acorn Capital believes that the ACQ investment strategy should provide diversification benefits to an already diversified investment portfolio

STAGES OF DEVELOPMENT

The investment focus of ACQ is on those segments of the economy and stages of growth that others may consider too difficult to price, but from which ACQ finds the greatest inefficiencies and richest opportunities



INCOME



ACQ Dividend Policy

"Acorn Capital Investment Fund Limited intends to pay annual dividends targeting at least 5% of closing post-tax NTA for each financial year, franked to the highest extent possible and without the Company incurring a liability. Where the Company accumulates franking credits that the Board determines are in excess to its requirements it is the intent to distribute those excess credits by way of special dividends. This is subject to the Company having sufficient profit and cash flow to make such payments."

1. ASX listing date 1 May 2014

STANMORE RESOURCES (ASX:SMR)

- SMR was a strong contributor during the March 2022 quarter
- SMR is a major producer of metallurgical coal, which is used in steel production
- SMR is scheduled to acquire BHP's 80% interest in the globally significant BMC mine in Queensland on 3 May 2022
- Sanctions on Russian coal exports have elevated prices for coking coal. SMR has the potential for very strong cashflow generation
- SMR's recently completed AUD 656 million primary raise demonstrates strength of primary market for energy and resources assets

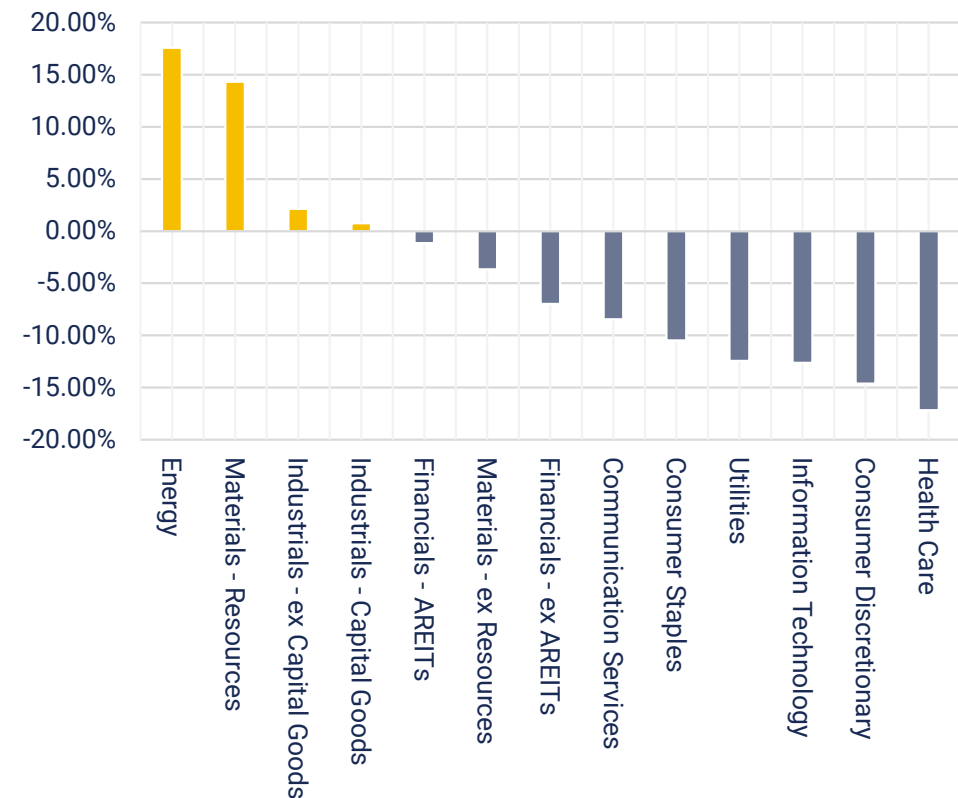
SMR SHARE PRICE PERFORMANCE FOR 2022 FINANCIAL YEAR TO 31 MARCH 2022



MARKET OBSERVATIONS

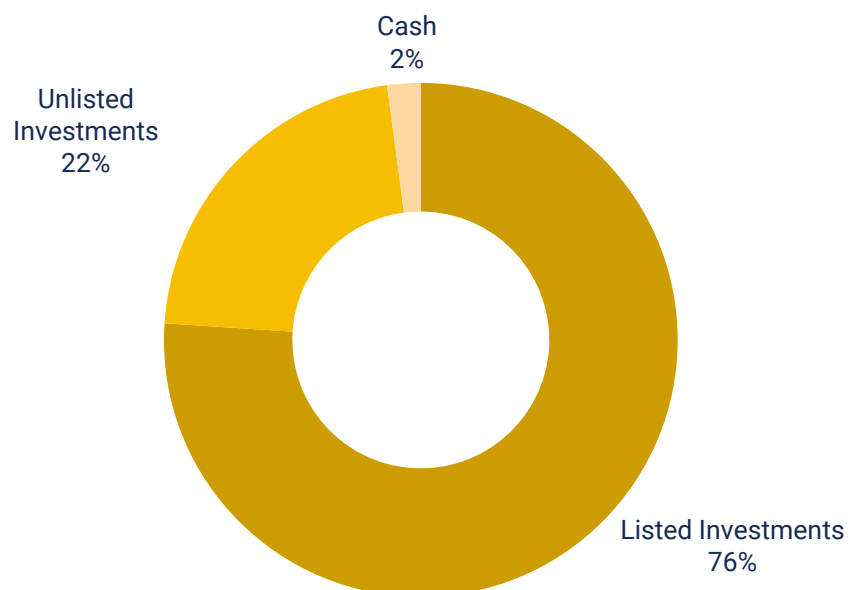
- 9 out of 13 microcap sectors generated a negative return for the March 2022 quarter
- Energy and resources were the standout sectors benefiting from global disruption (specifically Ukraine), transition to renewable energy and inflationary concerns
- Significant declines were experienced in Information Technology, Consumer Discretionary and Health Care

MICROCAP SECTOR RETURNS FOR MARCH 2022 QUARTER



PORTFOLIO OVERVIEW

ACQ PORTFOLIO COMPOSITION ⁽¹⁾⁽²⁾



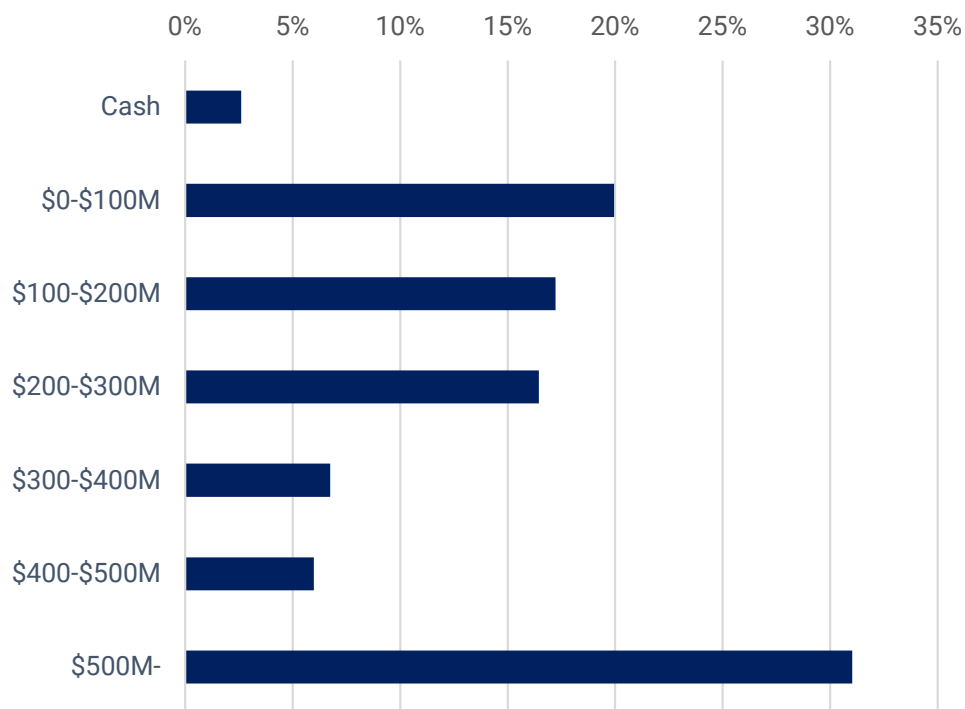
TOP 10 INVESTMENTS ⁽¹⁾

Australian Rare Earths	3.8%
Calix	3.5%
Moula Money ³	3.2%
Marketplacer ³	3.1%
Syrah Resources	2.4%
Aurelia Metals	2.4%
Jervois Global	2.3%
Sandfire Resources	2.2%
Aroa Biosurgery	2.0%
Karoon Energy	2.0%
TOP 10	26.9%

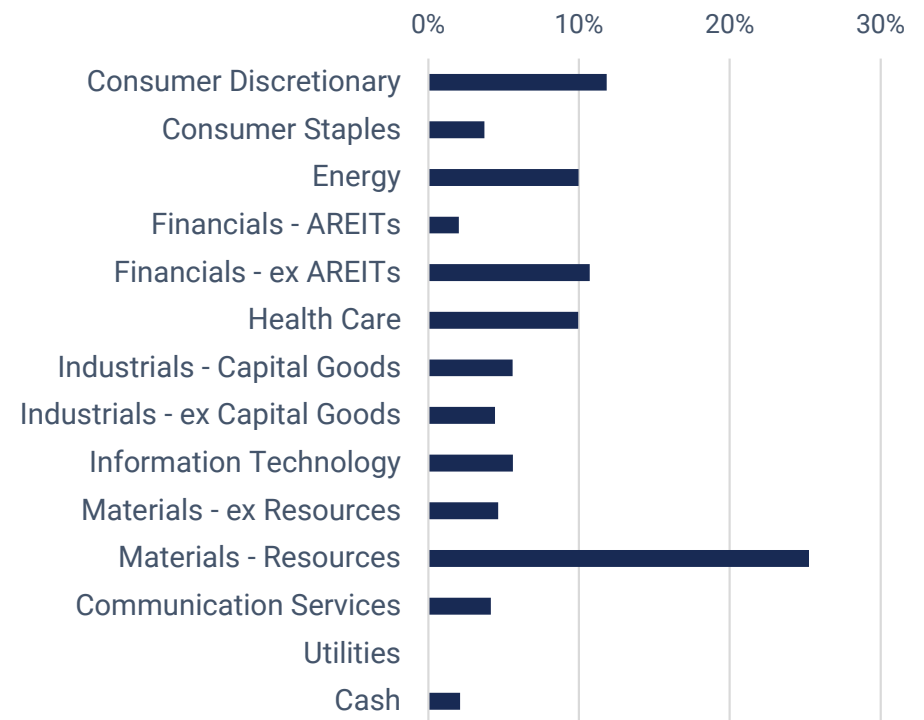
1. Acorn Capital, as at 31 March 2022
2. Stock numbers consolidate positions where multiple securities are held and excludes positions with nil value
3. Unlisted Investment

PORTFOLIO OVERVIEW

MARKET CAPITALISATION BANDS ^{1,2}



SECTOR WEIGHTS ¹



1. Acorn Capital, as at 31 March 2022
2. Listed Investments only

PERFORMANCE

ACQ has outperformed its Benchmark (ASX/Small Ords Accumulation Index) over all time periods below^{1, 2, 3}

Portfolio Return for Periods to	3 months %	6 months %	1 year %	2 years % p.a.	3 years % p.a.	5 years % p.a.	Since inception % p.a. ³
ACQ (Post Fees & Op Costs)¹	-6.3	-3.6	+12.7	+45.8	+19.9	+16.4	+12.8
S&P/ASX Small Ords Acc. Index ⁴	-4.2	-2.3	+9.7	+29.2	+9.6	+9.9	+9.0
Value add	-2.1	-1.3	+3.0	+16.6	+10.3	+6.5	+3.8

Alternate market indices

<i>Acorn Capital / SIRCA Microcap Acc. Index²</i>	-1.5	+2.9	+17.0	+53.5	+21.3	+13.7	+11.3
<i>S&P/Emerging Companies Index⁴</i>	+0.2	+8.5	+39.6	+72.4	+28.8	+18.1	+14.7

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 that are performed by Acorn Capital in accordance with ACQ Board approved policies
2. Acorn Capital / SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA ('Securities Industry Research Centre of Asia-Pacific')
3. Inception is 1 May 2014
4. Source: Factset



PROVEN STRATEGY

- ACQ's investment strategy has outperformed its benchmark since inception
- Specialised investment process developed over 20 years and tested through market cycles



ATTRACTIVE DIVIDEND YIELD

- 4.25 cents interim dividend announced – payable May 2022
- 8.0 cents in fully franked ordinary dividends paid in past 12 months plus a 4 cent special fully franked dividends
- Policy of paying a dividend of at least 5% of the 30 June Post-Tax NTA and distributing excess franking credits by way of special dividend¹



UNIQUE PORTFOLIO & ATTRACTIVE RETURNS

- ACQ provides investors with a unique emerging company portfolio, that is difficult to replicate
- Risk managed through bottom-up stock selection and diversification of both industry & stage of development
- Through ACQ's investment activities retail investors in ACQ have access to institutional placements
- Acorn Capital continues to see attractive unlisted investments for deployment of ACQ capital

FURTHER INFORMATION

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