

# ACORN CAPITAL INVESTMENT FUND

INVESTMENT UPDATE  
JULY 2022



## Acorn Capital Investment Fund Limited ACN 167 595 897

### Net Tangible Asset Per Ordinary Share

as at 31 July 2022 (all figures unaudited)

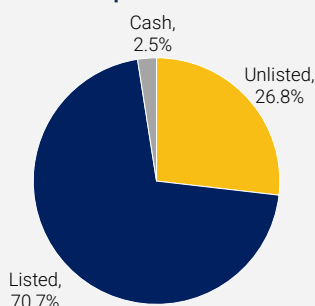
NTA before all taxes	1.2244
NTA after taxes and before taxes on unrealised gains	1.1955
NTA after taxes including taxes on unrealised gains	1.2150

ASX Code	ACQ
Date of Listing	1 May 2014
Shares on Issue	86,061,853
Share Price	\$1.175
Market Cap \$m	\$101.1m
Dividends	8.25c <sup>a</sup> (fully franked)
Dividend Yield	7.0%*

<sup>a</sup> Ordinary over the past 12 months (excludes 4c special dividend paid in November 2021)

\* implied on share price

### Investment Split



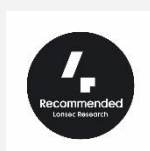
### Top 10 Stocks as at 31 July 2022

Company	Weight %
Moula Money Pty Ltd (UL)	3.6%
Marketplacer (UL)	3.3%
Australian Rare Earths Limited	3.2%
Splend Holdings Ltd (UL)	3.2%
Telix Pharmaceuticals Limited	2.9%
Aroa Biosurgery Limited	2.8%
Syrah Resources Limited	2.4%
Flare HR Pty Ltd (UL)	2.3%
Sandfire Resources Limited	2.2%
Calix Limited	2.2%
<b>Total</b>	<b>28.2%</b>

UL = Unlisted investment

### Ratings\*

Lonsec "Recommended"



### Performance as at 31 July 2022 (all figures unaudited)

	1 mth %	3 mths %	1 year %	3 years % p.a.	5 years % p.a.	Since incept. % p.a.
ACQ <sup>1</sup>	6.4	-16.8	-16.5	9.6	12.5	9.6
S&P/ASX Small Ords Acc Index	11.4	-9.9	-10.9	2.5	7.3	7.0

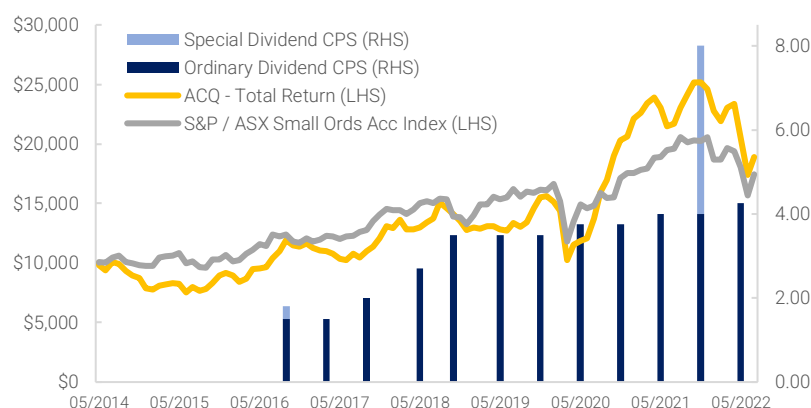
<sup>1</sup> Calculated as the movement in NTA before tax, post management fees, performance fees and operating costs. Includes dividends paid and payable but has not been grossed-up for franking credits received by shareholders. All figures are unaudited, and unlisted valuations are performed by Acorn Capital in accordance with ACQ Board approved policies.

### Acorn Capital - Investment Update

Markets rebounded strongly to start the financial year, reversing some of the 20.4% decline in the final quarter of FY22. Having experienced a market drawdown of more than 20%, we find ourselves in bear market territory. Our research shows there have been 9 bear markets in the microcap sector over the past 50 years. The research shows that the 12-month returns following the completion of a bear market have ranged from +17% to +99% with the average near +50%. It is too early to tell if this month's bounce is the start of the recovery or if it's a classic bear market rally. What is evident however, is many companies of interest to us are trading at valuations that are more attractive than they were 6 months ago and some of the speculative excess that had built itself into parts of the market is showing signs of dissipating. With economic data implying uncertain conditions (increasing rates, high inflation but low unemployment) we look forward to the August reporting season when we can meet directly with companies to get a clearer gauge of underlying trading conditions.

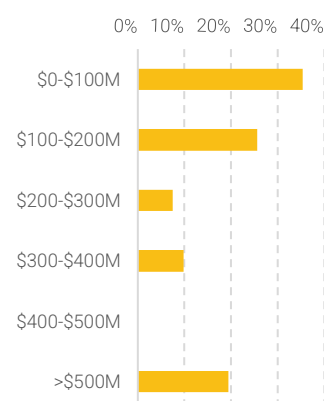
### ACQ manager – Acorn Capital Limited

### Growth \$10K

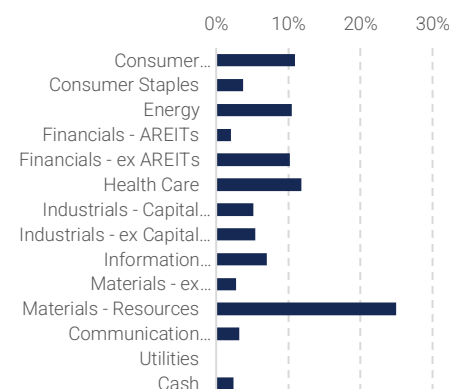


\*Total shareholder return assuming dividends reinvested, includes special dividends

### Market Cap Bands



### Sector Exposures



### ACQ Objective

The Objective is to create a diversified portfolio of listed microcap companies and then to invest opportunistically in unlisted entities that offer better relative value. The performance objective for ACQ is to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.

### Dividend Intention

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

### Investment Philosophy

The investment philosophy is based on a belief that there are pricing inefficiencies amongst emerging or microcap companies due to a lack of readily available external research conducted on such entities.

Acorn Capital believes that through a research driven investment process the pricing inefficiencies that exist in both listed microcaps and unlisted microcaps can be exploited to earn returns superior to those available in the broader market.

Unlisted microcap opportunities must be of better relative value on a risk-adjusted basis to displace existing listed portfolio investments in the corresponding sector.

### Investment Strategy

- Research-driven stock selection
- Economic sector diversified
- Style agnostic
- Long term investor
- Create diversified portfolios to reduce volatility

### Investment Manager profile

Acorn Capital was established in 1998 as a specialist investment manager in emerging Australian companies.

Acorn Capital distinguishes itself through its relatively large research and investment team with expertise across all industries as well as its provision of expansion capital to developing companies.

Through its strategies Acorn Capital can provide Investors with efficient off-index exposure to both public and private emerging companies.

\*The rating issued 09/2021 is published by **Lonsec Research Pty Ltd** ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit [lonsec.com.au](https://lonsec.com.au) for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.

