ACORN CAPITAL

INVESTMENT FUND LIMITED

Acorn Capital Investment Fund Limited

ACN 167 595 897

2015 Annual Report

for the period ending 30 June 2015

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CORPORATE DIRECTORY

Directors	John Steven (Chairman and Non-Executive director) Judith Smith (Non-Executive director) David Trude (Non-Executive director) Robert Brown (Director) Barry Fairley (Director)
Company secretary	Matthew Sheehan
Principal registered office in Australia	C/- Acorn Capital Limited, ACN 082 694 532,Level 12, 90 Collins Street, Melbourne Victoria 3000 Telephone: +61 3 9639 0522
Investment Manager	Acorn Capital Limited
Share registry	Computershare Investor Services Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067 Telephone: 1300 850 505 (within Australia), +61 3 9415 4000 (international)
Auditor	Ernst & Young, Level 23, 8 Exhibition Street, Melbourne, Victoria, 3000
Legal adviser	Minter Ellison Lawyers, Rialto Towers, 525 Collins Street, Melbourne, Victoria 3000
Stock exchange	Australian Securities Exchange, ASX Code: ACQ
Website	www.acorncapital.com.au/acq

CHAIRMAN'S REVIEW

ACORN CAPITAL

INVESTMENT FUND LIMITED

Dear Shareholder

ACORN CAPITAL INVESTMENT FUND LIMITED (the "Company")
ACORN CAPITAL LIMITED (the "Manager")

The past year has been a challenging one for the Company. During the year the Manager successfully completed the construction of the Company's investment portfolio. Consistent with the Company's objective, a portfolio of listed and unlisted Microcap companies (companies less than the ASX250th largest company by market capitalisation) was constructed that provides the Company's shareholders a portfolio with the opportunity for long term capital appreciation. Microcap companies by their nature are generally at an earlier stage of development and offer potential growth profiles that can be superior to those available in larger capitalised ASX-listed companies.

The pre-tax Net Tangible Assets of the Company as at 30 June 2015 was $0.8930 per share, while its post-tax NTA was $0.9194 per share (refer to note 19). For the financial year ended 30 June 2015, the Company's investment portfolio achieved a pre fee return of -8.25%[1] which compares to returns of 0.55% and 0.44% by each of the Acorn Capital/SIRCA Microcap Accumulation Index and the ASX Small Ordinaries Accumulation Index respectively.

Portfolio underperformance over the period is largely attributed to overweight portfolio cash holdings during the period of the Company's portfolio construction as well as stock selection in the Energy and Information Technology sectors. Although the underperformance of the Company has been disappointing, we believe that the investment strategy and Manager will deliver attractive returns over the long term. Volatility often comes with microcap investing and a need for patience, accordingly performance needs to be considered over the medium term.

The Company's unlisted investments continue to perform well. Since inception, the Company has completed ten unlisted investments, four of which have reached liquidity events[2]. These four unlisted investments have a weighted average absolute return on invested capital of 68%. Unlisted investments remain a distinguishing feature of the Company's investment strategy and we continue to be encouraged by their potential.

I would like to thank you for your support of the Company. Your Directors and the Manager are committed to making the Company a success.

John Steven
Chairman
3 September 2015

[1] Portfolio performance is post all operating expenses, excluding management fees, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders. Unlisted valuations performed by the Manager are in accordance with the Company's Board approved policies

[2] As set out in the document released to ASX titled "ACQ – Quarterly Review" of June 2015

INVESTMENT MANAGER'S REVIEW

ACORN CAPITAL

SUMMARY OF RESULTS

As illustrated in Table 1, the Company has returned -6.88% since its inception on 1 May 2014. Over the same period the Acorn Capital/SIRCA Microcap Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index have returned -0.83% and -0.60% respectively.

Table 1. Performance of ACQ and relevant Indices

To 30 June 2015	FY2015	Since Inception[1]
Company Performance[2]	-8.25%	-6.88%
Acorn Capital/SIRCA Microcap Acc. Index[3]	+0.55%	-0.83%
S&P/ASX Small Ordinaries Acc. Index	+0.44%	-0.60%

[1] Inception is 1 May 2014
[2] Portfolio performance is post all operating expenses, excluding management fees, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders. Unlisted valuations performed by the Manager in a accordance with the Company's Board approved policies
[3] Acorn Capital/SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA

MICROCAP SECTOR PERFORMANCE

Table 2, breaks out the performance of each microcap industry sub-sector and demonstrates that the best performing sectors for the 2015 financial year were Consumer Staples (+49.75%), Telco Services (+36.67%) and Materials – ex Resources (+34.12%) which had an aggregate weight of 6.56%.

The worst performing sectors were Energy (-32.80%), Industrials Capital Goods (-28.53%) and Materials Resources (-19.84%), which had an aggregate weight of 35.61%.

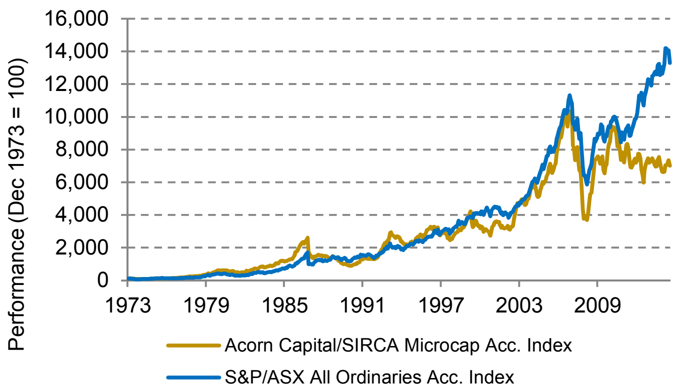
Table 2. Microcap Index Sector Returns in the Financial Year to 30 June 2015.

To 30 June 2015	Microcap Index Sector Return (%)	Index Weight (%)
Consumer Discretionary	13.36%	13.83%
Consumer Staples	49.75%	4.31%
Energy	-32.80%	9.06%
Financials – AREITs	25.10%	7.35%
Financials – ex AREITs	13.09%	10.78%
Healthcare	14.46%	7.94%
Industrials – Capital Goods	-28.53%	6.84%
Industrials – ex Capital Goods	-2.59%	6.45%
Information Technology	25.41%	10.30%
Materials – ex Resources	34.12%	0.73%
Materials – Resources	-19.84%	19.71%
Telecommunication Services	36.67%	1.52%
Utilities	22.62%	1.18%
Total	**0.55%**	**100.00%**

Source: Acorn Capital estimates as at 30 June 2015

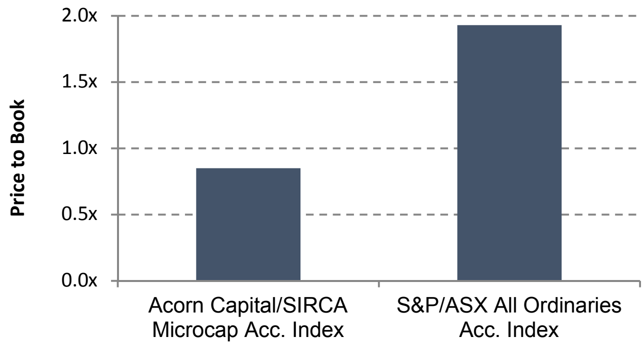
From a valuation perspective, the Manager believes that on historic metrics, the microcap sector presents more compelling relative value than the broader market. The Manager's analysis indicates that the microcap sector has underperformed the All Ordinaries by 54% over the past 4 years (Figure 1); while it is also currently trading at a price-to-book ratio that is half that of the broader market (Figure 2).

Fig 1. Acorn Capital/SIRCA Microcap Acc. Index vs S&P/ASX All Ordinaries Acc. Index 1974 – 2015



Source: Acorn Capital estimates as at 30 June 2015

Fig. 2. P/B Comparison – Acorn Capital/SIRCA Microcap Acc. Index vs S&P/ASX All Ordinaries Acc. Index



Source: Acorn Capital estimates as at 30 June 2015

PERFORMANCE OF THE COMPANY

The 2015 financial year has been a challenging one for the Company and it has underperformed against both the S&P/ASX Small Ordinaries Accumulation Index, as well as the Acorn Capital/SIRCA Microcap Accumulation Index. Strong performance in the Consumer and Healthcare sectors were offset by disappointing returns in the Energy and Information Technology (IT) sectors.

The decline in the international oil price created a significant headwind as the portfolio's energy exposure is predominately oil (both conventional and unconventional). This is reflected in the inclusion of both Horizon Oil and Sundance Energy in the bottom five contributors to overall portfolio return (refer Table 3 below). Although oil prices remain low and volatile, such lower prices present attractive opportunities for well managed junior oil producers. The Manager will continue to assess such juniors for suitability for inclusion in the Company's portfolio.

Emerging Information Technology stocks in the Company's portfolio performed poorly over the past 12 months. Negative contributors such as eServeglobal and iCar Asia suffered from delays in execution, longer lead times to profitability and lack of news flow. We are however optimistic about the mix of stocks we have in our IT portfolio, and expect this to deliver strong results over the medium term.

The Company's portfolio of Consumer and Healthcare exposures performed strongly as stocks with solid earnings growth were priced aggressively by the market. Companies that demonstrate consistent organic growth along with a strategy to grow via acquisition or through new markets have been the stand out performers over the past 12 months.

As illustrated in Table 3, consistent with the strength seen in the Telecommunications and Consumer Staples sectors both amaysim and Bellamy's were the top contributors.

Table 3. Top 5 and Bottom 5 Contributors to the Company's Portfolio Return for FY2015

Top 5 Contributors	Portfolio Sector Classification	Bottom 5 Contributors	Portfolio Sector Classification
1. amaysim	Telecommunication Services	1. Horizon Oil	Energy
2. Bellamy's	Consumer Staples	2. Sundance Energy	Energy
3. Orbis Gold	Materials - Resources	3. Tiger Resources	Materials – Resources
4. Indophil	Materials - Resources	4. eServglobal	Information Technology
5. Servcorp	Financials ex-AREITS	5. iCar Asia	Information Technology

Source: Acorn Capital estimates as at 30 June 2015

COMPANY PORTFOLIO – COMPOSITION

As illustrated in Figure 1 and 2 below, the portfolio of the Company is diversified across all microcap sectors. The portfolio held 92 stocks as at 30 June 2015 with unlisted investments representing approximately 13% of gross portfolio assets.

Fig 1. Composition of Gross Portfolio Assets

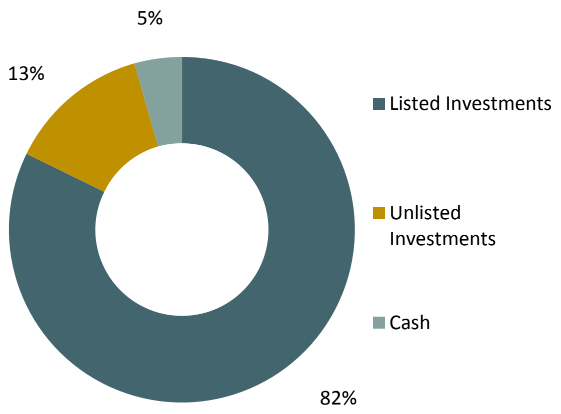
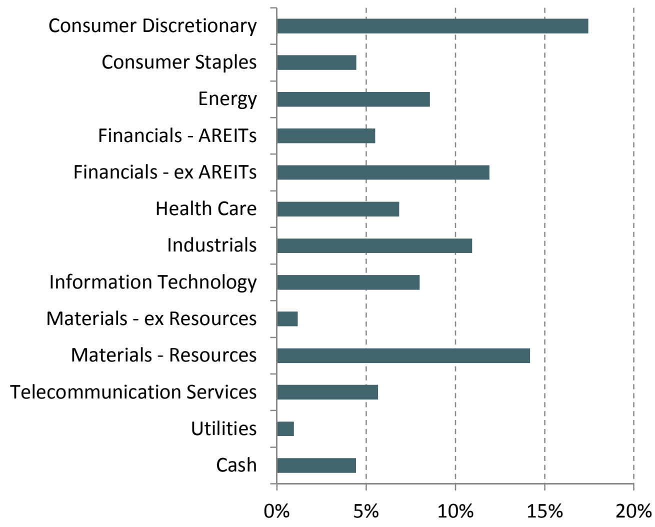


Fig 2. Sector Weights



Source: Acorn Capital estimates as at 30 June 2015

COMPANY PORTFOLIO – TOP 10 HOLDINGS

At 30 June 2015, the 10 and 20 largest stock holdings account for approximately 26% and 42% of the Company's portfolio respectively. The weighted average market capitalisation of the Company's listed investments is approximately $296 million.

Table 4. Portfolio Top 10 Holdings

Stock	Portfolio Weight %
1. Amaysim Australia Pty Ltd (unlisted)	4.75%
2. Servcorp Limited	4.34%
3. RedBubble Ltd (unlisted)	4.15%
4. Burson Group Limited	2.46%
5. IMF Bentham Limited	1.88%
6. QMS Media Limited	1.84%
7. Capitol Health Limited	1.82%
8. Orocobre Limited	1.81%
9. Generation Healthcare Reit	1.77%
10. Metals X Limited	1.70%
Total	**21.77%**

Source: Acorn Capital as at 30 June 2015

COMPANY PORTFOLIO – UNLISTED ACTIVITY

Since inception through to 30 June 2015, the Company has invested $6.2 million in eight unlisted investments, with an additional two unlisted investments completed subsequent to year end. As at 3 September 2015, four of those unlisted investments (OneVue, amaysim, QMS and Mitula) had listed on ASX with a weighted average absolute return on capital of 68%. The weighted average duration of unlisted investments (both those that remain unlisted as well as those that have reached liquidity events) is 0.5 years, compared to the Manager's historical experience of 2.7 years.

Since 30 June 2015, the Company has completed unlisted investments in PAFtec Pty Ltd and Genea Limited. By way of reference some of the Company's recent unlisted investments are detailed in Table 5 below.

Table 5. Recent Unlisted Investments

REDBUBBLE	**Website**	www.redbubble.com
	Sector	Consumer Discretionary
	Stage	Expansion
	Description	Redbubble is an online marketplace for print on-demand products based on user submitted artwork. The company was founded in 2006 in Melbourne and also maintains an office in San Francisco.
CARBON REVOLUTION	**Website**	www.carbonrev.com
	Sector	Industrials ex-Capital Goods
	Stage	Early
	Description	Carbon Revolution produces the world's only commercially available one-piece carbon fibre wheel which is one of the most technically advanced wheels available.
PAFtec	**Website**	www.paftec.com.au
	Sector	Industrials ex-Capital Goods
	Stage	Expansion
	Description	PAFtec specialises in innovative and quality respirator design and manufacturing.
Genea WORLD LEADING FERTILITY	**Website**	www.genea.com.au
	Sector	Health Care
	Stage	Expansion
	Description	Genea is an integrated IVF business with services, medical devices and stem cell research.

I would like to take this opportunity to thank you for your support.

Barry Fairley
Managing Director
Acorn Capital Limited

INFORMATION ABOUT THE INVESTMENT MANAGER

The manager of the Company is Acorn Capital Limited. The Manager is a Melbourne based boutique investment manager that is majority-owned by its employees and was established in 1998. The Manager currently has 25 employees, of whom 21 are investment professionals with an average 19 years relevant financial experience. The Manager has a long track record of investing in microcap equities for institutional investors. The Manager's investment philosophy is based on the belief that there are pricing inefficiencies amongst microcap companies due to their being a large and diverse group with minimal external research readily available on such entities. Further information about the Manager can be found at www.acorncaptial.com.au.

CORPORATE GOVERNANCE STATEMENT

Acorn Capital Investment Fund Limited (the **Company)** is a listed investment company whose shares and options are traded on the Australian Securities Exchange **(ASX**). The Company has no employees and its day-to-day functions and investment activities are managed by Acorn Capital Limited (the **Manager**) in accordance with the Management Agreement dated 11 March 2014 (**Management Agreement**).

The Board is committed to operating effectively and in the best interests of shareholders. This Corporate Governance Statement reports against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) **(ASX Recommendations**). To the extent they are relevant to the Company, the ASX Recommendations have been adopted by the Company. Where, after due consideration, the Company's corporate governance practices depart from an ASX Recommendation, this Corporate Governance Statement sets out the reasons for the departure.

The ASX Recommendations provide that a number of its recommendations may require modification, or may not apply to externally managed listed entities.

The Company is externally managed by the Manager and therefore Recommendations 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, 2.4, 2.5, 2.6, 8.1, 8.2 and 8.3 are not applicable to the Company.

Alternative Principle 1: Lay solid foundations for management and oversight

The primary role of the Board is to act in the best interests of the Company as a whole and the Board is accountable to shareholders for the overall direction, management and corporate governance of the Company. This involves monitoring the decisions and actions of the Manager who is responsible for the day-to-day management and investment activities of the Company in accordance with the Management Agreement. The Board has also established an Audit Committee to assist the Board in carrying out its responsibilities. The Audit Committee is discussed in further detail in Principle 4 below.

The Board has formalised its roles and responsibilities and guidelines for determining director independence in the Board Charter. A copy of the Board Charter is available on the Company's website.

The Board believes that the Company is fully compliant with the alternate requirements under Principle 1 and its recommendations.

Principle 2: Structure the Board to add value

The Board currently comprises five Directors, three of whom are classified as independent: John Steven (Chairman), Judith Smith and David Trude. Details of the background, experience and professional skills of each Director, as well as the period that each Director has held office, are set out in the Directors' Report from page 13.
The Board believes that the Company is fully compliant with its requirements under Principle 2 and its recommendations.

Principle 3: Act ethically and responsibly

A Code of Conduct for Directors has been adopted and can be found on the Company's website (www.acorncapital.com.au/acq). The Company requires all of its directors to comply with the standards of behaviour and business ethics in accordance with the law and the Code of Conduct. These include acting honestly and with integrity and fairness in all dealings with others and each other, managing conflicts of interest, complying with the laws that govern the Company's business and its operations and acting ethically in their approach to business decisions.

The Board believes that the Company is fully compliant with its requirements under Principle 3 and its recommendations.

Principle 4: Safeguard integrity in corporate reporting

The Board has established an Audit Committee to assist the Board to implement controls designed to safeguard the Company's interests and the integrity of its reporting. The Audit Committee met during the reporting period. For more information on meeting and attendance please refer to page 16 of the Director's Report.

The Audit Committee Charter, being the charter under which the Audit Committee operates can be found on the Company's website.

The membership of the Audit Committee comprises the three independent non-executive directors, Judith Smith (Chairperson), John Steven and David Trude. The chairperson is not the chairman of the Board. For more information regarding the qualifications and experience of the members of the Audit Committee please refer to page 14 of the Director's Report.

The objectives of the Audit Committee are to:

- help the Board achieve its objective in relation to financial reporting, the application of accounting policies, legal and regulatory compliance and internal control and risk management systems;
- maintain and improve the quality, credibility and objectivity of the financial accountability process;
- promote a culture of compliance;

- ensure effective communications between the Board and compliance representatives of the Manager;
- provide a forum for communication between the Board and financial and compliance representatives of the Manager;
- ensure effective internal and external audit functions and communications between the Board and auditors; and
- ensure compliance strategies and compliance functions are effective.

The responsibilities of the Audit Committee include:

- external financial reporting;
- risk management and internal compliance and control systems;
- assessing and monitoring key financial risk;
- assessing and monitoring legal and regulatory risk;
- disclosure and reporting;
- internal and external audit.

The Board has received a written declaration from the relevant people within the Manager who perform the function of Managing Director and Chief Financial Officer that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively..

The Company's independent external auditor is Ernst & Young. The external auditor attends the Company's Annual General Meeting and is available to answer questions from shareholders in relation to the conduct of the audit, the auditors' report and the preparation of the financial statements. The external auditor also attends other meetings where relevant items are on the Committee's agenda.

The Board believes that the Company is fully compliant with its requirements under Principle 4 and its recommendations.

Principle 5: Make timely and balanced disclosure

The Company is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001* and the ASX Listing Rules and releasing relevant information in a timely and direct manner and to promoting investor confidence in the Company and its securities.

The Board has adopted a Continuous Disclosure Policy, the objectives of which are to:

- ensure the Company immediately discloses all price-sensitive information to ASX in accordance with the ASX Listing Rules and the Corporations Act;
- ensure the Company's officers are aware of its continuous disclosure obligations; and
- establish procedures for the collection and assessment of potentially price-sensitive information and (if necessary) release information determined to be price-sensitive to ASX, as well as responding to any queries from ASX.

The Continuous Disclosure Policy, which can be found on the Company's website, also sets out the procedures which must be followed in relation to releasing announcements to the market and discussions with analysts, the media or shareholders.

The Board believes that the Company is fully compliant with its requirements under Principle 5 and its recommendations.

Principal 6: Respect the rights of shareholders

The Board has adopted the Shareholder Communications Policy, a copy of which can be found on the Company's website. The purpose of the Shareholder Communications Policy is to promote effective communication with shareholders and encourage effective participations at general meetings of the Company.

The Company's primary communication portals are its website, Annual Report, Annual General Meeting, Half-Yearly Report, Monthly Net Tangible Asset reports and other periodic correspondence regarding matters impacting shareholders. In conjunction with these, the Company has scheduled investor relations meetings, which are all included in the Investor Relations Program.

The Company Secretary oversees and coordinates the distribution of all information by the Company to shareholders and regulators under the direction of the Board.

All shareholders have the opportunity to attend the Annual General Meeting and ask questions of the Board.

During the Company's engagements with shareholders, such shareholders are provided the opportunity to meet with representatives of the Board or management, to learn more about the Company's activities and provide an opportunity to ask questions regarding the Company's activities.

Shareholders are entitled to make and receive communication to and from the Company electronically as per the Shareholder Communications Policy.

The Board believes that the Company is fully compliant with its requirements under Principle 6 and its recommendations.

Principle 7: Recognise and manage risk

The Board has appointed the Audit Committee to oversee the risk management framework for the Company. For details regarding the Audit Committee please refer above to the coverage under Principle 4.

The Board, through the Audit Committee, is responsible for ensuring:

- the oversight and management of material business risks to the Company;
- that there are effective systems in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile;
- there are arrangements in place to adequately monitor compliance with laws and regulations applicable to the Company.

The Manager has implemented a risk management framework as part of its Corporate Governance Framework. This risk management framework identifies the key risks confronted by the Manager and the procedures required to offset them. Key risks identified include:

- operational and investment risk; and
- liquidity risk.

The risk management framework is subject to annual review by the Audit Committee to ensure that the risks identified and the controls implemented remain appropriate and that the Company's risk management framework continues to be sound. A review of the Company's risk management framework was conducted during the reporting period.

The Company does not have an internal audit function. However, during the reporting period, the Company engaged an audit firm to conduct an internal risk and compliance program to review and test the controls in place to mitigate the risks identified within the risk management framework.

The Company has identified economic sustainability as a risk with the potential to materially impact its ability to create or preserve value for security holders over the short, medium or long term. Poor market conditions generally (and more specifically underperformance by the Company) are addressed within the Company's investment strategy and ability to diversify across sectors and in both listed and unlisted securities.

The Board believes that the Company is fully compliant with its requirements under Principle 7 and its recommendations.

Alternative Principle 8: Remunerate fairly and responsibly

Recommendations 8.1 – 8.3 are not applicable to the Company due to its being an externally managed listed entity.

The Company has no employees. The management of the Company is performed by the Manager who is entitled to be paid management and performance fees. The Company pays the Manager a management fee of 0.95% p.a. (plus GST) of the net asset value of the investment portfolio. The management fee is calculated and accrued each month and paid semi-annually in arrears.
In addition, the Manager will be entitled to receive a performance fee from the Company equal to 20% (plus GST) of the investment portfolio's outperformance of the S&P/ASX Small Ordinaries Accumulation Index, which is calculated and accrued monthly on a pre-tax basis and, where tests are satisfied, any positive performance fee amounts that are in excess of the minimum performance fee account balance (as defined in the Management Agreement) are paid annually.

Further details of these fees are set out in the Company's prospectus available on the website. The fees paid to the Manager for the reporting period are set out in the Financial Statements of the Company.

The Board believes that the Company is fully compliant with the alternate requirements under Principle 8 and its recommendations.

Acorn Capital Investment Fund Limited

ACN 167 595 897

Directors' report and financial statements for the reporting period ended 30 June 2015

Directors' report

The Directors of Acorn Capital Investment Fund Limited (the **Company**), present their report together with the financial statements of the Company for the period from 1 July 2014 to 30 June 2015 ('the **reporting period**').

Acorn Capital Investment Fund Limited is a company limited by shares and is incorporated in Australia.

The Company is a newly incorporated Australian public company that was registered on 10 February 2014 and commenced operations and became listed on the Australian Securities Exchange on 1 May 2014.

Directors

The following persons were directors of the Company during the reporting period and up to the date of this report:

John Steven (Chairman and Non-Executive director)
Judith Smith (Non-Executive director)
David Trude (Non-Executive director)
Robert Brown (Director)
Barry Fairley (Director)

Principal activities

The principal activity of the Company is to invest in a portfolio of listed and unlisted microcap companies. The investment manager is Acorn Capital Limited (the **Manager**), an established boutique asset manager with a long track record of successfully investing in microcap companies.

Review and results of operations

During the reporting period, the Company continued to invest funds in accordance with its governing documents.

The most appropriate measure of the Company's financial performance is total comprehensive income. Total comprehensive income/(loss) for the reporting period ended 30 June 2015 was ($2,958,462) (2014: $464,203). Total comprehensive income includes the profit/(loss) after tax and both realised and unrealised gains/(losses) on the Company's investments.

The Company's profit/(loss) before income tax for the reporting period was ($4,226,375) (2014: $663,147).

The profit/(loss) after income tax for the reporting period was ($2,958,462) (2014:$464,203).

Basic earnings per share after income tax was (5.8) cents (2014: 0.91) for the reporting period.

Summary	For the reporting period ended 30 June 2015	For the reporting period ended 30 June 2014
	$'000	$'000
Profit/(loss) before income tax expense	(4,226)	663
Income tax expense	(1,268)	199
Profit/(loss) after income tax attributable to the owners of the Company	(2,958)	464
Equity	46,772	49,730

Net Tangible Assets Backing (NTA) per share	As at 30 June 2015 (non-IFRS)	
	For monthly NTA Reporting $/share	For Financial Reporting $/share
NTA per share before income tax ($/share)	**0.8921**	**0.8930**
NTA after income tax excluding tax on unrealised gains ($/share)	**0.9051**	**0.9060**
NTA per share after income tax ($/share)	**0.9184**	**0.9203**

Review and results of operations (continued)

Net Tangible Assets Backing (NTA) per share	As at 30 June 2014 (non-IFRS)	
	For monthly NTA Reporting $/share	For Financial Reporting $/share
NTA per share before income tax ($/share)	0.9756	0.9762
NTA after income tax excluding tax on unrealised gains ($/share)	0.9829	0.9837
NTA per share after income tax ($/share)	0.9778	0.9786

The NTA per ordinary share for monthly NTA reporting as required by ASX Listing Rule 4.12 is calculated in accordance with the ASX Listing Rule 4.19. Refer to Note 19 for details on the Net Assets used to calculate the NTA per ordinary share.

Dividends

No dividend was declared or paid during the reporting period.

Significant changes in state of affairs

There were no significant changes in the state of affairs during the reporting period.

Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2015 that have significantly affected, or may significantly affect:

(a) the Company's operations in future reporting periods; or
(b) the results of those operations in future reporting period; or
(c) the Company's state of affairs in future reporting periods.

Business strategies, prospects and likely developments

The Chairman's and Investment Manager's Review sets out information on the Company's business strategies.

The results of the Company's operations may be affected by a number of factors, including the performance of investment markets in which the Company invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Information in the Chairman's and Investment Manager's Review and this Directors' Report is provided to enable shareholders to make an informed assessment about the business, strategies and prospects for future financial years of the Company. Information that could give rise to likely material detriment to the Company, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in the Chairman's and Investment Manager's Review and this Directors' Report, information about other likely developments in the Company's operations and the expected results of these operations in future financial years has not been included.

Environmental regulations

The operations of the Company are not subject to any particular environmental regulations under a Commonwealth, State or Territory Law.

Information on directors

The following persons were directors of the Company during the financial year and up to the date of this report:

Name	**Title**	**Appointment date**
John Steven	Chairman and Independent Non-Executive director	6 March 2014
Judith Smith	Independent Non-Executive director	6 March 2014
David Trude	Independent Non-Executive director	6 March 2014
Robert Brown	Director	6 March 2014
Barry Fairley	Director	10 February 2014

Information on directors (continued)

John Steven (Chairman and Independent Non- Executive director)

John Steven is the head of the M&A Division of Minter Ellison lawyers. He practises in the corporate and capital markets area, particularly public and private mergers and acquisitions, capital raisings and joint ventures. He also has an extensive general corporate practice.

John holds a Bachelor of Laws (with Honours), a Bachelor of Economics and a Diploma of Commercial Law from Monash University.

Other current directorships
John is currently Chairman of the Advisory Committee of the private investment funds on behalf of commercial and State government investors (appointed February 2009) and Member of St Catherine's School Council (appointed May 2002).

Former directorships in the last 3 years
Nil

Special responsibilities
John is the Chairman of the Board. John is also is a member of the Audit Committee

Interests in shares of the Company
Details of John's interests in the Company are included on page 18 of this report.

Judith Smith (Independent Non-Executive director)

Judith was formerly the Head of Private Equity at IFM Investors and Chair of the IFM Risk Committee. Judith was also a member of the IFM Investment Committee, a role she has retained following her retirement from the firm. At IFM Judith managed a multi-billion private equity portfolio of domestic and global investments. Prior to her role at IFM, Judith held various investment management roles including more than a decade at National Mutual Funds Management (NMFM). At NMFM, she managed Australian equity research and strategy, as well as Australian equity portfolios. Judith holds a Master of Applied Finance from the University of Melbourne and a Bachelor of Economics (with Honours) from Monash University. She is a Fellow of the Financial Services Institute of Australasia and Graduate member of the Australian Institute of Company Directors.

Other current directorships
Judith is currently a Director of the Australian Renewable Energy Authority (appointed July 2012), LUCRF (appointed January 2015) and Universal Biosensors Inc (appointed March 2015).

Former directorships in the last 3 years
Judith was a Director of Australian Private Equity and Venture Capital Association Limited (November 2005 to November 2012).

Special responsibilities
Judith is a member of the Audit Committee.

Interests in shares of the Company
Details of Judith's interests in the Company are included on page 18 of this report.

David Trude (Independent Non-Executive director)

David is a senior corporate banking executive with 40 years' experience in a variety of financial services roles in the banking and securities industries. He is the Chairman of Baillieu Holst (formerly E.L.&C. Baillieu), a position he has held since 2010 and has been a member of its Board since 2006. David was formerly Managing Director, Australian Chief Executive Officer/Country Manager of Credit Suisse.

David holds a Bachelor of Commerce from the University of Queensland and is a Master Stockbroker of the Stockbroker Association of Australia and Member of the Australian Institute of Company Directors. **Information on directors (continued)**

Information on directors (continued)

Other current directorships
David is currently Chairman of Baillieu Holst Limited (appointed October 2006), Chairman of Hansen Technologies Limited (appointed May 2011), Director of CHI-X Australia Pty Limited (appointed September 2011), East West Line Parks Limited (appointed May 2010),and Waterford Retirement Village Pty Limited (appointed June 1999).

Former directorships in the last 3 years
Nil

Special responsibilities
David is a member of Audit Committee.

Interests in shares of the Company
Details of David's interests in the Company are included on page 18 of this report.

Robert Brown (Director)

Robert Brown is an independent director of the Manager and is Chairman of its subsidiary Australian Microcap Investments Pty Ltd. He is an emeritus professor of Finance in the Department of Finance, University of Melbourne, where his research has focused on security market behaviour. He holds a Bachelor of Economics (with Honours) and Master of Economics from the University of Sydney and a Graduate Diploma in Accounting from Victoria College. He is a fellow of CPA Australia, a senior fellow of the Australasian Institute of Financial Services and a graduate of the Australian Institute of Company Directors.

Other current directorships
Robert is currently a Director of the Manager, Acorn Capital Limited (appointed November 1998) and its wholly owned subsidiary Australian Microcap Investments Pty Limited (appointed December 2008).

Former directorships in the last 3 years
Nil

Special responsibilities
Nil

Interests in shares of the Company
Details of Robert's interests in the Company are included on page 18 of this report.

Barry Fairley (Director)

Barry Fairley is the Managing Director of the Manager. In this capacity he is responsible for the strategic direction and management of the Manager. Barry founded the Manager in 1998 and has more than 40 years of investment experience.

Prior to forming the Manager, Barry was the Managing Director at Triako Resources Limited. During his 15 years at Triako Resources, Barry was responsible for the company's strategic direction and management, including the acquisition and financing of major projects. Barry also served as a Partner/Director at McIntosh Securities Limited. Barry began his career at Colonial Mutual Life where he was a Financial Analyst.

Barry holds a Diploma in Mining Engineering and is a Senior Associate of the Financial Services Institute of Australasia.

Other current directorships
Barry is currently a director of the Manager, Acorn Capital Limited (appointed May 1998) as well as its wholly-owned subsidiary, Australian Microcap Investments Pty Limited (appointed September 2007).

Former directorships in the last 3 years
Nil

Information on directors (continued)

Special responsibilities
Nil

Interests in shares of the Company
Details of Barry's interests in the Company are included on page 18 of this report.

Company secretary

Matthew Sheehan

Matthew Sheehan is an Investment Director with the Manager, responsible for the origination, assessment and ongoing management of unlisted investments, with a particular focus on the structuring and documentation of unlisted investments. He is also the Legal Counsel and Company Secretary of the Manager.

Matthew began his career as a private practice lawyer and worked at firms in Melbourne, New York and London. Prior to joining the Manager in April 2009, Matthew worked at Macquarie Group as the General Counsel and Company Secretary of Macquarie Communications Infrastructure Group and Macquarie Specialised Asset Management Limited.

Matthew holds a Bachelor of Economics (with Honours) from Monash University as well as a Bachelor of Laws (with Honours) and Masters of Applied Finance from the University of Melbourne.

Meeting of directors

The numbers of meetings of the Company's Board of Directors held during the reporting period ended 30 June 2015, and the numbers of meetings attended by each director were:

	Board Meetings	
	A	**B**
John Steven*	**9**	**9**
Judith Smith*	**9**	**9**
David Trude*	**6**	**9**
Robert Brown	**9**	**9**
Barry Fairley	**7**	**9**

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the reporting period

*Member of the Audit Committee.

The Audit Committee met once during the year and all members of that Committee were in attendance.

Indemnification and insurance of officers and auditors

In accordance with the Company's Constitution, the Company indemnifies every person who is or has been an officer of the Company against any liability (other than for legal costs) incurred by that person as an officer of the Company (including liabilities incurred by the officer as a director or secretary of a subsidiary of the Company where the Company requested the officer to accept that appointment), to the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act and any other applicable law.

The Company maintains directors' deeds of indemnity, insurance and access for each director. During the reporting period, the Company paid insurance premiums for liability incurred by a person as a director while acting in that capacity, except where the liability arises out of conduct involving lack of good faith. Due to confidentiality obligations and undertakings of the insurance policy, no further details in respect of the premium or the policy can be disclosed.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Manager to ensure they do not impact the impartiality and objectivity of the auditor, and;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Details of the amounts paid or payable to the auditor (Ernst & Young) for audit and non-audit services provided during the reporting period are set out below.

For the reporting period ended	30 June 2015	30 June 2014 (1)
	$'000	$'000
Non-audit services		
Review of pro-forma financial information for inclusion in the Prospectus prior to the Company being listed	**-**	43
Audit services		
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**39**	27
Total remuneration for non-audit and audit services	**39**	70

(1) Comparative information for the Company is for the period from 1 May 2014 to 30 June 2014.

Fees paid to and interests held in the Company by the Manager or its associates

Fees paid to the Manager out of Company property during the reporting period are disclosed in note 16(d) of the financial statements.

No fees were paid out of Company property to the directors of the Manager during the reporting period.

The number of interests in the Company held by the Manager or its associates as at the end of the reporting period are disclosed in note 16(e) of the financial statements.

Interests in the Company

There were no movements in shares on issue in the Company during the reporting period as disclosed in note 12 of the financial statements.

The value of the Company's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 of the financial statements.

Interests in the Company (continued)

The Company does not provide Shares or Options to the Directors as remuneration, however, the Directors have purchased interests in the Company and hold interests in the Company as follows:

Name	Ordinary Shares held at start of period	Ordinary Shares held at end of period	Options held at start of period	Options held at end of period
John Steven	Nil	Nil	Nil	Nil
Judith Smith	25,000	25,000	25,000	25,000
David Trude	30,000	30,000	30,000	30,000
Robert Brown	10,000	10,000	10,000	10,000
Barry Fairley	250,000	325,000	250,000	250,000

Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with that Class Order unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

Remuneration report (Audited)

There is no remuneration paid to executives by the Company as their services are provided pursuant to an agreement with the Manager as disclosed below. The Company has no employees other than Non-Executive Directors and therefore does not have a remuneration policy for employees. Accordingly, this remuneration report outlines the remuneration policy and arrangements that are in place for Non-Executive Directors of the Company only.

Remuneration policy

The Board of Directors' policy is to remunerate Non-Executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required, subject to the Board's approval.

Relationship between remuneration policy and the Company performance

Remuneration of the directors is not linked to the performance of the Company.

Remuneration arrangements

The Independent Non-Executive directors receive the following annual director fees (inclusive of superannuation):

- John Steven – $60,000
- Judith Smith – $40,000
- David Trude – $40,000

Barry Fairley is a Director of the Company and the Manager. He is remunerated by the Manager and will not receive Directors' fees or any other direct form of remuneration from the Company for his services.

Robert Brown is a Director of the Company and the Manager. He is remunerated by the Manager and will not receive Directors' fees or any other direct form of remuneration from the Company for his services.

Remuneration report (Audited) (continued)

Remuneration details for the reporting period ended 30 June 2015

The directors do not receive any benefits or remuneration other than directors' fees and statutory superannuation.

Details of the remuneration of the directors, the key management personnel of the Company (as defined in AASB 124 Related Party Disclosures) are set out in the following tables:

For the reporting period ended 30 June 2015			**Short-term benefits**	**Post-employment benefits**	
Name	**Position**	**Appointment Date**	**Cash salary and fees**	**Superannuation**	**Total**
			$	**$**	**$**
John Steven	Non-Executive Chairman	6th March 2014	**54,795**	**5,205**	**60,000**
Judith Smith	Non-Executive Director	6th March 2014	**36,530**	**3,470**	**40,00040,000**
David Trude	Non-Executive Director	6th March 2014	**36,530**	**3,470**	**40,00040,000**
Barry Fairley	Director	10th February 2014	**-**	**-**	**2,024**
Robert Brown	Director	6th March 2014	**-**	**-**	**2,020-**
Total			**127,855**	**12,145**	**148,000,142,024, 000**

For the reporting period ended 30 June 2014 (1)			**Short-term benefits**	**Post-employment benefits**	
Name	**Position**	**Appointment Date**	**Cash salary and fees**	**Superannuation**	**Total**
			$	$	$
John Steven	Non-Executive Chairman	6th March 2014	21,918	2,082	24,000
Judith Smith	Non-Executive Director	6th March 2014	14,511	1,379	15,890
David Trude	Non-Executive Director	6th March 2014	14,511	1,379	15,890
Barry Fairley	Director	10th February 2014	-	-	-
Robert Brown	Director	6th March 2014	-	-	-
Total			50,940	4,840	55,780

(1) Comparative information for the Company is for the period from 1 May 2014 to 30 June 2014.

Other transactions with key management personnel or entities related to them

No director has entered into a material contract with the Company since the last reporting date and there were no material contracts involving directors' interests subsisting at the reporting date.

Loans transactions and balances

The Company has not made, guaranteed or secured, directly or indirectly any loans to key management personnel or their related entities during the reporting period.

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Auditor's Independence Declaration to the Directors of Acorn Capital Investment Fund Limited

In relation to our audit of the financial report of Acorn Capital Investment Fund Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
3 September 2015

The directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

John Steven
Chairman and Non-Executive director
Melbourne

3 September 2015

Statement of comprehensive income

For the reporting period ended	Note	30 June 2015 $'000	1 May 2014 - 30 June 2014 $'000
Revenue from ordinary activities			
Interest income		**149**	34
Dividend/Distribution income	3	**863**	24
Total revenue		**1,012**	58
Net gains on financial instruments held at fair value through profit or loss	6	**(4,166)**	863
Other income		**15**	6
Total income		**(3,139)**	927
Expenses			
Management fees	16	**455**	80
Directors' fees	16	**140**	56
Auditor's remuneration	5	**39**	27
Transaction costs		**127**	77
Doubtful Debts expense	8	**124**	-
Insurance		**57**	9
Other expenses		**145**	15
Total expenses		**1,087**	24
Profit before income tax expense/(benefit)		**(4,226)**	663
Income tax expense	4(a)	**(1,268)**	199
Profit after income tax for the reporting period attributable to the owners of the Company		**(2,958)**	464
Other comprehensive income for the reporting period attributable to the owners of the Company		**-**	-
Total other comprehensive income for the reporting period attributable to the owners of the Company		**-**	-
Total comprehensive income for the reporting period		**(2,958)**	464
Earnings/(losses) per share for profit/(loss) after income tax attributable to the owners of the ordinary shares of the Company:			
Basic	13	**(5.82)**	0.91
Diluted	13	**(5.82)**	0.46

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at	Note	30 June 2015 $'000	30 June 2014 $'000
Assets			
Current assets			
Cash and cash equivalents	7	**1,403**	25,457
Receivables	8	**983**	125
Financial assets held at fair value through profit or loss	9	**43,736**	26,262
Total current assets		**46,122**	51,844
Non-current assets			
Deferred tax asset	10	**1,388**	120
Total non-current assets		**1,388**	120
Total assets		**47,510**	51,964
Liabilities			
Current liabilities			
Payables	11	**613**	2,234
Provisions		**125**	-
Total current liabilities		**738**	2,234
Total liabilities		**738**	2,234
Net assets		**46,772**	49,790
Equity			
Contributed equity	12	**50,010**	50,010
Retained profits/(accumulated losses)		**(2,494)**	464
Incorporation costs		**(1,063)**	(1,063)
Future tax benefit attributable to incorporation costs		**319**	319
Total equity attributable to owners of the Company		**46,772**	49,730

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the reporting period ended 30 June 2015	**Contributed equity**	**Retained profits/ accumulated losses**	**Total equity**
	$'000	**$'000**	**$'000**
Balance at 1 July 2014	**49,266**	**464**	**49,730**
Contributed equity	**-**	**-**	**-**
Profit /(loss)after tax for the reporting period attributable to the owners of the Company	**-**	**(2,958)**	**(2,958)**
Total comprehensive income for the reporting period attributable to the owners of the Company	**49,266**	**(2,494)**	**46,772**
Balance at 30 June 2015	**49,266**	**(2,494)**	**46,772**

For the reporting period ended 30 June 2014	Contributed equity	Retained profits/ accumulated losses	Total equity
	$'000	$'000	$'000
Balance at 1 May 2014	-	-	-
Contributed equity	50,010	-	50,010
Profit after tax for the reporting period attributable to the owners of the Company	-	464	464
Other comprehensive income	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the reporting period attributable to the owners of the Company	-	464	464
Transactions with owners in their capacity as owners:			
Incorporation costs	(1,063)	-	(1,063)
Future tax benefit attributable to incorporation costs	319	-	319
Balance at 30 June 2014	49,266	464	49,730

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the reporting period ended	Note	30 June 2015	30 June 2014
		$'000	$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**17,178**	145
Purchase of financial instruments held at fair value through profit or loss		**(41,312)**	(23,478)
Transaction costs on financial instruments held at fair value through profit or loss		**(149)**	(76)
Interest received		**23**	33
Dividend / Trust distribution income received		**863**	-
Other income received		**15**	6
Custody fees paid		**(40)**	(9)
Payment of other expenses		**(632)**	(111)
Net cash (outflow) from operating activities	18(a)	**(24,054)**	(23,490)
Cash flows from financing activities			
Proceeds from share applications		**-**	50,010
Payment of incorporation costs		**-**	(1,063)
Net cash inflow from financing activities		**-**	48,947
Net increase in cash and cash equivalents		**(24,054)**	25,457
Cash and cash equivalents at the beginning of the reporting period		**25,457**	-
Effects of foreign currency exchange rate changes on cash and cash equivalents		**-**	-
Cash and cash equivalents at the end of the reporting period	7,18(b)	**1,403**	25,457

The above statement of cash flows should be read in conjunction with the accompanying notes.

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1 General information

The financial statements cover Acorn Capital Investment Fund Limited (the **Company**) as an individual entity.

The Company was admitted to the Official List of the ASX on 1 May 2014 and official quotation of the Company's securities commenced on 1 May 2014. The amount raised from the initial public offering is invested in listed and/or unlisted microcap companies. Acorn Capital Limited (**Manager**) is the Investment Manager of the Company. The Company has no employees other than Non- Executive Directors.

The Company is incorporated and domiciled in Australia.

The financial statements are presented in Australian currency.

The financial statements are for the period from 1 July 2014 to 30 June 2015 (the **reporting period**). The comparative information for the Company covered for the period from 1 May 2014 to 30 June 2014.

The financial statements were authorised for issue by the directors on 3 September 2015. The directors of the Company have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The Company is a for-profit entity for the purposes of preparing the financial statements.

These financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position presents assets and liabilities on the basis of current and non-current items.

Compliance with Australian Accounting Standards and International Financial Reporting Standards (IFRS)

The financial statements of the Company comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Amended standard adopted by the Company

The Company has applied the following major accounting standard amendment (to the extent that is relevant to the Company) for the first time for the reporting period:

AASB 2012-3 *Amendments to Australian Accounting Standard Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 amended the application guidance in AASB 132 *Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. The amendments do not change the current offsetting rules in AASB 132, but they clarify that the right of set-off must be available today (i.e not contingent on a future event) and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy. The Company currently complies with the amendment. The adoption of the amendment did not have a significant impact on the financial statements of the Company.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

- *Financial assets and liabilities held at fair value through profit or loss*

  The Company's investments are categorised as held at fair value through profit or loss.

  Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Manager to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

  The information on the fair value basis is provided internally to the Company's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

- *Loans and receivables/payables*

  Loans and receivables/payables are non derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. This category includes short term receivables/payables.

(ii) Recognition/de-recognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or

- the Company has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(iii) Measurement

- *Financial assets and liabilities held at fair value through profit or loss*

  Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

- *Fair value in an active market*

  The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

  A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

  The Company's financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equity and/or debt securities to listed options, where applicable.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

- *Fair value in an inactive or unquoted market*

  The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions in the asset being valued or comparable assets, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

  Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is the market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

  For other pricing models, inputs are based on market data at the end of the reporting period.

  There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Company recognises the difference in the statement of comprehensive income to reflect a change in factors, including time, that market participants would consider in setting a price.

  The fair value of an option contract is determined by applying the most appropriate option valuation model.

  The Company's financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments such as unlisted equity and/or debt securities.

- *Loans and receivables/payables*

  Loans and receivables/payables are measured initially at fair value plus transaction costs.

  Subsequently, loans are carried at amortised cost using the effective interest method, less impairment losses, if any. Short-term receivables/payables are carried at their initial fair values.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Company's main income generating activity.

(d) Revenue/income recognition

Interest income and interest expenses are recognised in the statement of comprehensive income for all financial instruments on an accrual basis. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b). Dividend income is recognised on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising from a change in fair value are calculated as the difference between the fair value at the end of the reporting period and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

2 Summary of significant accounting policies (continued)

(e) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the Australian corporate income tax rate (30%) adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates applicable to the Company. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the statement of comprehensive income.

Current and deferred tax balances are recognised in the statement of comprehensive income.

(g) Contributed equity

Ordinary shares are classified as equity. Issued and paid up equity is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options (that vest immediately) are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(h) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2 Summary of significant accounting policies (continued)

(i) Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company is regulated. The Australian dollar is also the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Company does not isolate that portion of unrealised gains or losses on securities and other financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(j) Receivables

Receivables may include such items as Reduced Input Tax Credits (RITC), amounts for dividends, interest and securities sold where settlement has not yet occurred. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(d) above.

(k) Payables

Payables include liabilities and accrued expenses owing by the Company which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each reporting period are included in payables.

(l) Goods and Services Tax (GST)

Expenses of various services provided to the Company by third parties such as custodial services and investment management fees etc are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the related expense or cost item.

Accounts payable and receivable are stated inclusive of the GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the statement of financial position.

(m) Operating segment information

The Company operates in Australia only and the principal activity is investment.

(n) Use of judgments and estimates

The preparation of the Company's financial statements requires it to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's financial instruments are valued primarily based on the prices provided by independent pricing services.

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgments and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

2 Summary of significant accounting policies (continued)

(n) Use of judgments and estimates (continued)

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgments. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accounts receivable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not yet been applied in the financial statements. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

(i) AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement, recognition and de-recognition of financial assets and financial liabilities. It has now also introduced revised rules for hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The Company does not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss. The de-recognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Company. The Company does not intend to early adopt AASB 9. The Company will apply AASB 9 in its financial statements for the reporting period commencing from 1 July 2018.

(ii) AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2018)

In December 2014, the AASB issued a new standard for the recognition of revenue. Once applied or effective, AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the notion that revenue is recognised when control of a good or service transfers to a customer. This notion of control replaces the existing notion of risks and rewards. The Company's main source of income includes interest, dividends/distributions and gains on financial instruments held at fair value through profit or loss. All of these are outside the scope of the Revenue standard. Consequently, the Company does not expect AASB 15 to have a significant impact on the Company's financial statements. The Company does not intend to early adopt AASB 15. The Company will apply AASB 15 in its financial statements for the reporting period commencing from 1 July 2018.

(iii) AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 2014 Cycle* (effective 1 January 2015)

In January 2015, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2012-2014 annual improvements project. No significant impact is expected upon adoption of the amendments. The Company does not intend to early adopt AASB 2015-1. The Company will apply AASB 2015-1 in its financial statements for the reporting period commencing from 1 July 2015.

(i) AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* (effective 1 January 2016)

AASB 2015-2 amends AASB 101 *Presentation of Financial Statements* to clarify that entities should not disclose immaterial information and that the presentation in notes to the financial statements can and should be tailored to provide the report users with the clearest story of an entity's financial performance and financial position. No significant impact is expected upon adoption of the amendments. The Company does not intend to early adopt AASB 2015-2. The Company will apply AASB 2015-2 in its financial statements for the reporting period commencing from 1 July 2016.

(v) AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* (effective 1 July 2015)

AASB 2015-3 completes the withdrawal of references to AASB 1031 *Materiality* in all Australian Accounting Standards and Interpretations, allowing AASB 1031 to effectively be withdrawn. No significant impact is expected upon adoption of the amendments. The Company does not intend to early adopt AASB 2015-3. The Company will apply AASB 2015-3 in its financial statements for the reporting period commencing from 1 July 2015.

2 Summary of significant accounting policies (continued)

(p) Rounding of amounts

The Company is of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

(q) Comparative information

Comparative information for the Company covered for the period from 1 May 2014 to 30 June 2014.

3 Dividend/Distribution income

For the reporting period ended	30 June 2015	1 May 2014 - 30 June 2014
	$'000	$'000
Dividends/Trust Distributions	**863**	24
	863	24

4 Income tax expense/(benefit)

For the reporting period ended	30 June 2015	1 May 2014 -30 June 2014
	$'000	$'000
(a) Income tax expense/(benefit) recognised in profit or loss		
Current income tax expenses/(benefit)	**(108)**	(62)
Deferred tax expense	**(1,160)**	261
	(1,268)	199
Deferred income tax (revenue)/expense included in tax expense/(income) comprises:		
Decrease/(increase) in deferred tax assets	**(1,160)**	261
(Decrease)/increase in deferred tax liabilities	**-**	-
	(1,160)	261
(b) Numerical reconciliation of tax expense/(income) to prima facie tax payable		
Profit/(loss) before income tax expense/(benefit)	**(4,226)**	663
Tax at the Australian tax rate of 30%	**(1,268)**	199
(c) Tax losses		
Unused income tax losses for which no deferred tax asset has been recognised	**-**	-
(d) Unrecognised temporary differences		
Temporary differences for which deferred tax liabilities have not been recognised	**-**	-
Unrecognised deferred tax liabilities relating to the above temporary differences	**-**	-

(e) Taxation of financial arrangements (TOFA)

The TOFA legislation provides a comprehensive framework for taxing 'financial arrangements' which alters both the character and the timing of income and deductions for taxation purposes. The TOFA tax methods applied are the 'default' method, that is, the compounding accrual method for interest bearing financial arrangements and the 'realisation' method for non interest bearing financial arrangements.

5 Auditor's remuneration

During the reporting period the following fees were paid or payable for services provided by the auditor to the Company, its related parties and non-related audit firms:

For the reporting period ended	30 June 2015	1 May 2014 - 30 June 2014
	$	$
(a) *Audit services*		
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**39,000**	26,500
Total remuneration for audit services	**39,000**	26,500
(b) Other services		
Investigating accountant services for prospectus	**-**	43,054
Total remuneration for other services	**-**	43,054
Total auditor's remuneration	**39,000**	69,554

6 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

For the reporting period ended	30 June 2015	1 May 2014- 30 June 2014
	$'000	$'000
Net unrealised gains/(losses) on financial instruments held at fair value through profit or loss	**(3,449)**	869
Net realised gains/(losses) on financial instruments held at fair value through profit or loss	**(717)**	(6)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	**(4,166)**	863

7 Cash and cash equivalents

As at 30 June 2014	30 June 2015	30 June 2014
	$'000	$'000
Cash at bank	**1,403**	25,457
	1,403	25,457

8 Receivables

As at	30 June 2015	30 June 2014
	$'000	$'000
Trade receivables	**747**	5
Distribution receivables	**64**	24
GST claimable	**10**	51
Other receivables	**162**	45
	983	125

Trade receivables are unsettled sales of investments and are generally receivable within three business days.

The doubtful debts expense disclosed in the Statement of Comprehensive Income relates to interest accrued on convertible note investment which had been assessed as doubtful at balance date. This amount was recovered by the Company in July 2015.

9 Financial assets held at fair value through profit or loss

As at	30 June 2015	30 June 2014
	$'000	$'000
Held for trading		
Warrants	**19**	35
Total held for trading	**19**	35
Designated at fair value through profit or loss		
Listed equities	**35,481**	23,270
Listed property trusts	**2,073**	1,801
Listed unit trusts	**446**	-
Unlisted equities	**4,981**	1,156
Convertible notes	**736**	-
Total designated at fair value through profit or loss	**43,717**	26,227
Total financial assets held at fair value through profit or loss	**43,736**	26,262

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 15.

10 Deferred tax assets

As at	30 June 2015	30 June 2014
	$'000	$'000
The balance comprises temporary differences attributable to:		
Amount recognised in profit or loss		
Tax losses	**397**	126
Unclaimed incorporation expenses carried forward	**191**	255
Other deferred tax assets	**1,021**	-
Total deferred tax assets	**1,609**	381
Set off of deferred tax liabilities pursuant to set-off provisions	**(221)**	(261)
Net deferred tax assets	**1,388**	120
Movements		
Opening balance	**120**	-
Credited/(charged) to profit or loss	**1,268**	(199)
Credited/(charged) to equity	**-**	319
Closing balance at 30 June	**1,388**	120
Gross up for deferred tax liabilities netted off	**221**	261
Gross deferred tax assets	**1,609**	381
Deferred tax assets to be settled after more than 12 months	**127**	190
Deferred tax assets to be settled within 12 months	**1,261**	191
	1,388	381

The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

11 Payables

As at	30 June 2015	30 June 2014
	$'000	$'000
Trade payables	**319**	2,078
Accrued expenses	**294**	156
	613	2,234

12 Contributed equity and movements in total equity

As at	30 June 2015	30 June 2014
	$'000	No.'000
(a) Share capital		
Ordinary shares		
Fully paid	**50,820**	50,820
(b) Movements in shares on issue:		
Opening balance	**50,820**	-
IPO placement	**-**	50,820
Options	**-**	-
Closing balance	**50,820**	50,820

(c) Terms and conditions of contributed equity:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Share options

The Company issued one attaching option for nil consideration with each share as part of the IPO. The options are exercisable at $1.00 each until 24 October 2015. At 30 June 2015 50,820,000 (2014: 50,820,000) options are exercisable.

(e) Capital risk management

The Company's policy is to maintain an appropriate level of liquidity in the Company's shares.

To achieve this, the Board of Directors monitor monthly NTA results, investment performance, the Company's management expenses and share price movements.

13 Earnings per share

For the period ending	**30 June 2015**	30 June 2014
	$'000	$'000
(a) Earnings		
Profit/(loss) after income tax attributable to the owners of the Company ($'000)	**(2,958)**	464
Earnings/(losses) used in calculating basic and diluted earnings per share ($'000)	**(2,958)**	464
(b) Earnings per share		
Basic earnings/(losses) per share (cents)	**(5.82)**	0.91
Diluted earnings/(losses) per share (cents)	**(5.82)**	0.46
(c) Number of shares		
Weighted average number of shares used in the calculation of basic earnings per share	**50,820,001**	50,820,001
Weighted average number of shares used in the calculation of diluted earnings per share	**50,820,001**	101,640,001

*Company options are considered anti-dilutive.

14 Derivative financial instruments

A derivative is a financial instrument or other contract that is settled at a future date and the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. Derivative transactions include many different instruments, such as forwards, futures and options.

For the purpose of managing the investment portfolio, the Manager must not knowingly do the following in regards to derivative financial instruments without the prior written consent of the Company:

- enter into or cause the Company to enter into Derivative Contracts unless there are at all times, in the case of each Derivative Contract, sufficient assets in the Portfolio to support or discharge the underlying liability of the Company under every Derivative Contract in respect of the Portfolio in the form of one or more of the following:
    - assets of the kind required to be delivered under and in accordance with the Derivative Contract;
    - other contracts or assets which substantially offset the underlying liability under the Derivative Contract; or
    - cash or immediately realisable assets of sufficient value either to discharge the maximum contingent liability or effect an offset;

The Company holds the following derivative instruments which comply with the above terms:

(a) Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the end of each reporting period. The Company recognises a gain or loss equal to the change in fair value at the end of each reporting period. The Company's derivative financial instruments at reporting period end are detailed below:

As at 30 June 2015			**Fair Values**
	Contract/ notional	**Assets**	**Liabilities**
	$'000	**$'000**	**$'000**
Warrants	**19**	**19**	**-**
Closing balance	**19**	**19**	**-**

As at 30 June 2014			Fair Values
	Contract/ notional	Assets	Liabilities
	$'000	$'000	$'000
Warrants	35	35	-
Closing balance	35	35	-

An overview of the risk exposures relating to derivatives is included in note 15.

15 Financial risk management

(a) Objectives, strategies, policies and processes

The Company's activities may expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on ensuring compliance with the Company's Management Agreement and seeks to maximise the returns derived for the level of risk to which the Company is exposed. Financial risk management is carried out by the Manager under policies approved by the Board.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. Market risk is managed via portfolio diversification, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Company's direct investments and not on a look-through basis.

The sensitivity of the Company's total equity and profit/(loss) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Company's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Company invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

At period end, the overall market exposures were as follows:

As at	**30 June 2015**	30 June 2014
	$'000	$'000
Securities at fair value through profit or loss	**43,736**	26,262
	43,736	26,262

15 Financial Risk Management (continued)

(i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Company's investment portfolio. The investments are classified on the statement of financial position as held at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited, however the Company does not engage in short selling.

The Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Company's overall market positions are monitored on a regular basis by the Company's Manager. This information is reported to the relevant parties on a regular and ultimately the Board.

At 30 June 2015, if the equity prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the total equity and profit/(loss) would have changed by the following amounts, approximately and respectively:

As at	30 June 2015 Increased by 10%	Decreased by 10%	30 June 2014 Increased by 10%	Decreased by 10%
	$'000	**$'000**	$'000	$'000
Increase/(decrease) in total equity (and profit/(loss) for the reporting period attributable to the owners of the Company)	**4,374**	**(4,374)**	2,626	(2,626)

(ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

There were no direct foreign exchange risks in the Company as at 30 June 2015 (2014: Nil).

(iii) Interest rate risk

There were no significant direct interest rate risks in the Company as at 30 June 2015 (2014: Nil).

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Counterparty credit limits and the list of authorised brokers are reviewed by the relevant parties within the Company on a regular basis as deemed appropriate.

In accordance with the Company's policy, the Investment Manager monitors the Company's credit position on a regular basis. This information and the compliance with the Company's policy are reported to the relevant parties on a regular basis and ultimately the Board.

(d) Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

15 Financial Risk Management (continued)

The concentrations of risk are monitored by the Manager to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Based on the concentrations of risk that are managed by industry sector and/or counterparty, the following investments can be analysed by the industry sector and/or counterparty as at 30 June 2015:

As at	**30 June 2015 $'000**	30 June 2014 $'000
Materials	**7,275**	6,414
Energy	**3,939**	4,536
Consumer discretionary	**8,031**	3,925
Financials	**8,130**	3,785
Industrials	**4,473**	1,856
Information technology	**3,726**	1,833
Telecommunication services	**2,094**	1,004
Health Care	**3,131**	-
Others	**2,937**	2,909

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Company's investment in financial instruments, that under normal market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Company's investments include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Company may invest in investments in unlisted equities that expose the Company to the risk that the Company may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet it's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

In accordance with the Company's policy, the Manager monitors the Company's liquidity position on a regular basis. This information and the compliance with the Company's policy are reported to the relevant parties on a regular basis as deemed appropriate and ultimately the Board.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	More than 12 months $'000
At 30 June 2015				
Payables	**613**	**-**	**-**	**-**
Total financial liabilities - Contractual cash flows	**613**	**-**	**-**	**-**

15 Financial Risk Management (continued)

(e) Liquidity risk (continued)

	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	More than 12 months $'000
At 30 June 2014				
Payables	2,234	-	-	-
Total financial liabilities - Contractual cash flows	2,234	-	-	-

(f) Estimation of fair values of financial assets and liabilities

The carrying amounts of all the Company's financial assets and financial liabilities at the end of the reporting period approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's accounting policy on fair value measurement is set out in note 2(b). The methods and assumptions used in the determination of the fair value of each class of financial instruments is also set out in note 2(b).

Note 2(n) outlines further the nature of management's judgments, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

(g) Fair value hierarchy

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1**: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); quoted prices for similar securities in active and/or inactive markets; market-corroborated inputs; inputs that are developed based on available market data and reflect assumptions that markets would use when pricing similar securities.
- **Level 3**: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

All fair value measurements disclosed are recurring fair value measurements.

15 Financial Risk Management (continued)

(g) Fair value hierarchy (continued)

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

As at 30 June 2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets held at fair value through profit or loss				
Listed equities	**34,813**	**306**	**362**	**35,481**
Listed property trusts	**2,073**	**-**	**-**	**2,073**
Listed unit trusts	**446**	**-**	**-**	**446**
Unlisted equities		**-**	**4,981**	**4,981**
Convertible notes	**-**	**-**	**736**	**736**
Warrants	**-**	**-**	**19**	**19**
Total	**37,332**	**306**	**6,098**	**43,736**

As at 30 June 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets held at fair value through profit or loss				
Listed equities	23,113	-	157	23,270
Listed property trusts	1,801	-	-	1,801
Unlisted equities	-	239	917	1,156
Warrants	-	-	35	35
Total	24,914	239	1,109	26,262

The pricing for the majority of the Company's investments is generally sourced from independent pricing sources, the relevant Investment Manager's or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, e.g. recognised stock exchange, and therefore classified within level 1 include active listed equities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded.

Level 2 investments could include those that are not traded in active markets and/or are subject to transfer restrictions.

Level 3 instruments could include debt instruments and certain private equity type investments of which valuations are not based on market inputs or securities valued using models and internal data. Level 3 investments may be adjusted to reflect illiquidity and/or restrictions. Level 3 instruments also include those that have stale price that is, where the pricing for a particular security has remained static for an extended period of time.

Level 3 valuations are reviewed monthly by the relevant management. The management considers the appropriateness of the valuation inputs, methods and techniques used in the valuations. The valuation inputs are generally sourced from independent third party pricing sources without adjustment such as stock exchanges, pricing agencies and/or fund managers. Where the inputs are considered stale, unobservable, proprietary or from an inactive market, they are categorised as level 3.

15 Financial Risk Management (continued)

(g) Fair value hierarchy (continued)

Transfers between levels of fair value hierarchy are deemed to have occurred at the reporting date.

The following table presents the movement in level 3 instruments as at the reporting date by class of financial instrument.

As at 30 June 2015	**Opening balance**	**Purchases**	**Sales**	**Transfers into level 3**	**Transfers out of level 3**	**Gains/ (losses) recognised in profit or loss**	**Closing balance**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Listed equities	**157**	**-**	**-**	**362**	**-**	**(157)**	**362**
Unlisted equities	**917**	**3,127**	**-**	**-**	**-**	**937**	**4,981**
Convertible notes	**-**	**960**	**-**	**-**	**-**	**(224)**	**736**
Warrants	**35**	**-**	**-**	**28**	**-**	**(44)**	**19**
Total	**1,109**	**4,087**	**-**	**390**	**-**	**512**	**6,098**

As at 30 June 2014	Opening balance	Purchases	Sales	Transfers into level 3	Transfers out of level 3	Gains/ (losses) recognised in profit or loss	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Listed equities		157					157
Unlisted equities	-	916	-	-	-	1	917
Warrants		35					35
Total	-	1,108	-	-	-	1	1,109

(h) Sensitivity analysis for unlisted investments

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy together with a quantitative sensitivity analysis, are as disclosed below:

Sensitivity Analysis

Investment	**Valuation technique**	**Significant unobservable input**	**Weighted average**	**Range/volatility**	**Sensitivity (Low)/High**
amaysim Australia	Market comparables	Share price	$261.000	17.03%	($367,376)/$367,376
Nimble Equities	EV/EBITDA multiples	EV/EBITDA	-	3.74 – 9.73	($83,860)/$83,860
Sub161	Market comparables	Share price	$0.6633	11.88%	($130,773)/$130,733
Carbon Revolution	Portfolio valuation	Share price	$2,563.4167	20.35%	($46,953)/$46,953
Redbubble	Portfolio valuation	Share price	$32.7062	13.24%	($249,837)/$249,837

15 Financial Risk Management (continued)

(h) Sensitivity analysis for unlisted investments (continued)

The following table sets out the sensitivity of Level 3 investments to movements in the relevant sector indices over the last 5 years.

Sensitivity Analysis

Company	Sector	Share Price as at 30 June 2015	ACQ number of shares	Fair Value	Volatility using past 5 years	Sensitivity - Low	Sensitivity - High
amaysim Australia	Telco Services	261.0000	8,266	2,157,426	17.03%	(367,376)	367,376
Nimble	Financials ex-AREITs	0.5884	1,200,000	706,031	11.88%	(83,860)	83,860
Sub161	Industrials Capital Goods	0.6693	960,000	642,566	20.35%	(130,773)	130,773
Carbon Revolution	Industrials Capital Goods	2,563.4167	90	230,707	20.35%	(46,953)	46,953
Redbubble	Consumer Discretionary	32.7062	57,675	1,886,315	13.24%	(249,837)	249,837
Total						**(878,798)**	**878,798**

16 Related party transactions

(a) Key management personnel compensation

Any persons with responsibility for planning, directing and controlling the activities of the Company, directly or indirectly during the reporting period are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to the table below and also the remuneration report (audited) in the directors' report.

	Short-term benefits	Post-employment benefits	Total
2015	**$**	**$**	**$**
Directors			
John Steven	**54,795**	**5,205**	**60,000**
Judith Smith	**36,530**	**3,470**	**40,000**
David Trude	**36,530**	**3,470**	**40,000**
Total	**127,855**	**12,145**	**140,000**

	Short-term benefits	Post-employment benefits	Total
2014	$	$	$
Directors			
John Steven	21,918	2,082	24,000
Judith Smith	14,511	1,379	15,890
David Trude	14,511	1,379	15,890
Total	50,940	4,840	55,780

(b) Other transactions with key management personnel or entities related to them

From time to time directors of the Company, or their related entities, may purchase or sell the Company's securities through the Australian Securities Exchange in accordance with the Company's security trading policy.

No director has entered into a material contract with the Company since the last reporting date and there were no material contracts involving directors' interests subsisting at the reporting date.

(c) Loans transactions and balances

The Company has not made, guaranteed or secured, directly or indirectly any loans to key management personnel or their related entities during the reporting period.

(d) Acorn Capital Limited

Management agreement

The Company and the Manager have entered into the Management Agreement whereby, subject to the provisions set out below, the Company has exclusively appointed the Manager to invest and manage all of the assets of the Company (including any controlled entity of the Company) from time to time, for and on behalf of the Company, for an initial term of 5 years commencing on 1 May 2014.

At any time after the date on which the Company's securities first commence trading on ASX, the Manager may request that the Company call and arrange to hold a meeting of the Company's shareholders to consider and, if appropriate, approve a resolution renewing the term of the Management Agreement for a further period of 5 years, with such 5 year period to commence on the date of the resolution (such resolution being the **Renewal Resolution**). If the Renewal Resolution is approved by the Company's shareholders, the term of the Management Agreement will be automatically renewed such that the Management Agreement will continue until the date that is 5 years after the date of the relevant approved Renewal Resolution. Once a Renewal Resolution has been passed the Manager is not entitled to any further renewal of the term.

After the end of the 'Term' (defined in the Management Agreement as the initial 5 year term or any renewed term), the Management Agreement will continue until terminated in accordance with the Management Agreement.

Management fees

Under the Management Agreement, the Manager receives semi-annual fees in connection with the provision of management services.

The management fee paid and payable by the Company for the reporting period ended 30 June 2015 to the Manager was $455,242 (2014: $80,445). Of this amount, all was payable to the Manager, as the Investment Manager, pursuant to the management agreement. At 30 June 2015, of the total 2015 fee, $239,105 (2014: $80,445) remains payable by the Company.

The performance fee payable by the Company for the reporting period ended 30 June 2015 to the Manager was nil (2014: Nil).

16 Related party transactions (continued)

(e) Related party equity share holdings

Parties related to the Company (including Acorn Capital Limited and its related parties), held units in the Company as follows:

Units in the Company as at 30 June 2015	Number of units held opening	Number of units held closing	Fair value of investment	Interest held	Number of options held closing	Distributions paid/payable by the Company
Shareholder	**(Units)**	**(Units)**	**$**	**%**	**(Units)**	**$**
Acorn Capital Limited	**4,500,001**	**4,500,001**	**3,150,001**	**8.85**	**4,500,000**	**-**
Australian Unity Balanced Growth Portfolio	**1,050,000**	**1,050,000**	**735,000**	**2.07**	**1,050,000**	**-**
AUFM MANAGED FUND NO 1	**150,000**	**150,000**	**105,000**	**0.30**	**150,000**	**-**
AUFM MANAGED FUND NO 2	**100,000**	**100,000**	**70,000**	**0.19**	**100,000**	**-**
AUFM MANAGED FUND NO 3	**200,000**	**200,000**	**140,000**	**0.39**	**200,000**	**-**
Directors of Acorn Capital Investment Fund Limited	**315,000**	**315,000**	**220,500**	**0.62**	**315,000**	**-**
Directors / staff of Acorn Capital Limited	**348,500**	**208,500**	**243,950**	**0.42**[3]	**145,000**	**-**
Total	**6,663,501**	**6,523,501**	**4,664,451**	**12.84**	**6,460,000**	**-**

Units in the Company as at 30 June 2014	Number of units held opening	Number of units held closing	Fair value of investment	Interest held	Number of options held closing	Distributions paid/payable by the Company
Shareholder	(Units)	(Units)	$	%	(Units)	$
Acorn Capital Ltd	4,500,001	4,500,001	3,915,001	8.85	4,500,000	-
Australian Unity Balanced Growth Portfolio	1,050,000	1,050,000	913,500	2.07	1,050,000	-
AUFM MANAGED FUND NO 1	150,000	150,000	130,500	0.30	150,000	-
AUFM MANAGED FUND NO 2	100,000	100,000	87,000	0.19	100,000	-
AUFM MANAGED FUND NO 3	200,000	200,000	174,000	0.39	200,000	-
Directors of Acorn Capital Investment Fund Ltd	315,000	315,000	274,050	0.62	315,000	-
Directors / staff of Acorn Capital Ltd	348,500	348,500	303,195	0.69	348,500	-
Total	6,663,501	6,663,501	5,797,246	13.11	6,663,500	-

[3] The reduction is due to the retirement of a Director of Acorn Capital Limited. The individual continues to hold the shares in the Company as at the date of this report.

17 Operating segment information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources is the Company's Board. The Company has outsourced the investment management of the portfolio to Acorn Capital Limited, the Investment Manager of the Company. The Company operates only in the investment industry in Australia and has no reportable business or geographic segments.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the chief operating decision-maker and the directors when making strategic, investment or resource allocation decisions.

The internal reporting provided to management is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards. There were no changes in the reportable segments during the reporting period.

The Company is domiciled in Australia and derives its revenue entirely from an Australian investment portfolio, through the receipt of dividends, distributions, interest and other income.

The Company's assets have sufficient nexus with Australia or are listed on the Australian Securities Exchange.

Details of these assets are disclosed in note 9 above.

18 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

For the period ended	**30 June 2015**	30 June 2014
	$'000	$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit after income tax expense/(benefit) attributable to the owners of the Company	**(2,958)**	464
Proceeds from sale of financial instruments held at fair value through profit or loss	**17,178**	145
Purchase of financial instruments held at fair value through profit or loss	**(41,312)**	(23,478)
Net (gains) on financial instruments held at fair value through profit or loss	**4,166**	(863)
Net change in receivables and other assets	**(858)**	(120)
Net change in deferred tax assets/(deferred tax liabilities)	**1,268**	199
Net change in payables and other liabilities	**(1,538)**	163
Net cash (outflow) from operating activities	**(24,054)**	(23,490)
(b) Components of cash and cash equivalents		
Cash as at the end of the reporting period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	**1,403**	25,457
	1,403	25,457
(c) Non-cash financing activities		
During the reporting period, the following distribution payments were satisfied by the issue of units under the dividend reinvestment plan	**-**	-

19 Reconciliation of net tangible assets used in calculation of net tangible assets per ordinary share for ASX reporting

For the reporting period ended	30 June 2015	30 June 2014
	$'000	$'000
Net assets per financial statements	**46,772**	49,730
Provision for expected costs to be incurred in realising proceeds of asset disposals (non-IFRS)	**(68)**	(29)
Tax adjustment on expected costs to be incurred in realising proceeds of asset disposals (non-IFRS)	**(29)**	(9)
Net tangible assets for ASX reporting	**46,675**	49,692
Number of ordinary shares on issue at reporting date	**50,820,001**	50,820,001

Net Tangible Assets Backing (NTA) per share	As at 30 June 2015 (non-IFRS)	
	For monthly NTA Reporting $/share	**For Financial Reporting $/share**
NTA per share before income tax ($/share)	**0.8921**	**0.8930**
NTA after income tax excluding tax on unrealised gains ($/share)	**0.9051**	**0.9060**
NTA per share after income tax ($/share)	**0.9184**	**0.9194**

Net Tangible Assets Backing (NTA) per share	As at 30 June 2014 (non-IFRS)	
	For monthly NTA Reporting $/share	**For Financial Reporting $/share**
NTA per share before income tax ($/share)	**0.9756**	**0.9762**
NTA after income tax excluding tax on unrealised gains ($/share)	**0.9829**	**0.9837**
NTA per share after income tax ($/share)	**0.9778**	**0.9786**

20 Events occurring after the reporting period

No significant events have occurred since the reporting period which would impact on the financial position of the Company disclosed in the statement of financial position as at 30 June 2015 or on the results and cash flows of the Company for the reporting period ended on that date.

21 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities as at 30 June 2015 and 2014.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 23 to 49 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance, as represented by the results of its operations and cash flows, for the reporting period ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

While the Company does not have any employees, the directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the relevant executives of Acorn Capital Limited in relation to the Company.

This declaration is made in accordance with a resolution of the directors.

John Steven
Chairman and Non-Executive director
Melbourne
3 September 2015

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Independent auditor's report to the members of Acorn Capital Investment Fund Limited

Report on the financial report

We have audited the accompanying financial report of Acorn Capital Investment Fund Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company of Acorn Capital Investment Fund Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Building a better working world

Opinion

In our opinion:

a. the financial report of Acorn Capital Investment Fund Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the Acorn Capital Investment Fund Limited's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 18 to 20 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Acorn Capital Investment Fund Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
3 September 2015

Additional information for listed companies

ASX Additional information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 July 2015.

Substantial shareholders

The substantial shareholders and their associates as disclosed by notices received by the Company as at 31 July 2015 are set out below:

Shareholders	Number of shares
Acorn Capital Limited	4,500,001
Sandon Capital Pty Ltd	2,544,912

Voting rights

Ordinary shares
On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options
No voting rights.

Distribution of equity security holders

Range	Total holders	Units	% of Issued Capital
1 - 1,000	25	8,825	0.02
1,001 - 5,000	137	519,547	1.02
5,001 - 10,000	199	1,815,370	3.57
10,001 - 100,000	683	23,938,085	47.10
100,001 - 9,999,999,999	50	24,538,174	48.29
Total	**1,123**	**50,820,001**	**100.00**

Non Marketable Parcels

There were 18 holders of less than a marketable parcel of ordinary shares (based on the closing market price on 31 July 2015).

There are no securities subject to voluntary escrow.

Twenty largest shareholders

Shareholders	Ordinary share number	Ordinary share %
ACORN CAPITAL LIMITED	4,500,000	8.85
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,339,999	6.57
ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	2,320,951	4.57
NATIONAL NOMINEES LIMITED	2,144,947	4.22
BNP PARIBAS NOMS PTY LTD <DRP>	1,638,655	3.22
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,241,712	2.44
MERRIWEE PTY LTD <MERRIWEE SUPER FUND A/C>	710,000	1.40
BETA GAMMA PTY LTD <WALSH STREET SUPER FUND A/C>	550,000	1.08
NEJA PTY LTD	500,000	0.98
ANDAMA HOLDINGS PTY LTD <J & M BARLOW PENSION A/C>	400,000	0.79
KEYBRIDGE CAPITAL LIMITED	368,965	0.73
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	286,143	0.56
WIFAM INVESTMENTS PTY LTD <WISCHER FAMILY S/F A/C>	275,000	0.54
0 PTY LTD <THE NOTHING A/C>	250,000	0.49
GEFWEB NOMINEES PTY LTD <SUPERANNUATION FUND A/C>	250,000	0.49
GLYDE STREET NOMINEES PTY LTD <J PITT SUPER FUND A/C>	250,000	0.49
ICE COLD INVESTMENTS PTY LTD	250,000	0.49
LEGANO PTY LTD <BARRY GEORGE FAIRLEY S/F A/C>	250,000	0.49
NETHERFIELD NOMINEES PTY LTD <LOUISE CHRISTIE S/F A/C>	250,000	0.49
CAPE BOUVARD EQUITIES PTY LTD	200,000	0.39

Unissued equity securities
Listed options: 50,820,000 units
ASX code: ACQO

Securities exchange listing
The Company is listed on the Australian Securities Exchange.

ASX Code
ACQ
ACQO - Options

On market Buy Back
There is currently no on market buy back.

Use of IPO Proceeds
During the period the Company has used the IPO proceeds to invest in securities in accordance with the business objectives as disclosed in the prospectus.

Transactions & Brokerage
The company had a total of 1,015 transactions in securities during the period and has paid brokerage totalling $126,969.

Investments

At 30 June 2015 the Company held the following investments:

3P Learning Limited.
SUB161 Pty Ltd
RedBubble Ltd
Carbon Revolution Pty Ltd
amaysim Australia Pty Ltd
Nimble Money Pty Ltd
Affinity Education Group Limited
Aurelia Metals Limited
Ausquest Limited
Aquarius Platinum Limited
Alliance Aviation Services Limited
Bellamy's Australia Limited
Burson Group Limited
Beacon Lighting Group Limited
Base Resources Limited
Byron Energy Limited
Capral Limited
Capitol Health Limited
CMI Limited
Cooper Energy Limited
CSG Limited
Decmil Group Limited
Drillsearch Energy Limited
Decimal Software Limited
DWS Limited
Ensogo Limited
eBET Limited
ERM Power Limited
Eservglobal Limited
Excelsior Gold Limited
FAR Limited
Folkestone Education Trust
Finders Resources Limited
Freedom Foods Group Limited
Global Construction Services
GDI Property Group
Generation Healthcare REIT
Gage Roads Brewing Co Limited
Galaxy Resources Limited
Hub24 Limited
Huon Aquaculture Group Limited
Horizon Oil Limited
iCar Asia Limited
Indoor Skydive Australia Group
Infomedia Ltd
IMF Bentham Limited
IPHLimited
iProperty Group Limited
Jameson Resources Limited
MACA Limited
Metals X Limited
Mint Payments Limited
Mitchell Services Limited
Mitula Group Limited
Monash IVG Group Limited
Mayne Pharma Group Limited
Nick Scali Limited
Otto Energy Limited
Om Holdings Limited
Orocobre Limited
Otoc Limited
OneVue Holdings Limited
Peninsula Energy Limited
Pluton Resources Limited
Perseus Mining Limited
Pacific Smiles Group Limited
QMS Media Limited
Red 5 Limited
Rungepincockminarco Limited
Rex Minerals Limited
St Barbara Limited
Sundance Energy Australia Limited
Segue Resources Limited
Sino Gas & Energy Holdings Limited
SG Fleet Group Limited
Shine Corporate Ltd
Select Harvests Limited
Simonds Group Limited
Skilled Group Limited
Somnomed Limited
Sipa Resources Limited
Servcorp Limited
Strike Energy Limited
Touchcorp Limited
360 Capital Group
Tlou Energy Limited
Troy Resources Limited
Vocus Communications Limited
Vita Life Sciences Limited
Wellcom Group Limited
Watpac Limited
Yellow Brick Road Holdings Limited