

21 April 2021
ASX Announcement

March 2021 Quarter in Review – Appendix 4C

Key Points

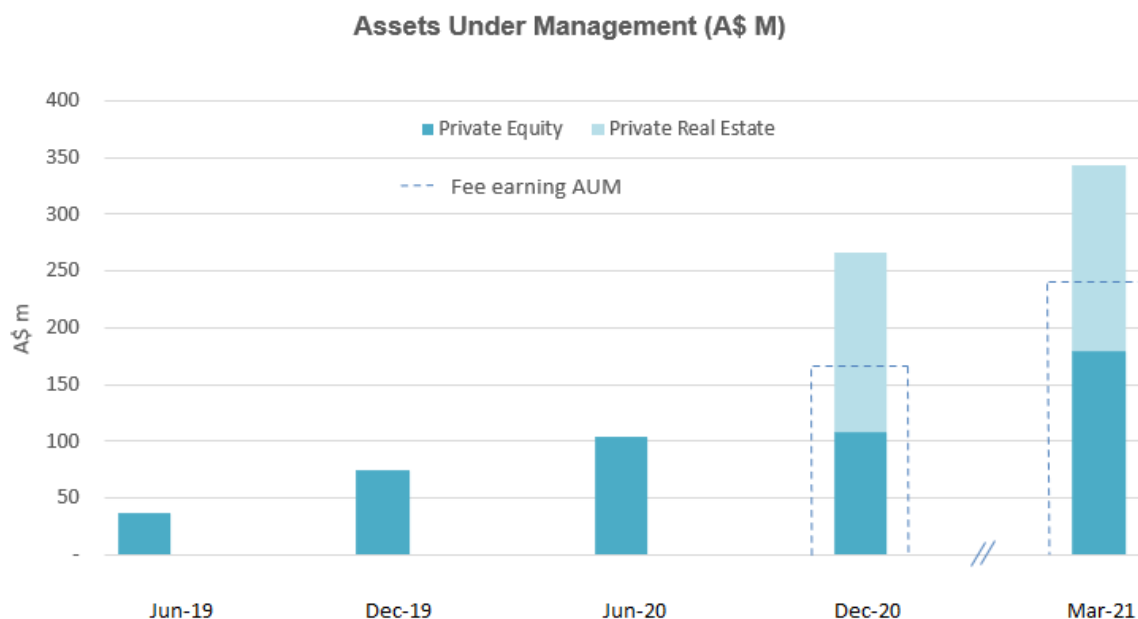
- **Assets Under Management (“AUM”) up 29% over the quarter to \$343M**
- **Fee earning AUM up 45% over the quarter to \$242M**
- **Over \$3.3M in cash receipts for the quarter**
- **Positive cash flow from operations of \$1.5M for the quarter**
- **Cash balance at the end of March - \$5M**

Auctus Investment Group Limited (‘AVC’, ‘Auctus’ or ‘the Company’) is pleased to provide the following update in relation to activities for the March quarter of 2021.

Auctus Asset Management Pty Ltd (Auctus AM)

Auctus Asset Management (‘Auctus AM’) increased Assets Under Management (AUM) from A\$266M at the end of December to A\$343M at the end of March, a 29% improvement. Fee earning AUM over the period increased to \$242M, up 45%.

During the first 9 months of FY21, AUM has increased more than three-fold.



Cash Flow from Operations and Cash Position

As disclosed in our 1st Half results on 26 February 2021, Auctus AM generated more than \$3.3M in cash receipts from customers for the quarter. Auctus AM generated these fees from the SQ Property Opportunities Fund and from closing the Pet Fund to invest in Petstock Pty Ltd.

Net cash from operating activities for the quarter improved to \$1.547M, taking cash flow for the year to date into the positive by \$217k.

The Company ended the quarter with just under \$5M in cash.

Auctus continues to build recurring revenue from ongoing management fees as AUM increases. These ongoing management fees are separate to one-off transaction fees and performance fees and remain a strong focus for the business. However, our investment process and strict due diligence on underlying transactions will continue to take precedence.

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

Cash Flow from Investing

During the period, Auctus Asset Management settled the first tranche of its investment into both Impact Investment Partners (\$1.05M for 7% as announced on 16 March 2021) and Odyssey Group Ltd (US\$500k for 9.99% as announced on 10 March 2021).

Auctus Investment Holdings (Auctus IH) received the repayment of its Convertible Note in Gophr Ltd. This generated approximately \$1.02M.

Fund Updates

Unite Us Fund

Healthcare technology company, Unite Us continues to perform well ahead of Auctus' expectations and forecasts. As a result of its continued growth, and interest in the business, Unite Us attracted numerous parties to participate in a Series C round in March 2021. This round ended up attracting an additional US\$150 million led by ICONIQ Growth ("ICONIQ") at a US\$1.65 billion post-money valuation.

The Series C round was at a significant premium to the Unite Us Fund's investment via the Series B raise which was done at a valuation of US\$210 million post-money. The investment from ICONIQ represents a ~7 times money multiple (gross) unrealised return for Auctus investors in the Unite Us Fund which is testament to our internal investment process. The capital will be used to accelerate the Company's growth.

During the quarter, Unite Us was named #3 on [Forbes America's Best Startup Employers](#) list for 2021.

Student Quarters (“SQ”) joint venture and SQ Property Opportunities Fund

As previously reported, Auctus in partnership with SQ, was pleased to announce the acquisition of The Edge Apartments in Lubbock, TX near Texas Tech University. The deal marks the first transaction for the newly-formed venture between the two entities via the SQ Property Opportunities Fund.

The asset was valued at US\$28.1M with the equity component of the transaction US\$9.1M, funded 90% by the Fund and a 10% co-investment by Student Quarters. Debt on the property is locked in at 3.18% for 31 years.

Auctus have been working on a strategy to enable Asian based investors to invest into US student housing. During the quarter Auctus in conjunction with Odyssey Group launched the “US Student Housing Fund S.P.” that will invest alongside the SQ Property Opportunities Fund and will enable the portfolio to scale up.

Student Quarters and Auctus have a number of additional properties currently under review that, subject to due diligence, we will look to add to the portfolio during H1, 2021.

Performance Fees

Given the strong performance of the Unite Us Fund since its inception, the return profile is well ahead of the performance fee hurdle. On the back of this, the Company expects to accrue a net performance fee of approximately US\$2M for the financial year to 30 June 2021.

These fees are non-cash until such time as the underlying holdings in each Fund are sold. Equally, there is always a level of uncertainty on when and at what price the sale will occur.

The Company has taken the view that shareholders should be made aware of the potential for such fees and their quantum.

- Ends

This announcement has been authorised for release by the Board of AVC.

For shareholder enquiries, please contact:

Campbell McComb
Managing Director

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AUCTUS INVESTMENT GROUP LIMITED (ASX: AVC)

Appendix 4C**Quarterly cash flow report for entities
subject to Listing Rule 4.7B****Name of entity****AUCTUS INVESTMENT GROUP LIMITED (ASX: AVC)****ABN****76 149 278 759****Quarter ended ("current quarter")****31 March 2021**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,369	3,735
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(560)	(727)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(829)	(1,892)
(f) administration and corporate costs	(433)	(1,040)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	141
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,547	217
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(3)
(d) investments	(1,693)	(1,693)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	(138)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(731)
2.4	Dividends received (see note 3)	-	-
2.5	Other (Repayment of Gophr Convertible Notes)	1,019	1,019
2.6	Net cash from / (used in) investing activities	(675)	(1,546)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,657
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(10)	(65)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(10)	4,592

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,130	1,818
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,547	217

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(675)	(1,546)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(10)	4,592
4.5	Effect of movement in exchange rates on cash held	6	(83)
4.6	Cash and cash equivalents at end of period	4,998	4,998

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,998	4,130
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,998	4,130

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	491
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,547
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,998
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,998
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	N/A
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A		
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

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

Date: 21 April 2021

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

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