

Prospectus

Acorn Capital Investment Fund Limited
ACN 167 595 897

ASX: ACQ

A pro-rata non-renounceable offer of one Option to Eligible Shareholders for every three Shares held on the Option Record Date

**This document is important and
should be read in its entirety**

If you do not understand its contents, you should consult your stockbroker, accountant or other professional adviser without delay

Key dates for the Offer

OPTIONS	
Description	Date
Lodgement of this replacement Prospectus with ASIC and ASX (Lodgement Date) <i>Note: Shares quoted on a "cum" basis</i>	Wednesday, 31 July 2019
Shares quoted on an "ex" Option Entitlement basis	Monday, 12 August 2019
Option Record Date in respect of the Offer	7.00pm (Melbourne time) on Tuesday, 13 August 2019
Issue date of Options in respect of the Offer	Tuesday, 20 August 2019
Prospectus and Entitlement Statement sent to Eligible Shareholders in respect of the Offer	Friday, 23 August 2019

The above dates following the Lodgement Date should be regarded as indicative only and subject to the dates set out in the timetable included in any Entitlement Statement and Announcement. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Company reserves the right to change the above dates or not to proceed with the Offer.

Key dates for the Offer are also set out in the Entitlement Statement and Announcement in respect of the Offer.

This Prospectus is dated 31 July 2019. Options will not be quoted on ASX or any other financial market. No securities will be issued or sold on the basis of this Prospectus after the Prospectus Expiry Date.

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Important notice

1. Offer

This Prospectus is dated 31 July 2019 and a copy of this Prospectus has been lodged with ASIC. This is a replacement prospectus which replaced the Original Prospectus. A summary of the material differences between the Original Prospectus and this replacement Prospectus is as follows:

- (a) consistent with the date of this Prospectus, the Company's pro forma statement of financial position (as set out in section 4.3) has been prepared as at 31 December 2018, whereas, under the Original Prospectus, the Company's pro forma statement of financial position was prepared as at 30 June 2018;
- (b) certain details throughout the Prospectus have been updated to reflect current information as at the date of this Prospectus (as opposed to the date of the Original Prospectus), including, but not limited to the following:
 - (i) the number of Company securities on issue;
 - (ii) the number of Company securities held by certain of the Directors;
 - (iii) the expenses of the Offer (as opposed to the expenses of the offer contemplated by the Original Prospectus); and
 - (iv) the Exercise Price of the Options (as opposed to the exercise price of the options under the offer contemplated by the Original Prospectus);
- (c) the offer dates have been updated to reflect the relevant dates that are applicable to the Offer (as opposed to the offer contemplated by the Original Prospectus); and
- (d) each reference to a 'Bonus Option' has been replaced with a reference to an 'Option', noting that this change is a terminology change only and has no substantive effect.

Neither ASIC nor ASX nor their respective officers take any responsibility for the content of this Prospectus. No securities will be issued on the basis of this Prospectus after the Prospectus Expiry Date.

This Prospectus accompanies an Offer to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

This Prospectus is issued by the Company. No person is authorised to give any information or to make any representation in connection with the Offer in this Prospectus that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

Before deciding to invest in the Company by exercising Options, potential investors should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the Options offered with this Prospectus. The Offer does not take into account the investment objectives, financial situation and particular needs of the investor. You should carefully consider the risks that impact on the Company in the context of your personal requirements (including your financial and taxation position) and seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser prior to deciding whether to invest in the Company.

Some of the risks that you should consider are set out in section 3 of this Prospectus.

2. Electronic Prospectus

This Prospectus is available in a paper version and in electronic form. The electronic version will be available on the Company's website, www.ACQFund.com.au, from the date of this Prospectus until the later to occur of the Option Expiry Date and the Prospectus Expiry Date. The Offer accompanied by this Prospectus in electronic form is available only to Eligible Shareholders receiving this Prospectus in electronic form. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus.

Any person may obtain a hard copy of this Prospectus free of charge by contacting the Share Registry, Computershare Investor Services Pty Ltd on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

3. Receiving Options

Eligible Shareholders do not need to return an application form or do anything else to be issued Options. Options will be issued to them on the Option Issue Date in accordance with the procedure set out in section 5.

The Company will enter details of the holdings of Options issued to each Eligible Shareholder in a register of options to be maintained on behalf of the Company in accordance with the Corporations Act.

4. No financial advice

The information given in this Prospectus does not constitute financial product advice. This Prospectus is of a general nature and has been prepared without taking into account your individual investment objectives, financial situation, tax position or particular investment needs. Before making an investment decision on the basis of this Prospectus, you should consider the appropriateness of the information having regard to your investment objectives, financial needs and investment needs. If you have any questions about any of the matters contained in this Prospectus, you should contact your legal adviser, stockbroker, accountant or other relevant adviser. No cooling-off period applies to the acquisition of Options or, if you elect to exercise Options, the acquisition of Shares as a result.

5. Forward-looking statements and risks

This Prospectus contains a number of forward-looking statements. Forward-looking statements provided in this Prospectus are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company. They are provided as a general guide only and should not be relied on as an indication or a guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based because events and actual circumstances frequently do not occur as forecast and these differences may be material.

6. Disclaimers

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be

expected to be known to investors and professional advisers whom potential investors may consult.

Except as required by law, neither the Company nor any other person warrants the future performance of the Company nor any return on any investment made under this Prospectus. Any investment in the securities offered by this Prospectus should be considered speculative.

7. Company's website

Any references to documents included on the Company's website are provided for convenience only and none of the documents or other information on the website is incorporated by reference as content of this Prospectus.

8. Privacy

The privacy obligations and policy relating to this Prospectus are contained in the privacy disclosure statement in section 7.9 of this Prospectus.

9. References to time

References to time in this Prospectus are to the legal time in Melbourne, Victoria, Australia.

10. Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in section 1 of this Prospectus.

11. New Zealand offerees

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under the Corporations Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

This Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under the Corporations Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you are a New Zealand investor and you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Chairman's letter

31 July 2019

Dear Shareholder,

This Prospectus explains the purpose and effect on Acorn Capital Investment Fund Limited of the pro-rata non-renounceable offer of Options to all Eligible Shareholders.

Please note, no consideration is payable for the issue or grant of the Options and the exercise of any Options is completely at the discretion of the holder of the Options (i.e. the holder of any Options may, but is not required to, exercise the Options).

The Offer is what we hope will be the second in the Company's Recurring Option Issuance Program¹ involving twice annual offers of Options to Shareholders.

The Board recommends that you read this Prospectus in its entirety and consider the following information.

Purpose of the Offer

The Board also considers that growing the absolute size of the Investment Portfolio is important. The Board is supportive of the increase in the size of the Investment Portfolio to a more strategically optimal level of at least \$150 million in market capitalisation. Our increase in size provides a number of potential benefits including:

- (a) the ability to take greater advantage of microcap investment opportunities. In the Investment Manager's experience, microcap investment opportunities become more attractive in volatile markets, where there is a reduction in the capital available to developing companies;
- (b) potential for increased liquidity/business in the Shares;
- (c) increased potential for participation in the Company from a bigger range of eligible investors;
- (d) increased potential for the Investment Manager applying limited available investment capacity in listed and unlisted Australian microcap stocks;
- (e) reduction in ACQ's fixed costs as a percentage of market capitalisation; and
- (f) additional capacity to pursue further investments in industry sectors that are substantially unlisted in the existing ACQ investment portfolio.

The Options are unquoted but transferable. They are also short dated, expiring 7 days before the likely next ex-dividend date. It is expected that these factors will encourage greater prospects of exercise and the Company also has the opportunity to enter into arrangements to underwrite any shortfall in Options exercised after the Option Expiry Date.

¹ Please note the Company reserves the right in its absolute discretion to discontinue the Program at any time and without prior notice. The first offer of options was made under the Original Prospectus. Any offer of options subsequent to this Offer may need to be made under a separate prospectus, noting that the Prospectus Expiry Date is 17 January 2020.

How will the additional capital be used?

No money will be raised from the issue of Options. It is intended that any funds raised from the exercise of Options will be applied towards increasing the Company's investable capital.

What are the advantages of the Offer for Eligible Shareholders?

The Offer of Options to Eligible Shareholders means that they will be issued the Options for no consideration. Holders of Options will have until the Option Expiry Date of the Options to exercise the Options.

The Options will not be quoted on the ASX or any other financial market. However, Options will be freely transferable. The Company may be able to identify one or more parties that may be interested in purchasing Options from those Option holders who are not minded to exercise them.

Accompanying this Prospectus is an Entitlement Statement setting out your Option Entitlement as well as certain key terms and conditions of the Options, including the Option Expiry Date and the Option Exercise Price.

This Prospectus also provides an overview of the business and activities of the Company.

On behalf of the Board of Directors, I would like to thank all Shareholders for their ongoing support.

Yours sincerely

John Steven
Chairman

1. Defined terms and interpretation

In this Prospectus:

ACQ or Company means Acorn Capital Investment Fund Limited ACN 167 595 897.

AFSL means Australian Financial Services Licence.

Announcement means the announcement of the Offer made by the Company to ASX.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement means ASX Settlement Pty Ltd or the clearing and settlement facility it operates, as the context requires.

ASX Settlement Rules means the settlement rules of ASX Settlement.

ASX means ASX Limited or the financial market known as the Australian Securities Exchange that it operates, as the context requires.

Board or Board of Directors means the board of directors of the Company.

Business Day means a day on which the ASX is open for the transaction of business;

Company Secretary means the company secretary of the Company at the date of this Prospectus.

Constitution means the constitution of the Company.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of ACQ at the date of this Prospectus.

Eligible Shareholders means those persons registered as holders of Shares as at 7:00pm on the Option Record Date.

Entitlement Statement means a document provided to each Eligible Shareholder setting out among other things the number of Options to which that Eligible Shareholder is entitled under the Offer as well as certain other terms and conditions of the Options.

Exercise Notice or Option Exercise Notice in relation to Options means a notice given to the Company by a Recipient in respect of the Options requiring the Company to issue Shares on exercise of the Options.

Exercise Price or Option Exercise Price in relation to Options means the exercise price set out in the Entitlement Statement and the Announcement for those Options, being, for the avoidance of doubt, \$1.23 per Option.

Investment Manager means the investment manager of ACQ being Acorn Capital Limited ACN 082 694 531.

Investment Strategy means the investment strategy for the time being of the Company.

Listing Rules means the official listing rules of ASX.

Management Agreement means the management agreement between the Company and the Investment Manager under which the Investment Manager provides investment management and other services to the Company.

NTA means the net tangible asset backing per Share as reported from time to time by the Company to ASX.

Offer means the offer of Options under this Prospectus.

Option means an option to acquire by way of issue one (1) Share, exercisable no later than 5:00pm (Melbourne time) on the Option Expiry Date.

Option Entitlement means the entitlement to receive one (1) Option for every three (3) Shares held by an Eligible Shareholder as at the Option Record Date.

Option Expiry Date means 5.00pm (Melbourne time) on the expiry date set out in the Announcement and the Entitlement Statement for the Offer, being, for the avoidance of doubt, 5.00pm (Melbourne time) on 11 November 2019.

Option Issue Date means the issue date set out in the Announcement and the Entitlement Statement for the Offer, being, for the avoidance of doubt, Tuesday, 20 August 2019.

Option Record Date means 7.00pm on the record date set out in the Announcement and the Entitlement Statement for the Offer, being, for the avoidance of doubt, 7.00pm (Melbourne time) on Tuesday, 13 August 2019.

Original Prospectus means the prospectus issued by the Company and dated 17 December 2018 (which was lodged with ASIC on that date).

Portfolio or **Investment Portfolio** means the investment portfolio for the time being of the Company.

Prospectus means this replacement prospectus dated 31 July 2019 and includes any supplementary or replacement prospectus in relation to this prospectus.

Prospectus Expiry Date means 17 January 2020.

Recipient means a person who holds Options issued pursuant to this Prospectus.

Recurring Option Issuance Program or **Program** means the initial offer of Options under the Original Prospectus, the Offer and any subsequent offer of Options by the Company under the ACQ Short Term Recurring Option 'ASTRO' program or scheme.

Share means a fully paid ordinary share in the capital of ACQ and **Shares** has a corresponding meaning.

Shareholders means a person who holds one or more Shares.

Share Registry means Computershare Investor Services Pty Limited, the Share, and proposed option, registry of the Company.

2. Investment overview and details of the Offer

The information provided in this section is an introduction and overview of the Offer and the Company only. It is not intended to replace the information contained in the remainder of this Prospectus. Investors should read this investment overview in conjunction with the information contained in the remainder of this Prospectus before any decision is made to invest in the Company.

Question	Answer	Further details
What are the Company's current activities?	The principal activity of the Company is to invest in a portfolio of listed and unlisted microcap and other companies. The Company has appointed the Investment Manager to manage its portfolio. The Investment Manager is an established boutique asset manager, has a number of investment mandates (in addition to its investment mandate with the Company) and has a long track record of successfully investing in microcap companies.	Sections 3 & 4
Overview and description of the Offer	<p>Under the Offer, the Company offers its Eligible Shareholders a pro-rata offer of one (1) Option for every three (3) Shares held at the Option Record Date. Fractional entitlements will be rounded up to the nearest whole number.</p> <p>No money will be raised from the issue of Options.</p> <p>The Recipient in respect of Options may exercise all or any of their Options. The Recipient may exercise the Options at any time prior to 5.00pm on the Option Expiry Date.</p>	Sections 4 & 5.1
What is the purpose of the Offer?	<p>This Prospectus is being issued in order to comply with provisions of the Corporations Act which require that an offer of securities be made pursuant to a disclosure document, such as a prospectus.</p> <p>The Company is conducting this Offer with the objective of providing all long-term supportive Shareholders a benefit of greater exposure in ACQ to the potential future success of ACQ and in the near term to support the Company's objective to increase the size of the Company's investment portfolio, as part of a broader strategy to address the factors that cause the ACQ share price to trade at a discount to NTA.</p> <p>Each Eligible Shareholder benefits from the Offer by receiving one Option for every three (3) Shares held at the Option Record Date that they can choose to exercise, at their discretion.</p>	Sections 3 & 4.1
What makes the Offer an attractive investment?	The reasons the Directors believe the Offer is an attractive investment are set out below:	Section 4

Question	Answer	Further details
	<ul style="list-style-type: none"> The offer of Options allows Eligible Shareholders to acquire the Options with no consideration payable for the issue of the Options. Holders of Options will have until 5.00pm on the Option Expiry Date to exercise the Options, in which time the Company's Share price may potentially rise above the Option Exercise Price. <p>Particularly given the short date to the Option Expiry Date (approximately 3 months), the Options will not be listed for quotation on ASX or any other financial market.</p>	
What are the key risks involved with an investment in the Company?	<p>Recipients who choose to exercise Options may be exposed to risks, including those set out below.</p> <p>Recipients who choose to exercise their Options before the Option Expiry Date will, on subscribing for Shares, be issued additional Shares. If an Option is not exercised prior to the Option Expiry Date of the Option, it will lapse.</p> <p>There are general risks associated with owning securities in publicly listed companies.</p> <p>The price of Shares may trade at a discount to NTA or at a premium, based on many factors, some of which are outside the control of the Company. Such risk factors include Australian and worldwide economic and political stability, natural disasters, performance of the Australian financial market as a whole, the Australian interest rate, foreign exchange, taxation and labour relations environments.</p>	Section 3
What is the key financial information relating to the Company?	<p>The Company's audited financial report for the financial year ended 30 June 2018 and the Company's unaudited financial report for the financial half-year ended 31 December 2018 are available from the Company's website www.ACQFund.com.au or the ASX website (www.asx.com.au) (ASX code, ACQ). The Company's audited annual financial report for the financial year ended 30 June 2018 was given to ASX on 27 August 2018 and the Company's unaudited financial report for the financial half-year ended 31 December 2018 was given to ASX on 18 February 2019.</p> <p>To illustrate the effect of the Offer on the Company, the Company's pro forma statement of financial position as at 31 December 2018 is set out at section 4.3 of this Prospectus.</p>	Section 4.3

Question	Answer			Further details
Who are the Directors and the Company Secretary of the Company?	Board member	Position	Date of appointment	Section 6
	Mr John Steven	Independent Chairman and Director	6 March 2014	
	Ms Judith Smith	Independent Director	6 March 2014	
	Mr David Trude	Independent Director	6 March 2014	
	Mr Barry Fairley	Director	10 February 2014	
	Mr Robert Brown	Director	6 March 2014	
Who are the Key Management Personnel?				Section 6
	Name	Position		
	Mr Robert Routley	Chief Executive Officer of the Investment Manager		
	Mr Matthew Sheehan	Company Secretary of ACQ, Investment Director of the Investment Manager		
Are there any relevant interests, benefits and related party transactions?	As at the date of this Prospectus all Directors have either a direct or indirect interest in Shares. Set out below is a table summarising the Option Entitlement of each Director (based on their holding of Shares as at the date of this Prospectus):			Section 7
	Director	Shares	Option Entitlement	
	Mr John Steven	75,000	25,000	
	Ms Judith Smith	25,000	8,333	
	Mr David Trude	30,000	10,000	
	Mr Barry Fairley	1,353,313	451,104	
	Mr Robert Brown	56,997	18,999	
	The Company and the Investment Manager have entered into the Management Agreement. Barry Fairley and Robert Brown are directors and (indirectly or through related entities) shareholders of both the Investment Manager and the Company.			
	Set out in sections 7.3 - 7.5 is a summary of the interests and benefits payable to the Directors and other persons connected with the Company or the Offer, and any significant related party transactions.			
What is the effect of the	The effect of the Offer on the Company will be as below:			Section 4.3

Question	Answer	Further details								
Offer on the Company?	<p>(a) if Options are exercised, to provide the Company with funds to be utilised as set out in section 4.4 of this Prospectus; and</p> <p>(b) to alter the capital structure of the Company as described below.</p> <p>The table below sets out the existing capital structure of the Company, and the effect on the Company's capital structure of issuing the Options under the Offer. The information set out below assumes that all Options offered under the Offer are exercised.</p> <table><tr><th>Description</th><th>Number</th></tr><tr><td>Existing Shares on issue</td><td>53,038,441[#]</td></tr><tr><td>Options to be issued under the Offer</td><td>17,679,480*</td></tr><tr><td>TOTAL Shares on issue (if all Options exercised)</td><td>70,717,921**</td></tr></table> <p>[#] Existing Shares on issue as at 30 June 2019.</p> <p>[*] Options are not subject to subscription variability. The actual number may vary due to fractional entitlements arising on the Option Record Date.</p> <p>^{**} This number assumes that no other securities are issued, other than through the exercise of Options pursuant to the Offer. This number also assumes that 17,679,480 Options are issued under the Offer, noting that the actual number may vary due to fractional entitlements arising on the Option Record Date.</p>	Description	Number	Existing Shares on issue	53,038,441 [#]	Options to be issued under the Offer	17,679,480*	TOTAL Shares on issue (if all Options exercised)	70,717,921**	
Description	Number									
Existing Shares on issue	53,038,441 [#]									
Options to be issued under the Offer	17,679,480*									
TOTAL Shares on issue (if all Options exercised)	70,717,921**									
What will the proceeds be used for?	The proceeds raised from the exercise of Options issued under the Offer will be applied towards undertaking investment in listed and unlisted microcap and other companies consistent with the Company's investment strategy and objectives.	Section 4.4								
Is the Offer under-written?	No. However, the Company may enter into an underwriting agreement to place any shortfall in the issue of Shares resulting from the expiry without exercise of Options.									
Interests, key benefits and related party transactions	<p>The Company has agreements with each of its Directors.</p> <p>The Company and the Investment Manager have entered into the Management Agreement.</p> <p>Barry Fairley and Robert Brown are directors and (indirectly or through related entities) shareholders of both the Investment Manager and the Company.</p>	Section 7								
What is the financial	The Company's financial position is subject to periodic audited financial reporting on the ASX. The Company's pro-forma statement of financial position (as set out in section 4.3) has	Section 4.3								

Question	Answer	Further details								
position of the Company?	been prepared for illustrative purposes only to show the financial position of the Company following completion of the Offer.									
What are the costs associated with the Company making the Offer?	<p>The total estimated expenses of the Offer payable by the Company, including legal fees, lodgement fees, listing fees, Share Registry expenses and administrative and miscellaneous expenses, will be approximately \$35,000 (excluding GST). The following table shows a breakdown of the estimated costs of the Offer (excluding GST):</p> <table><tr><th>Particulars</th><th>Amount AUD</th></tr><tr><td>Legal</td><td>\$25,000</td></tr><tr><td>Administrative, Share Registry and miscellaneous costs</td><td>\$10,000</td></tr><tr><td>Total</td><td>\$35,000</td></tr></table>	Particulars	Amount AUD	Legal	\$25,000	Administrative, Share Registry and miscellaneous costs	\$10,000	Total	\$35,000	Section 7
Particulars	Amount AUD									
Legal	\$25,000									
Administrative, Share Registry and miscellaneous costs	\$10,000									
Total	\$35,000									
What is the Company's capital management policy / dividend policy?	<p>Dividend policy is considered by the Board from time to time, taking into account the best interests of the Shareholders and the working capital requirements of the Company.</p> <p>The Company intends to pay dividends out of available cash flow and subject to franking credits. The quantum of dividend to be paid will be subject to the Board's discretion. The dividend is intended to be paid twice annually, although the Board reserves the right to alter that intention at any time. Any dividend paid will be franked to the maximum extent possible without subjecting the Company to any additional tax or other liability.</p> <p>It is currently proposed that, under the Program, the Company will make 2 offers of Options each year with each Option expiring approximately 7 days before the first "ex" date for determining entitlements to a dividend after the relevant option issue date. However, the Company reserves the right not to make or proceed with any offer of Options².</p> <p>The Company gives no assurances about the payment of dividends or the extent of payout ratios.</p> <p>The last dividend before the date of this Prospectus was declared at A\$0.035 per Share fully franked (with an ex-date of 2 May 2019) and paid on 21 May 2019.</p>									

² Please note the Company reserves the right in its absolute discretion to discontinue the Program at any time and without prior notice. The first offer of options was made under the Original Prospectus. Any offer of options subsequent to this Offer may need to be made under a separate prospectus, noting that the Prospectus Expiry Date is 17 January 2020.

Question	Answer	Further details
What are the taxation implications?	<p>The taxation consequences of any investment in Options or Shares (following exercise of Options) will depend on the particular circumstances of the relevant holder. It is the obligation of potential investors to make their own enquiries concerning the taxation consequences of an investment in the Company.</p> <p>If you have any questions about the taxation consequences of an investment in the Company, please contact your stockbroker, accountant, independent financial advisor or other independent advisor.</p>	Section 3
Issue, Allocation and Withdrawal of Options	<p>Issue</p> <p>The number of Options which an Eligible Shareholder is entitled to be issued under an Offer is shown on the accompanying Entitlement Statement.</p> <p>No quotation</p> <p>Options will not be quoted on ASX or any other financial market. The Company proposes to enter into an arrangement with a stockbroker or other financial intermediary to facilitate the transfer or exercise of Options.</p> <p>Withdrawal</p> <p>The Company may, subject to any legal requirements, at any time decide to withdraw this Prospectus and the Offer in which case no Options will be issued under the Offer. The making of the Offer does not constitute any assurance that the Company will make any subsequent offer of Options. The Company reserves the right at any time and without prior notice not to proceed with the Offer.</p>	Section 5
Who should I contact if I have further enquiries?	<p>If you have any questions on how to exercise Options, please contact the Company's Share Registry on 1300 850 565 (within Australia) or +61 9415 4000 (outside Australia).</p> <p>Alternatively, you should contact your stockbroker, accountant or independent professional financial adviser prior to accepting the Offer.</p>	

3. Key risks

3.1 Introduction

The Options are considered speculative because of the inherent risks associated with a listed investment company like ACQ. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with acquiring Options.

This investment is regarded as highly speculative. Neither the Company nor any of its Directors nor any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of its Shares or options, including those offered by this Prospectus, will be achieved.

If a Recipient exercises an Option, the Recipient will be issued with a Share. There are risks associated with an investment in Shares. The risks associated with an investment in Shares include the risks associated with an investment in ACQ. The Company should not be seen as a predictable, low-risk investment. The Company's investments are principally in listed and unlisted microcap and other companies and the Company should therefore be viewed as having a significantly higher risk profile than cash assets.

To reduce the impact of risk, it is important to obtain professional advice suited to your investment objectives, financial situation and particular needs. Shareholders should read the Prospectus in full and obtain professional advice if they require further information on material risks if they wish to exercise any Options that they acquire.

3.2 Risks associated with Options

Each Option entitles the holder to acquire by way of issue one (1) Share at the Option Exercise Price. Because Shares are readily available on the market, an Option is only valuable if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. Shares are currently trading at a price that can be obtained by consulting the ASX website www.asx.com.au (using the Company code, ACQ). Accordingly, except for the fact that an Option can be exercised at any time up to the Option Expiry Date, an Option will have little value. Eligible Shareholders should have regard to the fact that Options will only have value if and to the extent that at a particular time, the Option allows the holder to acquire a Share at less than the market price, or if, and to the extent at the time there is, a prospect that the Option will in the future, but prior to the Option Expiry Date, allow the holder to acquire a Share at less than the prevailing market price.

Because Options will not be listed for quotation on ASX or any other financial market, opportunities for off market sales prior to the Option Expiry Date are limited. The Company proposes to enter into an arrangement with a stockbroker or other financial intermediary to facilitate the transfer and exercise of Options. However, the Company gives no assurance that any such arrangement will be entered into either at all or in a convenient time frame.

3.3 Risks associated with Shares

The Options may be exercised and entitle the Recipient to participate in an increase in the value of ACQ, by way of dividends that may be declared by ACQ in the future (refer to the dividend information in section 2 for information on the Company's dividend policy) and in the assets of ACQ if it is wound up.

ACQ, being a company listed on ASX, is subject to the market forces that influence the broad share market trends and the price of securities of individual companies. Recent global political and economic events, including the continuing threat of terrorism and the global financial climate, may cause share price fluctuations in the Australian share market and globally. Fluctuations in the price of the Shares are therefore a key risk for Recipients.

3.4 Specific development risks

The Company's investment activities expose the Company to a variety of risks. The Company has identified some as being particularly relevant to its Investment Strategy. These include the risks in this Section 3.4 and in Sections 3.5 and 3.6.

Reliance on the Investment Manager

The success and profitability of the Company in part will largely depend on the Investment Manager's ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments set out in this Prospectus. Even if the Company does not perform as expected, it may be difficult to remove the Investment Manager.

The ability of the Investment Manager to continue to manage the Portfolio may be compromised by such events as the loss of its AFSL or its non-compliance with conditions under its AFSL or the Corporations Act. If the Investment Manager ceases to manage the Portfolio or the Management Agreement is terminated, the Company will need to identify and engage a suitably qualified and experienced investment manager to implement the Investment Strategy.

3.5 Company specific risks

(a) Key Person Risk

The staff of the Investment Manager consists of ten investment professionals. The Company is exposed to the risk that certain or all of these investment professionals cease to be involved with the Investment Manager.

(b) Investment Strategy Risk

The success and profitability of the Company in part will depend upon the ability of the Investment Manager to invest in a Portfolio which will have the ability to generate a return for the Company. The past performance of portfolios managed by the Investment Manager is not a reliable guide to future performance of the Company. There are risks inherent in investments in listed and unlisted microcap (and other) companies.

(c) Sector risk

The Company invests in listed and unlisted microcap (and other) companies. Microcap companies are likely to be at an early stage of development and therefore possess limited financial profiles. Such companies are highly reliant on external funding from capital providers including the Company. To the extent that such capital becomes difficult to access, the viability of such investee companies may be challenged. The liquidity of listed microcap companies is typically less than that of larger listed companies. There is a risk that the Investment Manager may be unable to easily convert the Portfolio to cash which may result in the Company incurring losses if cash is required within a particular timeframe.

(d) Manager Risk

The success and profitability of the Investment Portfolio in part will depend upon the ability of the Investment Manager to make investments that increase in value over time and the retention of the Investment Manager as manager of the Investment Portfolio (together with the retention of the Investment Manager's investment professionals).

The following factors may affect the Investment Manager's performance:

- (i) poor investment strategy and securities selection in that the Investment Manager may be unable to construct a Portfolio in accordance with the Company's

Investment Strategy, strategy guidelines and permitted investments and even if it does so, there can be no guarantee that the Investment Strategy will be successful or that the Investment Manager will not make investment decisions that result in unprofitable outcomes;

- (ii) changing conditions such as:
 - (A) negative changes in market sentiment to microcap companies or equities in general; and
 - (B) changes in a specific sector of microcap companies which adversely affects such sector's financial and market performance,may adversely affect the Investment Strategy and decisions;
- (iii) loss of key clients and/or personnel;
- (iv) market perception of the Investment Manager and its funds management business;
- (v) market and systemic risk; and
- (vi) loss or imposition of restrictions on the Investment Manager's AFSL.

(e) Unlisted Security Risk

The Company's Investment Portfolio includes a number of unlisted securities. In general there is less government regulation and supervision of transactions in the unlisted securities market than of transactions entered into in regulated financial markets. In addition, many of the protections afforded to participants on regulated financial markets may not be available in connection with unlisted securities. There is a risk that in unlisted investments undertaken by the Company, the direct counterparty of the Company will not perform its obligations under the transactions and that the Portfolio consequently suffers losses.

In addition, there may be little or no liquidity in unlisted securities and it may be difficult to establish a robust market price for them. Many unlisted securities are relatively illiquid or have low trading volume. This could enhance the volatility of the price of the securities and/or make it difficult to sell the securities at a later date. The valuation of unlisted securities is more difficult to calculate than listed securities. Valuations may be misleading.

3.6 Significant risks in investing in the Company

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risk of investing in the Company.

(a) Market Risk

Broad market risks include movement in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

The Company's Portfolio will be exposed to market and liquidity risks. Certain events may have a negative effect on the price of all types of investments within a particular market. Microcap investments, particularly unlisted microcap investments, may be difficult or impossible to realise at a fair price.

These events may include changes in economic, social, technological or political conditions, as well as market sentiment. In a strong share market, the Portfolio may underperform against the market indices.

(b) Compensation Fee Structure Risk

The Investment Manager is expected to receive compensation based on the Company's performance. Performance fee arrangements may create an incentive for the Investment Manager to make more speculative or higher risk investments than might otherwise be the case.

(c) Regulatory Risk

All investments carry the risk that their value may be affected by changes in laws and regulations, especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

(d) Interest Rate Risk

Interest rate movements may adversely affect the value of the Company through their effect on the price of a security and the cost of borrowing.

(e) Liquidity Risk

The Company is exposed to liquidity risk in relation to the investments within its Portfolio. If a security cannot be bought or sold quickly enough to minimise potential loss the Company may have difficulty satisfying commitments associated with financial instruments.

3.7 Risks Associated with Investments in Shares

The prices at which Shares will trade on the ASX (and therefore the value of Options) are subject to a number of risks, including:

(a) Market Risk

Share markets tend to move in cycles, and individual Securities prices may fluctuate and underperform other asset classes over extended periods of time. The value of Shares quoted on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Shareholders in the Company are exposed to this risk both through their holding in Shares and Options as well as through the Company's Portfolio.

(b) Economic Risk

Investment returns are influenced by numerous economic factors. These factors include changes in the economic conditions (e.g. changes in interest rates or economic growth), changes to legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.

(c) Liquidity Risk

The Company is a listed entity, therefore the ability to sell Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of the

Company and also the cumulative investment intentions of all current and possible investors in the company at any one point in time.

(d) Discount to NTA

The Company is listed on the ASX and Shares may not trade in line with the underlying value of the Portfolio. Shares may trade at a discount or a premium to NTA.

(e) Time Frame for Investment

Recipients are strongly advised to regard any investment in the Company as a medium-to-long term proposition for at least 7 years and to be aware that, as with any investment, substantial fluctuations in the value of their investment may occur over that period.

3.8 General Risks

(a) General Economic Climate

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs.

The Company's future income, asset values and Share price can be affected by these factors and, in particular, by the market price for any products or services that the Company may acquire or sell.

(b) Stock Market Conditions

Shares are listed for quotation on the ASX, where their price may rise or fall. Share price will have an effect on the value of Options. The market has historically experienced significant fluctuations in price and trading volumes which may be unrelated to the performance of individual companies. The Options (and any Shares subsequently issued on exercise of Options) carry no guarantee in respect of profitability, dividends, return of capital, liquidity or, in the case of Shares, the price at which they may trade on the ASX. If an Option is not exercised prior to the Option Expiry Date of that Option, it will lapse and the holder of that Option will have no recourse to recover their original investment if they have acquired the Options from a previous Recipient. The stock market has in the past and may in the future be affected by a number of matters including:

- (i) market confidence;
- (ii) supply and demand for money; and
- (iii) currency exchange rates.

(c) Government Policy Changes

Any material adverse changes in government policies or legislation of any countries in which it may operate may affect the viability and profitability of the Company.

(d) Foreign Currency and Exchange Rate Fluctuations

Revenue and expenditure of the Company may be domiciled in currencies other than Australian dollars and as such expose the Company to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of such revenue and expenditure.

The Company will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign exchange currency hedging, to assist managing these risks. However, the implementation of such measures may not eliminate all such risks and the measures themselves may expose the Company to related risks.

(e) **Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options.

Therefore, the Options carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Options.

Potential investors should consider that the investment in the Company is speculative.

4. Purpose and effect of the Offer

4.1 Purpose of the Offer

The Board considers that the Recurring Option Issuance Program affords significant potential to increasing the market capitalisation of the Company and the size of its Portfolio.

Increased Portfolio size provides a number of benefits including:

- (a) potential increased liquidity and turnover in Shares;
- (b) increased universe of potential investors in the Company and asset consultants;
- (c) greater proportion of the Investment Manager's limited available investment capacity in listed Australian microcap companies can be taken by ACQ;
- (d) reduction of ACQ's fixed costs as a percentage of market capitalisation; and
- (e) additional capacity for the Company to pursue further investments in industry sectors that are substantially unlisted in the existing Portfolio.

The Company wishes to issue the Options to Eligible Shareholders on a pro rata basis to provide all long-term supportive Shareholders a benefit of greater exposure to ACQ and its potential future success.

4.2 Expenses of Offer

The estimated costs of the Offer are set out in section 2.

4.3 Effect of the Offer on the financial position of the Company

The Company's audited financial report for the financial year ended 30 June 2018 and the Company's unaudited financial report for the financial half-year ended 31 December 2018 are available from the Company's website (www.ACQFund.com.au) or the ASX website (www.asx.com.au) (ASX code, ACQ). The Company's audited annual financial report for the financial year ended 30 June 2018 was lodged with ASX on 27 August 2018 and the Company's unaudited financial report for the financial half-year ended 31 December 2018 was lodged with ASX on 18 February 2019.

The effect of the Offer on the financial position of the Company will consist of the expenses incurred by the Company in conducting the Offer, as set out in section 2 of this Prospectus in respect of the Offer. In addition, if Options are exercised, the Company will issue Shares on exercise of the Options and receive the subscription moneys paid by the relevant Recipients.

(a) **Options**

No money will be raised from the issue of Options.

The maximum amount of funds that may be raised by the Company if all Options are exercised under the Offer, is approximately \$21,745,760.40 before costs and expenses (noting that this amount has been calculated on the basis that the Exercise Price in respect of the Offer is \$1.23 per Option and 17,679,480 Options are issued in connection with the Offer).

(b) **Pro Forma Statement of Financial Position**

To illustrate the effect of the Offer on the Company, the Company's pro forma statement of financial position as at 31 December 2018 is set out below. The pro forma historical statement of financial position is adjusted only for completion of the Offer (assuming the Exercise Price in respect of the Offer is \$1.23 and 17,679,480 Options are issued in connection with the Offer and all Options are exercised under the Offer, but before costs and expenses).

The pro forma financial information in this section is based on the Company's unaudited accounts for the financial half-year ended 31 December 2018. It has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards Board (**AASB**). The pro forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the AASB applicable to financial reports prepared in accordance with the Corporations Act.

	31-Dec-18	31-Dec-18
		Pro forma position post consolidation of securities and issue of Options
	\$'000AUD	\$'000AUD
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	3,245	24,991
Receivables and Prepayments	95	95
Financial assets held at fair value through profit or loss	59,466	59,466
Total Current Assets	62,806	84,552
TOTAL ASSETS	62,806	84,552
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Trade and other payables	1,010	1,010
Provisions	932	932
Total Current Liabilities	1,942	1,942
<u>Non-Current Liabilities</u>		
Deferred tax liability	566	566
Total Non-Current Liabilities	566	566
TOTAL LIABILITIES	2,508	2,508
NET ASSETS	60,298	82,044

EQUITY

Contributed equity	52,636	74,382
Reserves	-9,297	-9,297
Retained earnings	16,959	16,959
TOTAL EQUITY	60,298	82,044

Note: As at 30 June 2019, the Company's cash and cash equivalents were \$3,019,671.14, noting that, as at the date of this Prospectus, this amount is an unaudited amount.

4.4 Use of Proceeds

No money will be raised from the issue of the Options.

Given the period of time before the Options expire and the associated risks, a detailed consideration of the use of 'potential capital' raised from the exercise of the Options is not warranted.

If all of the Options issued under the Offer are exercised, ACQ expects to raise approximately \$21,745,760.40 before costs and expenses (noting that this amount has been calculated on the basis that the Exercise Price in respect of the Offer is \$1.23 per Option and 17,679,480 Options are issued in connection with the Offer). Funds raised on exercise of the Options will be used for investments consistent with the Company's Investment Strategy and objectives.

4.5 Effect on the Company's Capital Structure

Set out below is a table showing the changes to the capital structure of the Company following the Offer, assuming issue of the Options and different exercise scenarios.

Scenario 1: 50% exercise of the Options under the Offer

	As at Option Issue Date	50% Options exercised (as at the Option Expiry Date)
Shares [#]	53,038,441	61,878,181 ^{**}
Options [*]	17,679,480	Nil ^{**}

Scenario 2: 100% exercise of Options under the Offer

Options	As at Option Issue Date	100% Options exercised (as at the Option Expiry Date)
Shares [#]	53,038,441	70,717,921 ^{**}
Options [*]	17,679,480	Nil ^{**}

[#] Existing Shares on issue as at 30 June 2019.

^{*} Options are not subject to subscription variability. The actual number may vary due to fractional entitlements arising on the Option Record Date.

^{**} This number assumes that no other securities are issued, other than through the exercise of options pursuant to the Offer.

4.6 Effect on control of the Company

Given that Options do not convey ownership in the Company unless exercised, the Offer will have no material effect on the ownership of the Company at the Option Issue Date.

The exercise of Options will be dilutive to existing Shareholders who do not exercise Options.

5. Details of the Offer

5.1 Who is entitled to participate

Every Shareholder registered as the holder of Shares at 7.00pm on the Option Record Date is entitled to participate in the issue of the Options offered under the Offer.

5.2 The Offer: Options

(a) Options

- (i) Eligible Shareholders will receive one (1) Option for every three (3) Shares held by them at the Option Record Date with no consideration payable for the issue of the Options. Fractional entitlements will be rounded up to the nearest whole number.
- (ii) No application form is required to be returned by an Eligible Shareholder in order to receive an issue of Options. In this regard the Company is relying on the *ASIC Corporations (Application Form Requirements) Instrument 2017/241*.
- (iii) Given that there are currently 53,038,441 Shares on issue (as at 30 June 2019), under the Offer approximately 17,679,480 Options may be issued. The actual number of Options to be issued under the Offer will be determined with effect on the Option Record Date, taking into account the effect of fractional entitlements.
- (iv) An Option entitles the holder to exercise the Option for a Share for the Option Exercise Price.
- (v) The offer of Options is only made to Eligible Shareholders in proportion to their existing Shareholdings.

(b) Issue of Options

Options will be issued no later than the Option Issue Date. Entitlement Statements are expected to be despatched by the second Business Day after the Option Issue Date.

(c) Exercise and Issue of Shares

- (i) The Recipient in respect of Options may exercise the Options at any time prior to 5:00pm on the Option Expiry Date of the Options. A Recipient may exercise some or all of the Options held by them.
- (ii) Options may be exercised by a Recipient sending an Exercise Notice to the Company and paying the total Exercise Price for the Options in accordance with the instructions on the Exercise Notice.
- (iii) Following receipt of the relevant Exercise Price, the Company will issue one Share for each Option exercised. If the amount of funds paid by a Recipient is less than the amount required to exercise the Options specified on the applicable Exercise Notice, the Company will issue the number of Shares for which sufficient funds have been paid.
- (iv) The exercise of Options will be processed by the Company within a reasonable amount of time of receipt by the Company of payment of the relevant Exercise Price and in any event within 30 days of receipt by the Company of payment of the Company of the relevant Exercise Price.
- (v) Options will not carry any right to dividends.

- (vi) Shares issued on the exercise of Options will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and have the same rights and liabilities as existing Shares then on issue in the capital of the Company.
- (vii) The Offer is non-renounceable. Eligible Shareholders may not sell or transfer to a third party their right to receive Options. However, once held, Options themselves are transferable (refer to Section 5.4(b) for further information).

(d) Lapse

- (i) An Option which has not been exercised by 5:00pm on the Option Expiry Date will lapse.
- (ii) An Exercise Notice is not effective if it is received by the Company after 5:00pm on the Option Expiry Date.

5.3 Participation Right: Options

(a) General

- (i) A Recipient may only participate in new issues of securities to holders of Shares in the Company in respect of an Option, if the Option has been exercised and Shares issued in respect of the Option before the record date for determining entitlements to the issue.
- (ii) The Company must give at least 3 Business Days' notice to Recipients of any new issue of securities before the record date for determining entitlements to the issue in accordance with the Listing Rules. This will give Recipients the opportunity to exercise their Options prior to the date for the determination of entitlements to participate in that new issue.
- (iii) Except as expressly set out in this Prospectus, a Recipient does not have any right to change the Exercise Price of an Option or the number of Shares over which an Option can be exercised.

(b) Bonus Issues

If there is a bonus issue of Shares to the holders of Shares, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

No adjustment will be made under this paragraph (b) in respect of any subsequent offer of options or issue of Options.

(c) Reconstructions of Capital

In the event of any reorganisation including subdivision, consolidation, reduction, return or cancellation of the issued capital of the Company on or prior to the Option Expiry Date the rights of a Recipient will be changed to the extent necessary to comply with the applicable ASX Listing Rules governing reorganisations in force at the time of the reorganisation.

5.4 Additional Offer information

(a) Maintenance of Register and Transfers of Options

- (i) The Company will keep and maintain, or cause to be kept and maintained, a register of holders of Options.

- (ii) The Company must ensure that the register is maintained in compliance with the Corporations Act and all other applicable rules and requirements.

(b) Transfers of Options

- (i) All Options are transferable.
- (ii) Subject to paragraph (i) above, the provisions of the Constitution relating to a transfer of Shares apply, with necessary alterations, to a transfer of Options.

(c) Severance

- (i) If a provision of these terms and conditions or its application to any person or circumstance is or becomes invalid, illegal or unenforceable then the provision must, as far as possible, be interpreted as narrowly as possible to ensure that it is not illegal, invalid or unenforceable.
- (ii) If any provision or part of it cannot be so interpreted, then the provision or its part is taken to be void and severable. The remaining provisions of these terms and conditions are not affected or impaired in any way.

(d) Recipient bound by Constitution

A Recipient is bound by these terms and conditions and the Constitution.

(e) Waiver and variation

- (i) Subject to the ASX Listing Rules, ASX Settlement Rules and the Constitution, the Board may by resolution:
 - (A) waive strict compliance with any of these terms and conditions; or
 - (B) add to, vary or otherwise change any of these conditions for any reason including to ensure compliance with the ASX Listing Rules either generally in relation to all Recipients or as they apply to a particular Recipient.
- (ii) Any waiver, addition, variation or other change under paragraph (i) above must not be made unless:
 - (A) any Recipient affected by the waiver, addition, variation or other change so consents in writing; or
 - (B) the Directors reasonably consider that the waiver, addition, variation or other change is required to ensure compliance with the ASX Listing Rules or any law or requirement binding on the Company or does not adversely affect a Recipient's rights under these conditions.

(f) Notice of Expiry

The Company must send a Recipient before the Option Expiry Date of an Option any notice required by the Listing Rules to be sent to the Recipient in respect of that Option. For the avoidance of doubt, as at the date of this Prospectus, the Listing Rules do not require the Company to send any such notice to a Recipient, noting that the Options are not listed for quotation on ASX or any other financial market.

(g) Governing law

The terms and conditions of the Options are to be construed according to and are governed by the laws of Victoria, Australia. Each of the Company and the Recipients submit to the

exclusive jurisdiction of the courts in and of Victoria in relation to any dispute arising under these conditions.

(h) No ASX quotation of Options

Options will not be listed for quotation on ASX or on any other financial market.

(i) ASX Listing of Shares

The Company must make application for quotation of Shares issued on exercise of the Options on the ASX in accordance with the Listing Rules. Shares so issued will rank equally in all respects with other then issued ordinary shares in the Company.

Shares are voting shares. The rights and liabilities attaching to the Company's Shares are set out in the Constitution and are affected by the Corporations Act, the Listing Rules, statute and general law. The Company's constitution has been lodged with ASIC. The Constitution contains provisions of the kind commonly found in constitutions of listed public companies in Australia. The Constitution is available at the Company's website, <http://www.ACQFund.com.au>.

(j) Important information

No account has been taken of the particular objectives, financial situation or needs of recipients of this Prospectus. Because of this, recipients of this Prospectus should have regard to their own objectives, financial situation and needs.

Recipients of this Prospectus should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and the risks associated with investing in the Company. Independent expert advice should be sought before any decision is made to exercise options.

6. Directors and Key Management Personnel

This section sets out the details of appointment, experience and expertise of each of the Directors and Key Management Personnel listed in section 2 of this Prospectus.

6.1 Appointment of Directors

Mr Barry Fairley was appointed as a Director on 10 February 2014. Mr John Steven, Ms Judith Smith, Mr David Trude and Mr Robert Brown were each appointed as Directors on 6 March 2014.

6.2 Mr John Steven, Independent Chairman and Director

John Steven is a senior partner of the Capital Markets and Corporate (CMC) Line of Business of law firm MinterEllison. Mr Steven practises in the corporate and capital markets area, particularly public and private mergers and acquisitions, capital raisings and joint ventures. Mr Steven also has an extensive general corporate practice. Mr Steven was national leader of the CMC Business Unit and a member of the National MinterEllison Board for many years. Mr Steven holds a Bachelor of Laws (with Honours), a Bachelor of Economics and a Diploma of Commercial Law from Monash University.

6.3 Ms Judith Smith, Independent Director

Prior to undertaking non-executive roles Judith Smith was formerly the Head of Private Equity at IFM Investors and Chair of the IFM Risk Committee. Ms Smith was also a member of the IFM Investment Committee, a role she has retained following her retirement from the firm. At IFM Ms Smith managed a multi-billion private equity portfolio of domestic and global investments. Prior to her role at IFM, Ms Smith held various investment management roles including more

than a decade at National Mutual Funds Management (NMFM). At NMFM, Ms Smith managed Australian equity research and strategy, as well as Australian equity portfolios. Ms Smith holds a Master of Applied Finance from the University of Melbourne and a Bachelor of Economics (with Honours) from Monash University. Ms Smith is a Fellow of the Financial Services Institute of Australasia and Graduate member of the Australian Institute of Company Directors. Ms Smith is a director of LUCRF, Scale Investors, Funds SA and Universal Biosensors Inc. and a former director of the Australian Renewable Energy Authority.

6.4 Mr David Trude, Independent Director

David Trude is a senior corporate banking executive with 40 years' experience in a variety of financial services roles in the banking and securities industries. Mr Trude 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 2007. Mr Trude was formerly Managing Director, Australian Chief Executive Officer/Country Manager of Credit Suisse Australia Ltd. Mr Trude is Chairman of Waterford Retirement Village, Hansen Technologies Limited, East West Line Parks Limited and is a member of the board of Chi-X Australia Pty Ltd and MSL Solutions Ltd. He is a former Panel Member of the ASX Disciplinary Tribunal and a Director of the Stockbrokers Association of Australia. Mr Trude holds a Bachelor of Commerce from the University of Queensland and is a Master Stockbroker of the Stockbrokers and Financial Advisers Association of Australia and Member of the Australian Institute of Company Directors.

6.5 Mr Barry Fairley, Director

Barry Fairley is a director of the Investment Manager and its former Managing Director. In that capacity he has been responsible for the strategic direction and management of the Investment Manager. Mr Fairley founded the Investment Manager in 1998 and has more than 40 years of investment experience. Prior to forming the Investment Manager, Mr Fairley was the Managing Director at Triako Resources Limited. During his 15 years at Triako Resources, Mr Fairley was responsible for that company's strategic direction and management, including the acquisition and financing of major projects. Mr Fairley also served as a Partner/Director at McIntosh Securities Limited. Mr Fairley began his career at Colonial Mutual Life where he was a Financial Analyst.

6.6 Mr Robert Brown, Director

Robert Brown is an independent Director of the Investment Manager and is Chairman of its subsidiary, Australian Microcap Investments Pty Ltd. Mr Brown is an emeritus professor of Finance in the Department of Finance, University of Melbourne, where his research has focused on security market behaviour. Mr Brown 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. Mr Brown 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.

6.7 Mr Robert Routley, Chief Executive Officer of the Investment Manager

Robert Routley is the Investment Manager's Chief Executive Officer and joined the Investment Manager in 2007. Mr Routley commenced his career with PricewaterhouseCoopers and prior to joining the Investment Manager held investment management roles with Colonial First State Private Equity and Baron Corporation. Mr Routley holds a Bachelor of Commerce and Master of Business Administration from the University of Melbourne.

6.8 Mr Matthew Sheehan, Company Secretary of ACQ and Investment Director of the Investment Manager

Matthew Sheehan is an Investment Director of the Investment Manager and is the Company Secretary of ACQ. Mr Sheehan began his career as a private practise lawyer, working at firms in Melbourne, New York and London. Prior to joining the Investment Manager in 2009, Mr

Sheehan worked at Macquarie Group as the General Counsel and Company Secretary of various listed and unlisted infrastructure funds. Mr Sheehan holds a Bachelor of Economics (Hons) from Monash University, as well as a Bachelor of Laws (Hons) and Master of Applied Finance from the University of Melbourne.

7. Additional information

7.1 Additional available information - continuous disclosure obligations

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities.

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require, subject to certain exceptions, immediate disclosure to the market of any information of which the Company is aware which a reasonable person might expect to have a material impact on the price or value of the Shares or Options.

Section 713 of the Corporations Act enables a company to issue a special prospectus where the securities, or options offered to acquire securities, under that prospectus are continuously quoted securities within the meaning of the Corporations Act. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of the prospectus and that, during the 12 months before the date of the prospectus, the issuing company was not exempted from the continuous disclosure regime and disclosing entity requirements provided for under the Corporations Act and the Listing Rules of ASX.

In summary, special prospectuses are required to contain information in relation to the effect of the offer of securities on the company, and the rights and liabilities attaching to the securities and, if the securities are options, the rights and liabilities attaching to the underlying securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company. Accordingly, this prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with, and has not been exempted from, the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the date of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the financial market conducted by ASX.

For the purposes of satisfying section 713(5) of the Corporations Act, a prospectus must also incorporate such information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
 - (ii) the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus.

The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus. The Company will make further announcements in respect of any such discussions or negotiations in accordance with its disclosure obligations as developments occur.

7.2 Company announcements

Investors may view a record of the Company's ASX announcements at www.asx.com.au. ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at the office of ASIC. This Prospectus is intended to be read in conjunction with information previously publicly disclosed by the Company.

The Company will provide free of charge to any person who requests it during the application period under this Prospectus:

- (a) the Company's audited financial statements for the financial year ended 30 June 2018 lodged with ASIC on 27 August 2018;
- (b) the Company's unaudited financial statements for the financial half-year ended 31 December 2018 lodged with ASIC on 18 February 2019; and
- (c) any continuous disclosure notices given by the Company since the lodgement of the Company's annual financial report referred to above and before the lodgement of this Prospectus.

The following announcements (continuous disclosure notices) have been made by the Company to ASX since 27 August 2018 to the date of this Prospectus:

Date	Headline
27 August 2018	Full Year Statutory Accounts
27 August 2018	Announcement of record profit, increased dividend and AGM
27 August 2018	Dividend/Distribution
29 August 2018	Appendix 4G
14 September 2018	NTA backing
12 October 2018	NTA backing
16 October 2018	Notice of AGM/proxy form
19 October 2018	ACQ Quarterly Review
5 November 2018	Dividend Reinvestment Plan
12 November 2018	NTA backing
12 November 2018	Appendix 3B
15 November 2018	Change of Director's Interest
16 November 2018	AGM Presentation
16 November 2018	Results of AGM
12 December 2018	NTA backing
17 December 2018	Option Prospectus
17 December 2018	ACQ launches ASTRO
24 December 2018	Appendix 3B
14 January 2019	NTA backing
18 January 2019	Replacement Appendix 3B (from 24 December 2018)

Date	Headline
30 January 2019	ACQ Quarterly Review
11 February 2019	NTA backing
15 February 2019	Appendix 3B
18 February 2019	ACQ Announces Fully Franked Interim Dividend
18 February 2019	Half Yearly Report and Accounts
18 February 2019	Replacement Appendix 3B
18 February 2019	Dividend / Distribution – ACQ
1 March 2019	Appendix 3B
13 March 2019	NTA backing
11 April 2019	NTA backing
12 April 2019	Appendix 3B
1 May 2019	Appendix 3B
2 May 2019	ACQ Quarterly Review
10 May 2019	NTA backing
13 May 2019	Dividend Reinvestment Plan
17 May 2019	Change of Director's Interest Notice
23 May 2019	Change of Director's Interest Notice
23 May 2019	Appendix 3B
13 June 2019	NTA backing
11 July 2019	NTA backing
24 July 2019	ACQ Quarterly Review

7.3 Are there any relevant interests, benefits and related party transactions?

Sections 7.4 and 7.5 set out a summary of the interests and benefits payable to the Directors and other persons connected with the Company or the Offer, and any significant related party transactions.

Subject to the provisions of the Constitution, the Listing Rules and the Corporations Act, Directors and related parties can participate in the Offer (subject to the approvals set out below in section 7.4) and will have equal rights with any other Shareholder or investor.

7.4 Interests of Directors - Right to be issued Options

The Directors' direct and indirect interests in Shares as at the date of this Prospectus are set out in section 2 of this Prospectus.

The Directors are entitled to participate in any Offer of Options without the need for Shareholder approval.

If the Directors exercise the Options they receive under the Offer their respective direct and indirect interests will increase and upon issue of the Shares they will have the following direct or indirect interests:

Director	Shares	Options	Total interest if all Options exercised
John Steven	75,000	25,000	100,000

Director	Shares	Options	Total interest if all Options exercised
Judith Smith	25,000	8,333	33,333
David Trude	30,000	10,000	40,000
Barry Fairley	1,353,313	451,104	1,804,417
Robert Brown	56,997	18,999	75,996

Except as disclosed in this Prospectus, no Director or proposed Director has, or has had within two years of lodgement of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

7.5 Interests of Directors – remuneration

Non-Executive Directors are entitled to receive directors' fees and other remuneration from the Company in relation to services provided to the Company. In respect of the total amounts paid or payable (excluding GST) to current Directors as fees and executive service remuneration in the two year period to June 2018, please refer to the disclosures contained in the annual reports filed with the ASX for the periods of July 2016 to June 2017 and July 2017 to June 2018.

The total amounts paid or payable (excluding GST) to current Directors as fees and executive service remuneration for the 12 month period to 30 June 2019 are set out below:

- (a) Mr John Steven: \$60,000
- (b) Ms Judith Smith: \$40,000
- (c) Mr David Trude: \$40,000
- (d) Mr Barry Fairley: nil
- (e) Mr Robert Brown: nil

Except as disclosed in this Prospectus, no person has paid or agreed to pay any amount to any Director, or has given or agreed to give any benefit to any Director, to induce the Director to become a Director of the Company or otherwise for services rendered by the Director in connection with the formation or promotion of the Company or the Offer.

7.6 Director Related Entity Remuneration

All transactions with related entities were made on normal commercial terms and conditions. Mr Fairley and Mr Brown each received no director fees as an individual. Both Mr Fairley and Mr Brown are directors and (indirectly or through related entities) shareholders of the Investment Manager.

In respect of the year ended 30 June 2018, the Investment Manager received management fees of \$646,230 (2017: \$558,544) and performance fees of \$298,378 (2017: \$nil) net of reduced input tax credits for the management of the Company, out of which costs of corporate and investment management are paid.

The Investment Manager was paid a management fee of 0.95% p.a. (plus GST) of gross assets amounting to \$646,230 net of reduced input tax credits (2017: \$558,544).

As at 30 June 2018, the balance payable to the Investment Manager was \$376,032 (2017: \$289,158) in respect of management fees only.

In addition, the Investment Manager is to be paid, annually in arrears, a performance fee equal to 20% (plus GST) of the outperformance of the Company's Investment Portfolio over the S&P/ASX Small Ordinaries Accumulation Index.

For the year ended 30 June 2018 the Investment Manager was paid a performance fee of \$298,378 (2017: \$nil).

In respect of the period from 1 July 2018 to 31 December 2018, the Investment Manager was paid a management fee of \$326,158.

The management fees payable by the Company to the Investment Manager for the period ending 30 June 2019 have not been confirmed as at the date of this Prospectus.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company with the Director or with a firm of which he is a member or with a company in which he has substantial financial interest.]

Remuneration of Executives

There are no executives that are directly paid by the Company.

7.7 Interests of advisers

Other than otherwise set out elsewhere in this Prospectus, no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or as a promoter or stockbroker to the Company has, or during the last two years before the date of this Prospectus has had, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation, promotion or the securities offered under this Prospectus; or
- (c) securities offered under this Prospectus,

and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no value or benefit has been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the securities offered under this Prospectus.

7.8 Interests and consents of experts and advisers

The following parties have given (and not before the date of this document withdrawn) their written consent to be named in this document in the form and context in which they are named:

- Computershare Investor Services Pty Limited in its capacity as Share Registry; and
- Acorn Capital Limited in its capacity as Investment Manager.

These parties have not had any involvement in the preparation of any part of this Prospectus other than being named in the capacity set out above to the Company or consented to the inclusion of the above references, nor have they authorised or caused the issue of and, to the extent permitted by law, expressly disclaim and take no responsibility for, any part of this Prospectus.

7.9 Privacy disclosure statement

The Company holds certain personal information regarding Shareholders that has been provided to the Company (directly or via the Share Registry) in connection with their investment in the Company. The *Privacy Act 1988* (Cth) governs the use of a person's personal information and

sets out principles governing the ways in which organisations should treat personal information. The personal information that the Company holds is used to provide services and appropriate administration, including communications with members. If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for its records, the Company will destroy or de-identify it.

The Corporations Act requires that the Company include information about security holders (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there for 7 years after that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

An investor has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

An investor who would like details of their personal information held by the Company or its Share Registrar, or who would like to correct information that is incorrect or out of date, should contact the Share Registry by telephoning 1300 850 505 (within Australia) or +61 9415 4000 (outside Australia) or the address shown in the Corporate directory.

Each Eligible Shareholder agrees that ACQ may use the information provided on these forms for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, related bodies corporate, agents, contractors and third party service providers including mailing houses and professional advisers, and to ASX and other regulatory authorities.

7.10 Other countries

The Options have not been, and will not be, registered under the *United States Securities Act of 1933* and should not be offered or sold within the USA. Any person accessing the electronic version of this Prospectus for the purpose of investing in the Company must only access it from within Australia or New Zealand.

7.11 Directors' statement

The Directors' report that, in their opinion, after having made relevant inquiries:

- (a) except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or the prospects of the Company on completion of the Offer; and
- (b) they have reasonable grounds to, and do, believe that this Prospectus contains no statements that are false or misleading and that there are no material omissions from this Prospectus.

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.

7.12 Governing law

This Prospectus is governed by the law of Victoria, Australia.

7.13 Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Corporate directory

Acorn Capital Investment Fund Limited

Item	Description
Registered office	Level 12, 90 Collins Street, Melbourne Vic 3000
Directors	Mr John Steven, Chairman and Non-executive Director
	Ms Judith Smith, Non-executive Director
	Mr David Trude, Non-executive Director
	Mr Robert Brown, Director
	Mr Barry Fairley, Director
Company secretary	Mr Matthew Sheehan, Company Secretary
Shareholder enquiries	Mr Matthew Sheehan, Company Secretary
	Telephone: (03) 9639 0522
	Email : matthewsheehan@acorncapital.com.au
Share and option registry	Computershare Investor Services Pty Limited GPO Box 2975, Melbourne, Victoria 3001
	Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)