



ACORN CAPITAL INVESTMENT FUND LIMITED

2018 ANNUAL GENERAL MEETING

16 NOVEMBER 2018

ASX : ACQ



INNOVATION



EFFICIENCY



GROWTH



DIVERSITY

Disclaimer and Important Notices



This presentation has been prepared by Acorn Capital Investment Fund Limited ACN 167 595 897 (ACQ). The information in this presentation is only intended for Australian residents. The purpose of this presentation is to provide information only and the contents of the presentation does not purport to provide investment advice. We strongly suggest that investors consult a financial adviser prior to making any investment decision. The presentation does not take into account the investment objectives, financial situation or particular needs of any person and should not be used as the basis for making investment, financial or other decisions. The information is selective and may not be complete or accurate for your particular purposes and should not be construed as a recommendation to invest in any particular investment or security, or fund/company offered by ACQ or Acorn Capital Limited (Acorn Capital).

The information provided in the presentation is given in good faith and is believed to be accurate at the time of compilation. Neither Acorn Capital, ACQ, nor its directors or employees make any representation or warranty as to the accuracy, reliability, timeliness or completeness of the information.

To the extent permissible by law, Acorn Capital, ACQ and its respective officers, employees agents and advisers give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this presentation. Further neither ACQ nor Acorn Capital, or its respective officers, employees, agents and advisors accept, to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of or in connection with the information contained in this presentation. Any recipients of this presentation should independently satisfy themselves as to the accuracy of all information contained herein.



AGENDA

- | | |
|--------------------------------------------|-----------------------|
| ▪ INTRODUCTION | JOHN STEVEN |
| ▪ PORTFOLIO UPDATE & COMMENTARY | ROBERT ROUTLEY |
| ▪ FORMAL BUSINESS | JOHN STEVEN |
| ▪ CLOSURE OF MEETING | JOHN STEVEN |



AGENDA

- | | |
|---------------------------------|----------------|
| ▪ INTRODUCTION | JOHN STEVEN |
| ▪ PORTFOLIO UPDATE & COMMENTARY | ROBERT ROUTLEY |
| ▪ FORMAL BUSINESS | JOHN STEVEN |
| ▪ CLOSURE OF MEETING | JOHN STEVEN |



ACQ BOARD

Experienced board and majority independent directors

- **John Steven – Independent Chairman**
 - Senior Partner Capital Markets and Corporate line of business of law firm Minter Ellison
- **Judith Smith – Independent Director**
 - Director of LUCRF, Director Funds SA and former Head of Private Equity at IFM Investors
- **David Trude – Independent Director**
 - Chairman of Baillieu Holst and Hansen Technologies, Director of MSL Solutions
- **Barry Fairley – Director**
 - Former Managing Director of Acorn Capital
- **Rob Brown – Director**
 - Non Executive Director of Acorn Capital

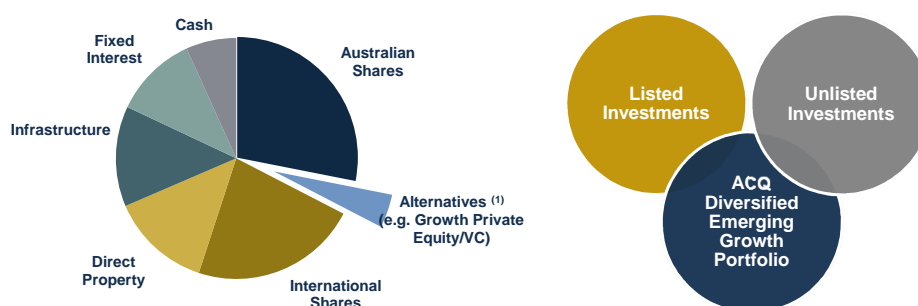


AGENDA

- INTRODUCTION JOHN STEVEN
- PORTFOLIO UPDATE & COMMENTARY ROBERT ROUTLEY
- FORMAL BUSINESS JOHN STEVEN
- CLOSURE OF MEETING JOHN STEVEN



ACQ provides long term investors an efficient platform to allocate capital to an alternate growth strategy



(1.) Acorn Capital illustration of Asset Allocations in a Diversified Portfolio

ACQ Introduction

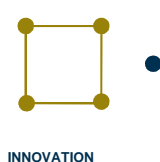
Firstly I would like to acknowledge and welcome all ACQ shareholders here today and thank you on behalf of Acorn Capital for your support. I am pleased to be presenting today on the back of a strong performance over the 2018 financial year which included an increase of 25% in the Company share price and the payment of \$0.062 per share in fully franked dividends.

ACQ has continued to provide shareholders with exposure to an alternative investment strategy focused on emerging companies. These are smaller capitalised companies, including those with early stage private equity and venture capital characteristics, asset classes to which investors might not otherwise easily gain access.

ACQ has a long-term investment horizon of up to 10 years and shareholders should consider ACQ within their alternatives asset allocation.



ACQ targets attractive financial returns and provides access to investments that have an impact



ACQ Objective

The objective of ACQ is to provide its shareholders with attractive financial returns through a disciplined repeatable investment process. At the same time, ACQ shareholders have exposure to a universe of companies that are distinguishable by both size, stage of development and delivered outcomes.

Acorn Capital believes that smaller, innovative high growth firms contribute disproportionately to the Australian economy. ACQ offers its shareholders a means to participate in the funding of such firms and to make a difference.

On the following slides I want to provide you some examples of where your shareholding in ACQ can make an impact



Carbon Revolution is a showcase example of Australian innovation

First commercially available carbon fibre wheel for cars in the world



Examples of Outcomes

Carbon Revolution is a terrific example of Australian innovation producing the world's first commercially available carbon fibre wheels for the automotive industry. Acorn Capital and ACQ are proud supporters of Carbon Revolution. Carbon Revolution's single piece carbon fibre wheels are specified in a number of OEM performance programs (including Ferrari and Ford) and has over \$400 million in contracted sales, with close prospects that have the potential to take this figure to over \$1 billion. To support its growth Carbon Revolution expects to have more than 1,000 workers employed at its Geelong facility within the next 5 years, many of whom are highly skilled.

Carbon Revolution currently puts around \$2 million a month directly into the local Geelong economy, including through wages, supply from local businesses and technology development. The development of this technology can provide a path for skilled Australians back to Australia - Carbon Revolution has recently attracted the former head of Manufacturing Engineering at Tesla (reporting to Elon Musk), to lead and accelerate its industrialisation.



CleanSpace has reinvented respiratory protective masks

Re-thinking the approach to product design and applications across the mining, medical and consumer goods industries

Go to Market innovation



CleanSpace®
RESPIRATORS

Product innovation

Examples of Outcomes

CleanSpace improves the working conditions and safety of front line industrial workers. The CleanSpace range of powered positive pressure respirators delivers superior respiratory protection across many industrial applications. Recent high profile examples in which inadequate respiratory safety can have harmful effects of workers include Pneumoconiosis (also known as Black Lung Disease) due to long-term exposure to coal dust, as well as Silicosis from inhalation of silica dust. Alarming, Silicosis has recently been described by the ABC as the biggest lung disease crisis since asbestos. In the case of both Black Lung Disease and Silicosis, CleanSpace has been adopted as a preferred tool to reduce risk of disease over other technologies, particularly widely used negative pressure masks. CleanSpace products, designed and manufactured in Australia, are exported globally to approximately 40 countries.



Genea is an example of an Australian healthcare company prepared to invest to achieve better patient outcomes

Leveraging technical capability in IVF to develop technology to automate key processes



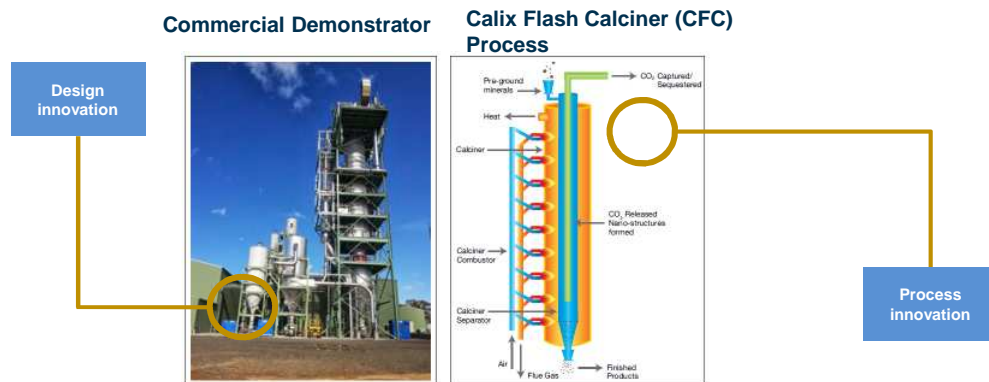
Examples of Outcomes

The next company I'd like to tell you about is Genea. When Acorn Capital originally invested in Genea it was attractive not just as a high quality IVF business, but also distinguished itself as a company prepared to invest in research and development. Through its Biomedx division, Genea has leveraged its intellectual property in fertility to build a global business in medical devices that enhance fertility patient outcomes. And as with both Carbon Revolution and CleanSpace, design and manufacture takes place in Australia. Recently, Genea announced its takeover, via scheme of arrangement, by a Hong Kong consortium that includes health unicorn WeDoctor (backed by tech giant Tencent). This transaction is expected to close over the next month and the Biomedx business was a key attraction to the Consortium.

Calix has a world-first, patented, Australian technology that has reinvented the kiln



Process produces materials that have unique highly reactive properties with multiple applications

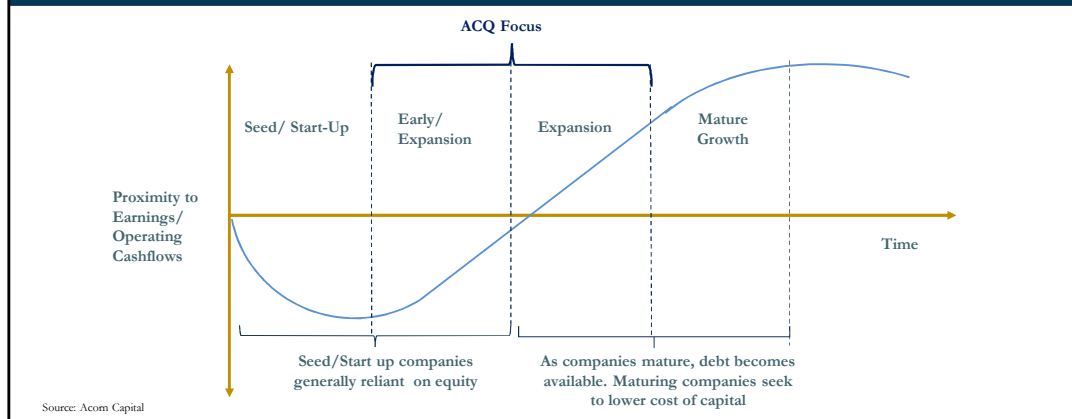


Examples of Outcomes

Another of ACQ's investments is Calix which has an advanced technology in materials processing, which is a significant addressable market. The material that Calix produces has commercial applications in waste water, sewer infrastructure protection, water conditioning in aquaculture and crop protection. Calix's CFC process also permits the direct separation of CO₂, allowing it to be used for CO₂ reduction in traditionally CO₂ intensive industries, such as lime and cement production. The cement industry accounts for an estimated 5% of total global man-made CO₂ emissions and cement is the largest global industrial source of man-made CO₂ emissions. Calix is an example of innovation with positive environmental outcomes.



ACQ provides investors with access to innovation and entrepreneurialism in developing companies



Targeted Companies

This slide graphically illustrates the types of investments that ACQ targets. The spectrum of Seed/Start Up through to Mature Growth is depicted above. The underlying investments targeted by ACQ (both listed and unlisted) at the time of investment are those classified as early/expansion and expansion opportunities. Acorn Capital believes that such investment opportunities have similar characteristics to those that an investor might find in a venture capital or growth private equity fund. Such companies typically display a relatively high demand for equity capital (when compared to larger capitalised companies) and are often exploiting opportunities created by long-term structural trends or thematic.



Highlights for the 2018 Financial Year

Item	30 June 2018	30 June 2017	% Change
NTA per Share Before Tax	\$1.353	\$1.105	+22.4%
NTA per Share Post Tax	\$1.264	\$1.070	+18.1%
ACQ Share Price	\$1.15	\$0.92	+25.0%
Dividends Paid in Relation to Financial Year	\$0.062	\$0.035	+77.1%
% of Dividend Franked	100%	100%	-
Gross Dividend Yield ⁽¹⁾	7.7%	5.4%	+42.6%
Franking Rate ⁽²⁾	30%	30%	

Source: Acorn Capital Investment Fund 2018 Annual Report & Acorn Capital Limited

(1) Based on ACQ share price as at 30 June of the respective financial year and assumed Franking Rate

(2) Post the introduction of the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 Royal Assent 31 August 2018

ACQ Key Highlights for the 2018 Financial year

So now turning our attention to ACQ's financial performance for the 2018 financial year, the current slide sets out some of the Company's key highlights this year. The Net Tangible Asset backing per share before tax increased by 22.4%. In addition fully franked dividends of 6.2 cents per share were declared and paid in relation to the 2018 financial year. Based on the share price as at 30 June 2018 the company generated a gross yield of 7.7% from dividends relating to that financial year. As announced on 27 August 2018 ACQ has reconfirmed its intention to pay at least 5% of its 30 June post-tax NTA as a dividend.



Update for the Current Financial Year to 31 October 2018

- Pre-Tax NTA as at 31 October 2018 of \$1.28 after the payment of a 3.5c fully franked dividend on 9 November 2018
- Discount to NTA has seen considerable improvement

	30 June 2017	30 June 2018	31 October 2018
Discount to Post-Tax NTA ⁽¹⁾	14.0%	9.1%	0.6%
Discount to Pre-Tax NTA ⁽¹⁾	16.9%	16.3%	7.7%

(1) Calculated with reference to the corresponding month end ACQ share price

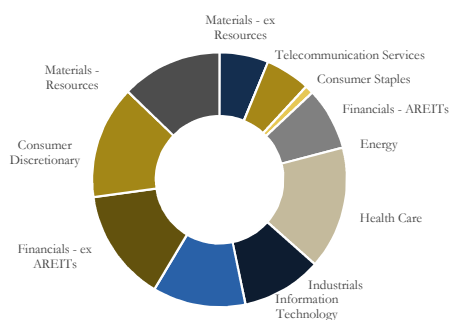
ACQ Key Highlights for the 2019 Financial year

Continuing on from the previous slide, as at 31 October 2018 ACQ's Pre-Tax NTA was \$1.28, following the payment of a 3.5 cent fully franked dividend. The pre-tax NTA as at 30 June 2018 was \$1.35. As shown in the table above the discount to NTA has shown considerable improvement with the discount to Post-Tax NTA now just 0.6% compared to 14% as at 30 June 2017.

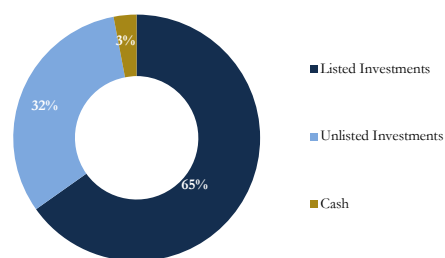


32% of the ACQ portfolio is in unlisted assets as at 31 October 2018

ACQ Sector Diversification



ACQ Portfolio Composition



Source: Acorn Capital, as at 31 October 2018

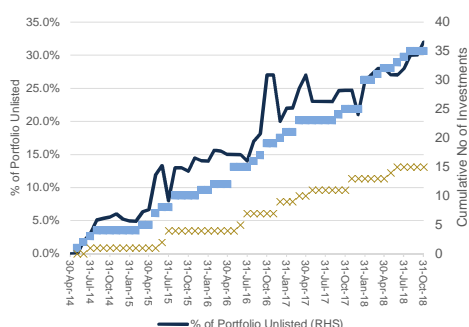
Portfolio

As at 31 October 2018, 32% of the gross portfolio assets were in unlisted assets up from 27% as at 30 June 2018. ACQ will continue to take up unlisted opportunities where these present comparative better value than their listed peers.



ACQ has invested \$38.6m in 35 unlisted opportunities, 15 of which have reached liquidity events⁽¹⁾

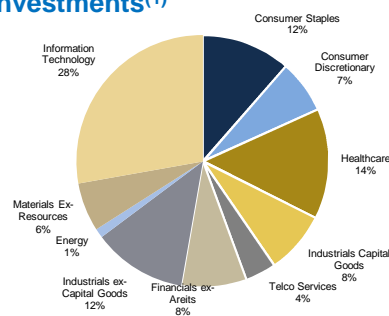
Unlisted Investment Rate



Source: Acorn Capital estimates as at 31 October 2018

1. Since ACQ listing on ASX in May 2014 to 31 October 2018

Sector Composition of Unlisted Investments⁽¹⁾



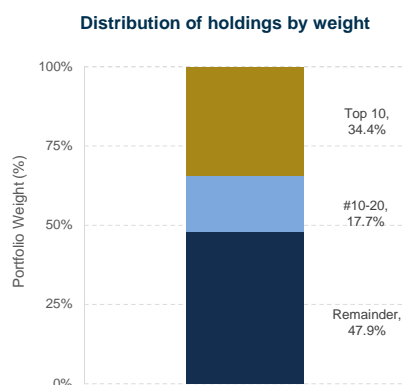
Unlisted Investment Activity

ACQ's exposure to unlisted investments is one of its defining characteristics. As this slide shows, since its inception ACQ has completed 35 unlisted investments. As at 31 October 2018, fifteen of ACQ's unlisted investments have reached liquidity events. The ongoing ability to reach liquidity events and extract a return premia from unlisted investments provides support to the overall investment strategy deployed by ACQ. No particular industry sector is targeted and indeed, the second chart on this slide shows that ACQ's unlisted investments have been distributed across nine different industry sectors.



ACQ investment portfolio had 34.4% of FUM in top 10 investments⁽¹⁾

Top 10 Holdings (as at 31 October 2018)		% Gross Portfolio
1.	Telix Pharmaceuticals Limited	6.1%
2.	Calix Ltd	5.6%
3.	Genea Limited (UL)	3.9%
4.	Redhill Education Limited	3.4%
5.	Redbubble Limited	3.0%
6.	Carbon Revolution Pty Ltd (UL)	2.8%
7.	Moula Money Pty Ltd (UL)	2.7%
8.	Shine Corporate Ltd	2.5%
9.	Innovative Asset Solutions Group Ltd (UL)	2.3%
10.	Department 13 International Limited (UL)	2.1%
Top 10 Positions		34.4%



(1) Source: Acorn Capital, as at 31 October 2018

Portfolio

This slide provides some colour around ACQ's investment portfolio. As at 31 October 2018, ACQ held a total of 84 investments. 34.4% of the Company's portfolio is held in the Top 10 investments, and 52.1% in the Top 20 investments.



ACQ generated a return of 11.8%⁽¹⁾ for the year to 31 October 2018

Periods to 31 October 2018	3 months	6 months	1 year	2 years p.a.	3 years p.a.	Since inception p.a. ²
ACQ ¹	-6.62%	-2.08%	+11.80%	+8.00%	+15.06%	+8.80%
S&P/ASX Small Ords Acc. Index	-7.67%	-4.22%	+2.59%	+8.42%	+10.54%	+7.45%
Acorn Capital / SIRCA Microcap Acc. Index ⁴	-6.21%	-5.58%	-1.35%	3.23%	+7.38%	+5.84%
S&P/All Ords Accumulation Index	-5.88%	-0.55%	+3.07%	+9.08%	+8.26%	+6.19%

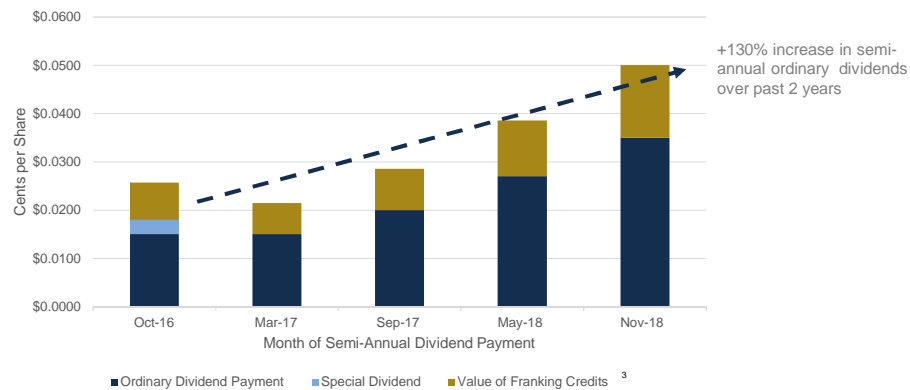
1. Portfolio performance is unaudited and calculated as the movement in NTA before tax effects, which is post all management fees, performance fees and operating costs. Performance includes dividends paid and payable but has not been grossed up for franking credits received by shareholders. All figures include unlisted valuations are performed by Acorn Capital in accordance with ACQ Board approved policies
2. Inception is 1 May 2014
3. Acorn Capital estimates that the unaudited pre- management & performance fee portfolio return post operating costs is 11.2% p.a. from inception using last trade price for the valuation of listed securities.
4. Acorn Capital / SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA ("Securities Industry Research Centre of Asia-Pacific")

ACQ Portfolio Performance

ACQ has returned -5.3% for the financial year to date which compares to the S&P/Small Ordinaries Accumulation Index of -8.6%, showing some strong outperformance. As the table above shows, ACQ has performed very strongly over the past 12 months and has exceeded its relevant indexes since inception.



Annualised dividend cash yield is 6%⁽¹⁾ as at 31 October 2018



(1) 3.5 cent dividend annualised to 7 cents, yield calculated on 31 October 2018 ACQ share price \$1.175

Dividends

As at 30 June 2018 ACQ has \$18.8m in its dividend reserve, which equates to approximately 4.6 years of dividend coverage post the payment of the 2018 final dividend, assuming a 7c per annum dividend on the current capital structure



AGENDA

- INTRODUCTION JOHN STEVEN
- PORTFOLIO UPDATE & COMMENTARY ROBERT ROUTLEY
- FORMAL BUSINESS JOHN STEVEN
- CLOSURE OF MEETING JOHN STEVEN



ADOPTION OF THE 2018 ANNUAL REPORT

AGM RESOLUTION

TO RECEIVE AND CONSIDER THE FINANCIAL REPORT OF THE COMPANY AND THE REPORTS OF DIRECTORS AND AUDITORS FOR THE YEAR ENDED 30 JUNE 2018, AS SET OUT IN THE 2018 ANNUAL REPORT



RE-ELECTION OF DIRECTORS

ACQ RESOLUTION

RE-ELECTION OF DIRECTORS

RE-ELECTION OF JOHN STEVEN

	Voted	%
For	13,633,746	97.08
Against	200,639	1.43
Open-Usable	208,241	1.49



RE-ELECTION OF DIRECTORS

ACQ RESOLUTION

RE-ELECTION OF DIRECTORS

RE-ELECTION OF DAVID TRUDE

	Voted	%
For	13,683,746	97.09
Against	200,639	1.43
Open-Usable	208,241	1.48

REMUNERATION REPORT



ACQ RESOLUTION

THE REMUNERATION REPORT FOR THE
YEAR ENDED 30 JUNE 2018 BE ADOPTED

	Voted	%
For	13,454,188	97.53
Against	238,798	1.73
Open-Usable	101,571	0.74

KEY CHANGES IN MANAGEMENT AGREEMENT



CURRENT

Renewal term of 5 years

Portfolio to be invested in "Australian Microcap Companies"

Post termination, Manager has a 30 day vesting period to deal with the portfolio

PROPOSED

Renewal term of 7 years

Up to 10% of portfolio may be invested in entities other than "Australian Microcap Companies"

Vesting period increases to 9 months

Refer to Resolutions 4 and 5 in the Notice of Meeting for more detail

MANAGEMENT AGREEMENT VARIATION



ACQ RESOLUTION APPROVAL OF THE PROPOSED MANAGEMENT AGREEMENT VARIATIONS

	Voted	%
For	7,933,547	95.08
Against	277,907	3.34
Open-Usable	131,571	1.58

MANAGEMENT AGREEMENT RENEWAL



ACQ RESOLUTION

RENEWAL OF TERM OF MANAGEMENT AGREEMENT
FOR A PERIOD OF SEVEN YEARS FROM THE DATE
OF THIS RESOLUTION.

	Voted	%
For	7,942,473	95.13
Against	274,315	3.29
Open-Usable	131,571	1.58



AGENDA

- | | |
|---------------------------------|----------------|
| ▪ INTRODUCTION | JOHN STEVEN |
| ▪ PORTFOLIO UPDATE & COMMENTARY | ROBERT ROUTLEY |
| ▪ FORMAL BUSINESS | JOHN STEVEN |
| ▪ CLOSURE OF MEETING | JOHN STEVEN |