

ACORN CAPITAL INVESTMENT FUND

INVESTMENT UPDATE
JUNE 2021



Acorn Capital Investment Fund Limited ACN 167 595 897

ASX Code	ACQ
Date of Listing	1 May 2014
Shares on Issue	67,649,320
NTA Before Tax	\$1.6560
Share Price	\$1.48
Market	\$100.12 million
Capitalisation	
Dividends	7.75c [^] (fully franked)
Dividend Yield	5.24%*

Website www.ACQfund.com.au

[^] over past 12 months
* implied on share price

Objective

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

Dividend Intention

ACQ intends to pay annual dividends targeting at least 5% of closing post-tax NTA for each financial year, franked to the highest extent possible without the Company incurring a liability. This is subject to ACQ having sufficient profit and cash flow to make such payments.

Investment philosophy

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

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

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

Strategy

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

Manager profile

Established in 1998 Acorn Capital Ltd is a specialist Australian microcap manager

Monthly Update

In June 2021 ACQ recorded performance of +1.24% as compared to the S&P/Small Ordinaries Accumulation Index return of +3.08%. ACQ values listed securities using closing BID price. Valuing listed securities at LAST price would add \$0.0188 per share. The ACQ share price decreased from \$1.59 to \$1.48. During the month, Camplify was listed on the ASX, and Innovative Asset Solutions Group was sold to a third-party industry purchaser as part of a trade sale. The unlisted portfolio now totals 15 investments. ACQ has assessed that it will no longer be a base rate entity for income tax purposes in the FY22 year, consequently deferred tax balances have been calculated using the 30% corporate tax rate.

Net Tangible Asset Backing Per Ordinary Share as at 30 June 2021 (all figures unaudited)

NTA before any tax effect	1.6560
NTA after tax excluding tax liability on unrealised gains	1.5666
NTA after tax	1.4684

Performance as at 30 June 2021 (all figures unaudited)

Period	3 Months	6 Months	12 months	2 years % p.a.	3 years % p.a.	5 years % p.a.	Since Inception % p.a.
ACQ ¹	+7.7%	+5.8%	+56.6%	+27.3%	+16.7%	+17.4%	+13.5%
Acorn Capital SIRCA Microcap Acc Index ²	+5.9%	+10.3%	+53.7%	+24.2%	+15.0%	+14.0%	+10.9%
S&P/ASX Small Ords Acc Index	+8.5%	+10.8%	+33.2%	+12.1%	+8.6%	+11.2%	+9.7%
S&P/Emerging Companies Index	+8.3%	+11.8%	+59.2%	+25.0%	+14.9%	+12.7%	+12.3%

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

² Microcap Index data is verified three months in arrears by SIRCA ('Securities Industry Research Centre of Asia-Pacific')

Portfolio Profile as at 30 June 2021

ACQ had 74%, 17% and 9% in listed investments, unlisted investments and cash, respectively. 40% of the unlisted portfolio was held in equity linked securities.

Equity linked securities include: convertible debt; debt with attaching warrants or options; preference shares; and similar instruments. Investments are revalued in accordance with policies adopted by the Board of ACQ. Unlisted investment valuations are reviewed monthly. Ordinary equity investments will generally be adjusted to reflect movements in the relevant industry sector in the Microcap Index². Valuations of equity linked securities are reviewed to determine whether market movements result in an impairment in the security held. Equity linked securities held in the portfolio are typically less correlated with market movements.

Top 10 Stocks as at 30 June 2021

The ACQ Investment Portfolio held 86 stocks³ as at 30 June 2021. The 10 largest stock holdings within the ACQ Investment Portfolio were:

Company	Portfolio Weight
1. Moula Money Pty Ltd (UL)	5.4%
2. Telix Pharmaceuticals Limited	4.7%
3. Aroa Biosurgery Limited	3.2%
4. Shine Justice Ltd	2.8%
5. Elenium Automation (UL)	2.4%
6. Lumos Diagnostics Holdings Limited	2.1%
7. Calix Limited	2.0%
8. Ama Group Limited	1.9%
9. Karoon Energy Ltd	1.8%
10. Redbubble Limited	1.7%
Total	28.1%

Note: (UL) = unlisted investment

³ Stock numbers consolidate positions where multiple securities are held and excludes positions with nil value

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