

# ACORN CAPITAL INVESTMENT FUND

INVESTMENT UPDATE  
SEPTEMBER 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  | \$1.7972                                                   |
| Share Price     | \$1.665                                                    |
| Market          | \$112.6 million                                            |
| Capitalisation  |                                                            |
| Dividends       | 8.0c <sup>A</sup> (fully franked)                          |
| Dividend Yield  | 4.8%*                                                      |
| Website         | <a href="http://www.ACQfund.com.au">www.ACQfund.com.au</a> |

<sup>A</sup> based on the 2021 interim dividend paid and the 2021 final dividend declared but unpaid  
\* 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 September 2021 ACQ recorded performance of +0.64% as compared to the S&P/Small Ordinaries Accumulation Index return of -2.14%. ACQ values listed securities using closing BID price. Valuing listed securities at LAST price would add \$0.0206 per share. The ACQ share price increased from \$1.59 to \$1.665. The unlisted portfolio totals 15 investments.

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

|                                                      |        |
|------------------------------------------------------|--------|
| NTA before all taxes                                 | 1.7972 |
| NTA after taxes and before taxes on unrealised gains | 1.6599 |
| NTA after taxes including taxes on unrealised gains  | 1.5520 |

### Performance as at 30 September 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 <sup>1</sup>                                    | +8.5%    | +16.9%   | +35.8%    | +25.7%         | +19.1%         | +16.0%         | +14.3%                 |
| Acorn Capital SIRCA Microcap Acc Index <sup>2</sup> | +7.0%    | +13.3%   | +38.4%    | +22.1%         | +16.9%         | +12.9%         | +11.5%                 |
| S&P/ASX Small Ords Acc Index                        | +3.4%    | +12.2%   | +30.4%    | +12.3%         | +9.4%          | +10.2%         | +9.9%                  |
| S&P/Emerging Companies Index                        | +18.8%   | +28.6%   | +55.9%    | +27.7%         | +22.7%         | +14.3%         | +14.5%                 |

<sup>1</sup> 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.

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

### Portfolio Profile as at 30 September 2021

ACQ had 77%, 19% and 4% in listed investments, unlisted investments and cash, respectively. 57% 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 Index<sup>2</sup>. 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 September 2021

The ACQ Investment Portfolio held 87 stocks<sup>3</sup> as at 30 September 2021. The 10 largest stock holdings within the ACQ Investment Portfolio were:

| Company                           | Portfolio Weight |
|-----------------------------------|------------------|
| 1. Australian Rare Earths Limited | 5.8%             |
| 2. Moola Money Pty Ltd (UL)       | 3.6%             |
| 3. Calix Limited                  | 3.5%             |
| 4. Telix Pharmaceuticals Limited  | 3.2%             |
| 5. Aroa Biosurgery Limited        | 3.0%             |
| 6. Marketplacer Pty Ltd (UL)      | 2.9%             |
| 7. Jervois Global Limited         | 2.7%             |
| 8. Elenium Automation (UL)        | 2.6%             |
| 9. Shine Justice Ltd              | 2.3%             |
| 10. Sandfire Resources Limited    | 1.9%             |
| <b>Total</b>                      | <b>31.5%</b>     |

Note: (UL) = unlisted investment

<sup>3</sup> Stock numbers consolidate positions where multiple securities are held and excludes positions with nil value

#### CONTACT DETAILS

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