

ACORN CAPITAL INVESTMENT FUND

INVESTMENT UPDATE
JUNE 2022



Acorn Capital Investment Fund Limited ACN 167 595 897

Net Tangible Asset Per Ordinary Share

as at 30 June 2022 (all figures unaudited)

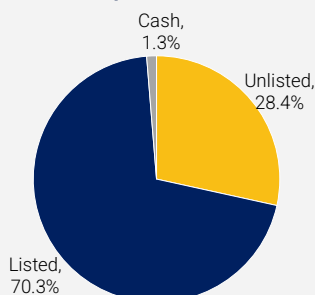
NTA before all taxes	1.1502
NTA after taxes and before taxes on unrealised gains	1.1072
NTA after taxes including taxes on unrealised gains	1.1626

ASX Code	ACQ
Date of Listing	1 May 2014
Shares on Issue	86,061,853
Share Price	\$1.08
Market Cap \$m	\$92.9m
Dividends	8.25c ^A (fully franked)
Dividend Yield	7.6%*

^A Ordinary over the past 12 months (excludes 4c special dividend paid in November 2021)

* implied on share price

Investment Split



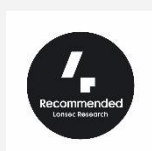
Top 10 Stocks as at 30 June 2022

Company	Weight %
Moula Money Pty Ltd (UL)	3.9%
Australian Rare Earths Limited	3.6%
Marketplacer (UL)	3.6%
Splend Holdings Ltd (UL)	3.4%
Flare HR Pty Ltd (UL)	2.5%
Aroa Biosurgery Limited	2.4%
Sandfire Resources Limited	2.3%
Calix Limited	2.2%
MX51 Group (UL)	2.2%
Cooper Energy Limited	2.1%
Total	28.1%

UL = Unlisted investment

Ratings*

Lonsec "Recommended"



Performance as at 30 June 2022 (all figures unaudited)

	1 mth %	3 mths %	1 year %	3 years % p.a.	5 years % p.a.	Since incept. % p.a.
ACQ ¹	-15.3	-22.7	-19.2	9.4	11.2	8.9
S&P/ASX Small Ords Acc Index	-13.1	-20.4	-19.5	0.4	5.1	5.7

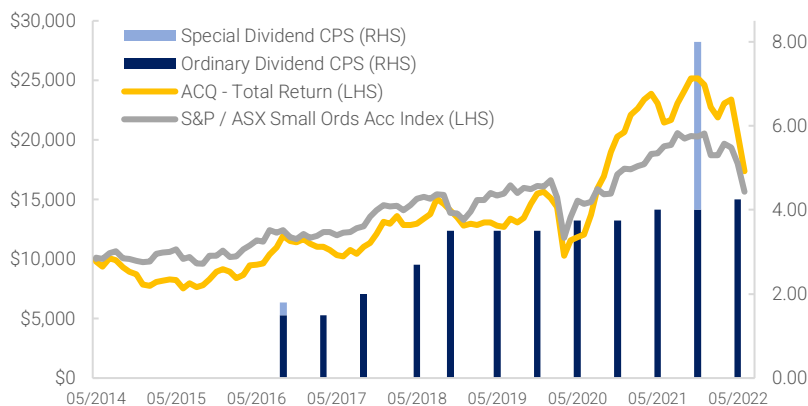
¹ Calculated as the movement in NTA before tax, post management fees, performance fees and operating costs. Includes dividends paid and payable but has not been grossed-up for franking credits received by shareholders. All figures are unaudited, and unlisted valuations are performed by Acorn Capital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

Acorn Capital - Investment Update

"The market selloff experienced in April and May accelerated sharply in June with the Small Ordinaries Index declining 13.1%. Every sector declined, led by increasing fears of global recession, continued tax loss selling and general portfolio reallocation to perceived lower risk areas. Sector performance shifted with Resources, Energy and Financials falling further while Consumer and Healthcare outperformed on a relative basis. We are now seeing company management responding with increased focus on cost control and driving towards positive cash flow, rather than the mantra of growth at all costs evident in 2021 strategies. Companies without sufficient cash reserves to reach cash flow breakeven are now in a difficult position, and we are seeing discounts increasing substantially in primary capital raises. The fund participated in 3 capital raises in June taking advantage of larger discounts, including Cooper Energy's material acquisition of the Orbost gas processing plant. During June, ACQ completed unlisted investments in Liquid Instruments and Apprise Risk Solutions."

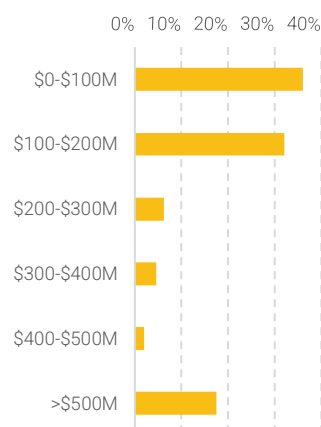
ACQ manager – Acorn Capital Limited

Growth \$10K

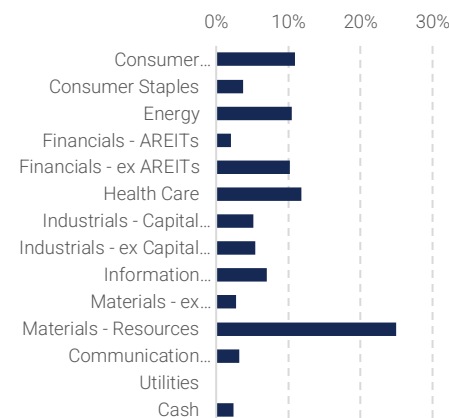


*Total shareholder return assuming dividends reinvested, includes special dividends

Market Cap Bands



Sector Exposures



ACQ 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

Acorn Capital Investment Fund Limited intends to pay annual dividends targeting at least 5% of closing post-tax NTA for each financial year, franked to the highest extent possible and without the Company incurring a liability.

Where the Company accumulates franking credits that the Board determines are in excess to its requirements it is the intent to distribute those excess credits by way of special dividends. This is subject to the Company 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.

Investment Strategy

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

Investment Manager profile

Acorn Capital was established in 1998 as a specialist investment manager in emerging Australian companies.

Acorn Capital distinguishes itself through its relatively large research and investment team with expertise across all industries as well as its provision of expansion capital to developing companies.

Through its strategies Acorn Capital can provide Investors with efficient off-index exposure to both public and private emerging companies.

*The rating issued 09/2021 is published by **Lonsec Research Pty Ltd** ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.

