

# Investment update

as at 31 May 2018

## Acorn Capital Investment Fund Limited ACN 167 595 897

|                       |  |
|-----------------------|--|
| ASX Code              | ACQ  |
| Date of Listing       | 1 May 2014   |
| Shares on Issue       | 52,711,408   |
| NTA Before Tax        | \$1.3754   |
| Share Price           | \$1.12   |
| Market Capitalisation | \$59.0 million   |
| Dividends             | 4.7c^ (fully franked)                                      |
| Dividend Yield        | 4.2%*  |
| Website               | <a href="http://www.ACQfund.com.au">www.ACQfund.com.au</a> |

^ 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 intention 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 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 May 2018 ACQ recorded performance of +3.95% as compared to the S&P/Small Ordinaries Accumulation Index return of +3.70%. The ACQ share price decreased from \$1.13 to \$1.12. During this month one of ACQ's unlisted investments, Maestrano Group, listed on the AIM. The unlisted portfolio now totals seventeen investments. ACQ paid a 2.7c fully franked dividend on 21 May 2018.

### Net Tangible Asset Backing Per Ordinary Share as at 31 May 2018 (all figures unaudited)

|   |        |
|---|--------|
| NTA before any tax effect                                 | 1.3754 |
| NTA after tax excluding tax liability on unrealised gains | 1.3463 |
| NTA after tax   | 1.2728 |

### Performance as at 31 May 2018 (all figures unaudited)

| Period                       | 3 Months | 6 Months | 12 months | 2 years % p.a. | 3 years % p.a. | Since Inception % p.a. |
|------------------------------|----------|----------|-----------|----------------|----------------|------------------------|
| ACQ <sup>1</sup>             | +5.05%   | +9.09%   | +35.00%   | +17.61%        | +17.85%        | +11.36%                |
| S&P/ASX Small Ords Acc Index | +4.11%   | +6.89%   | +25.40%   | +13.95%        | +11.55%        | +10.37%                |

<sup>1</sup> 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 are unaudited, and unlisted valuations are performed by Acorn Capital in accordance with ACQ Board approved policies.

### Portfolio Profile as at 31 May 2018

ACQ had 71%, 27% and 2% in listed investments, unlisted investments and cash, respectively. 29% 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. Listed and unlisted investments are revalued in accordance with policies adopted by the Board of ACQ.

### Top 10 Stocks as at 31 May 2018

The ACQ Investment Portfolio held 88 stocks as at 31 May 2018. The top 10 largest stock holdings within the ACQ Investment Portfolio were:

| Company                                       | Portfolio Weight |
|---|------------------|
| 1. Telix Pharmaceuticals Limited              | 4.6%             |
| 2. Genea Limited (UL)                         | 3.9%             |
| 3. Calix Limited (UL)                         | 3.5%             |
| 4. Redhill Education Limited                  | 2.9%             |
| 5. Carbon Revolution Pty Ltd (UL)             | 2.5%             |
| 6. Moula Money Pty Ltd (UL)                   | 2.5%             |
| 7. Redbubble Limited                          | 2.3%             |
| 8. Sundance Energy Australia Limited          | 2.2%             |
| 9. Shine Corporate Ltd                        | 2.1%             |
| 10. Innovative Asset Solutions Group Ltd (UL) | 2.1%             |
| <b>Total</b>                                  | <b>28.5%</b>     |

Note: (UL) = unlisted investment

*Important Notice: Acorn Capital Investment Fund Limited ACN 167 595 897 (ACQ) has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in ACQ nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of ACQ and conduct its own investigations and analysis. Past performance is not a reliable indicator or future performance.*

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