ACORN CAPITAL INVESTMENT FUND

INVESTMENT UPDATE
DECEMBER 2019

ACORN CAPITAL
NEXT GENERATION INVESTING

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Acorn Capital Investment Fund Limited
ACN 167 595 897

ASX Code	ACQ
Date of Listing	1 May 2014
Shares on Issue	53,353,773
NTA Before Tax	$1.3613
Share Price	$1.22
Market Capitalisation	$65.09 million
Dividends	7.0c^ (fully franked)
Dividend Yield	5.7%*
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 an increasing stream of 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 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 December 2019 ACQ recorded performance of -0.73% as compared to the S&P/Small Ordinaries Accumulation Index return of -0.29%. ACQ values listed securities using closing BID price. Valuing listed securities at LAST price would add $0.0185 per share. During the month, ACQ completed one new unlisted investment, Marketplacer (www.marketplacer.com). The ACQ share price increased from $1.21 to $1.22. The unlisted portfolio totals 21 investments.

Net Tangible Asset Backing Per Ordinary Share as at 31 December 2019 (all figures unaudited)

NTA before any tax effect	1.3613
NTA after tax excluding tax liability on unrealised gains	1.3509
NTA after tax	1.2854

Performance as at 31 December 2019 (all figures unaudited)

Period	3 Months	6 Months	12 months	2 years % p.a.	3 years % p.a.	Since Inception % p.a.
ACQ[1]	+3.47%	+15.08%	+25.57%	+8.49%	+11.56%	+10.20%
Acorn Capital SIRCA Microcap Acc Index[2]	-0.37%	+10.23%	+23.50%	+2.70%	+7.91%	+7.29%
S&P/ASX Small Ords Acc Index	+0.76%	+3.89%	+21.36%	+5.28%	+9.98%	+8.66%
S&P/Emerging Companies Index	-3.31%	+9.93%	+30.95%	+2.39%	+7.21%	+8.78%

[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 are unaudited, and unlisted valuations are performed by Acorn Capital in accordance with ACQ Board approved policies.
[2] Acorn Capital / SIRCA Microcap Accumulation Index data is verified three months in arrears by SIRCA ('Securities Industry Research Centre of Asia-Pacific')

Portfolio Profile as at 31 December 2019

ACQ had 67%, 29% and 4% in listed investments, unlisted investments and cash, respectively. 56% 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 December 2019

The ACQ Investment Portfolio held 80 stocks as at 31 December 2019. The 10 largest stock holdings within the ACQ Investment Portfolio were:

Company	Portfolio Weight
1. Moula Money Pty Ltd (UL)	8.5%
2. Telix Pharmaceuticals Limited	7.4%
3. Carbon Revolution Limited	5.4%
4. Calix Limited	4.4%
5. Shine Corporate Ltd	3.8%
6. Sundance Energy Inc	3.8%
7. Innovative Asset Solutions Group (UL)	2.7%
8. Redhill Education Limited	2.6%
9. Flare HR Pty Ltd (UL)	2.5%
10. Lifestylepanel Holdings (UL)	2.5%
Total	43.5%

Note: (UL) = unlisted investment

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