

Acorn Capital Investment Fund Limited – Annual General Meeting

Investment Manager’s Report

Many thanks John. My name is Robert Routley and I am the Head of the Private Market group at Acorn Capital Limited, the manager of the Company. At Acorn Capital I have product responsibility for the strategy employed by the Company, being investments in both listed and unlisted microcap companies.

References to page numbers below refer to the sequence of slides that appear within the Investment Managers Report section of the Acorn Capital Investment Fund, 2014 Annual General Meeting presentation.

ACQ Overview - Page 6

Acorn Capital Investment Fund Limited, or as we refer to it, the Company or ACQ is a Listed Investment Company that provides investors exposure to a diversified portfolio of “Microcap Companies”. We define Microcap Companies as those entities with an equity valuation below that of the 250th largest (by full market capitalisation) ASX-listed entity.

Microcap Companies comprise Listed Microcaps (being those listed on ASX) and Unlisted Microcaps (principally being those entities not listed on the ASX)

ACQ’s primary objective is to achieve after-fee returns on its investment portfolio in the long term that are higher than the S&P/ASX Small Ordinaries Accumulation Index, through long-term capital growth by way of investment in a diversified portfolio of Microcap Companies.

About ACQ - Page 7

This slide sets out a few key facts about ACQ – it listed just over 6 months ago, on 1 May 2014, with approximately \$50m raised, which compares to a current market capitalisation of around \$42m and NTA (pre-tax) of approximately \$47.6m (or \$0.9360 per share). ACQ performance over the 6 months since inception was -2.47% compared to the S&P/ASX Small Ords Accumulation Index and Acorn Capital/SIRCA Microcap Accumulation Index of -0.10% and -1.70% respectively. ACQ has approximately 1,335 shareholders of which approximately 13.5% are related parties of the Manager, Acorn Capital.

ACQ ‘Fit in Asset Allocation Mix - Page 8

ACQ provides investors with access to an alternative strategy through a single diversified portfolio. ACQ’s strategy offers investors access to a constructed portfolio of listed and unlisted Microcap Companies. The universe of Microcap Companies is large, as illustrated in the table that appears on the right of the slide. As shown in the third and fourth panels of the right side of this page, there are over 1,800 companies in the ASX-listed microcap company “universe” and Acorn Capital estimates over 13,000 Australian-incorporated companies.

ACQ utilises the investment team of Acorn Capital, which has over a dozen investment professionals to evaluate the large number of listed and unlisted opportunities.

Investment Universe - Page 9

Microcaps are distinguishable from the constituents of the ASX-100 and the Small Ords in a number of ways. Microcap Companies are generally at an earlier stage of corporate development and have a greater demand for capital; Acorn Capital's analysis indicates over 50% of Listed Microcaps are "developing companies", being those companies with revenues 10% or less than their market capitalisation (characteristics that are similar to those of venture capital/growth private equity investments).

Microcap Companies also represent a different part of the economy, as is illustrated in the table on the right of this slide. Compared to the ASX-250, Microcap Companies have a far greater representation of Materials-Resources and Energy and far smaller proportion of Banks, Insurance and Media.

Investment Universe - Page 10

This slide illustrates the long term performance of the microcap sector. Notwithstanding periods of significant volatility, Listed Microcaps have averaged approximately 11% pa return since 1973, compared to a return of 12.67% pa for the All Ords Accumulation Index. Referring to the chart on this slide, note the divergence in returns since 2012. This can be attributed to compositional differences between the All Ords and Listed Microcaps (which have a higher weighting to Materials-Resources) and the markets search for yield (eg bank stocks).

Philosophy and Strategy - Page 11

This slide presents ACQ's philosophy and strategy, repeating what was enunciated in the ACQ prospectus. Acorn Capital brings research to exploit inefficiencies in Listed and Unlisted Microcaps. Management of risk through the creation of diversified portfolios by both sector and number of companies is a key feature of the ACQ investment strategy.

Portfolio Overview - Page 12

The ACQ portfolio sector weights has been constructed with reference to the Listed Microcap sector benchmark weights. Portfolio investment commenced on 1 May 2014 (ACQ's listing date) and as at 31 October 2014, 84 stocks were held. As shown on the pie chart on this page, Unlisted Microcaps currently represent approximately 6% of gross portfolio assets, we expect that this proportion will increase over time.

Since listing, Acorn Capital management have had over 800 meetings with the management of Microcap Companies over the course of constructing and maintaining the current portfolio.

Portfolio Overview - Page 13

As this slide shows, ACQ's ten largest stock holdings account for approximately 25% of the total portfolio, with Servcorp representing 4.2% of the total portfolio. Note amaysim Australia and Sub161 in the Top-10 list, both of which are Unlisted Microcaps.

The average market capitalisation of the components of ACQ's portfolio is approximately \$214m.

Portfolio Overview - Page 14

The portfolio performance to date, as mentioned previously, the return since listing has been -2.47%, compared to the S&P/ASX Small Ords Accumulation Index which has returned -0.10% over the same period. To provide greater detail about the performance we have also compared portfolio returns to the Acorn Capital/SIRCA Microcap Accumulation Index. Acorn Capital's analysis indicates that underperformance can primarily be attributed to holdings in cash during the initial construction phase, as well as the underperformance of the Energy, IT and Industrials-ex Capital Goods sectors.

As mentioned in preceding slides the portfolio stock selection process has been designed with regard to medium and long terms performance objectives.

Portfolio Overview - Page 15

Whilst short term performance to date has been disappointing, it is not inconsistent with Acorn Capital's experience in managing similar strategies. It is not unusual for portfolio returns to exhibit volatility in returns over the short to medium term in both absolute terms and relative to the S&P/Small Ordinaries Accumulation Index. ACQ is committed to delivering shareholder value and reducing the discount to NTA. Although a disconnect between NTA and the share price exists, it is important to recognise that ACQ's investment strategy is designed to deliver outcomes over the medium to long term. The discount to NTA currently sits at 10.3% and over the coming period efforts will be made to narrow this gap.

The principal levers to deal with the discount to NTA are performance of the underlying portfolio, consideration by the ACQ Board at the relevant time of dividend or capital management programmes, and stakeholder engagement.

ACQ Summary - Page 16

So in summary, ACQ should be considered in the context of investment choices in the alternative asset class, its strategy suits longer term investors, the microcap universe offers investors access to companies that have a strong growth bias, Investors should expect that the performance of the investment portfolio to be correlated with the broader market and to outperform over the long term. ACQ's investment strategy leverages off the Manager's large investment team and 13 years of experience as a specialist microcap investor. A strong

alignment of interest exists between ACQ shareholders and Acorn Capital (itself, ACQ's major shareholder). Finally, ACQ believes that in the medium term portfolio performance, market awareness and the payment of dividends will assist in improving the returns to shareholders and minimising the implied discount to NTA.

Many thanks for your time today and I now hand back to John to go through the formal aspects of today's meeting.