

ACORN CAPITAL

Acorn Capital Investment Fund

March 2015 Quarter

(ASX: ACQ)

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ACQ Key Details		ACQ Metrics	
Company	Acorn Capital Investment Fund Limited	Net Proceeds Raised in IPO	\$50.1 million
Manager	Acorn Capital Ltd	Market Capitalisation	\$38.6 million
IPO Date (Inception)	1 May 2014	Gross Market Value of Portfolio ⁽¹⁾	\$46.3 million
Ordinary Shares on Issue (ACQ)	50,820,001	NTA before any Tax Effect⁽¹⁾	\$0.9070
Options on Issue (ACQO)	<ul style="list-style-type: none"> ▪ 50,820,000 ▪ Exercise Price, \$1.00 ▪ Last date for exercise, 24 October 2015 	NTA After Tax⁽¹⁾	\$0.9301
Number of Shareholders	1,245	ACQ Performance Since Inception⁽¹⁾	-5.6%
Acorn Capital & Shareholders Interest in ACQ	13.4%	XSOAI Since Inception	+3.6%
		Acorn Capital/SIRCA Microcap Acc Index Since Inception ⁽¹⁾⁽²⁾⁽³⁾	-0.5%

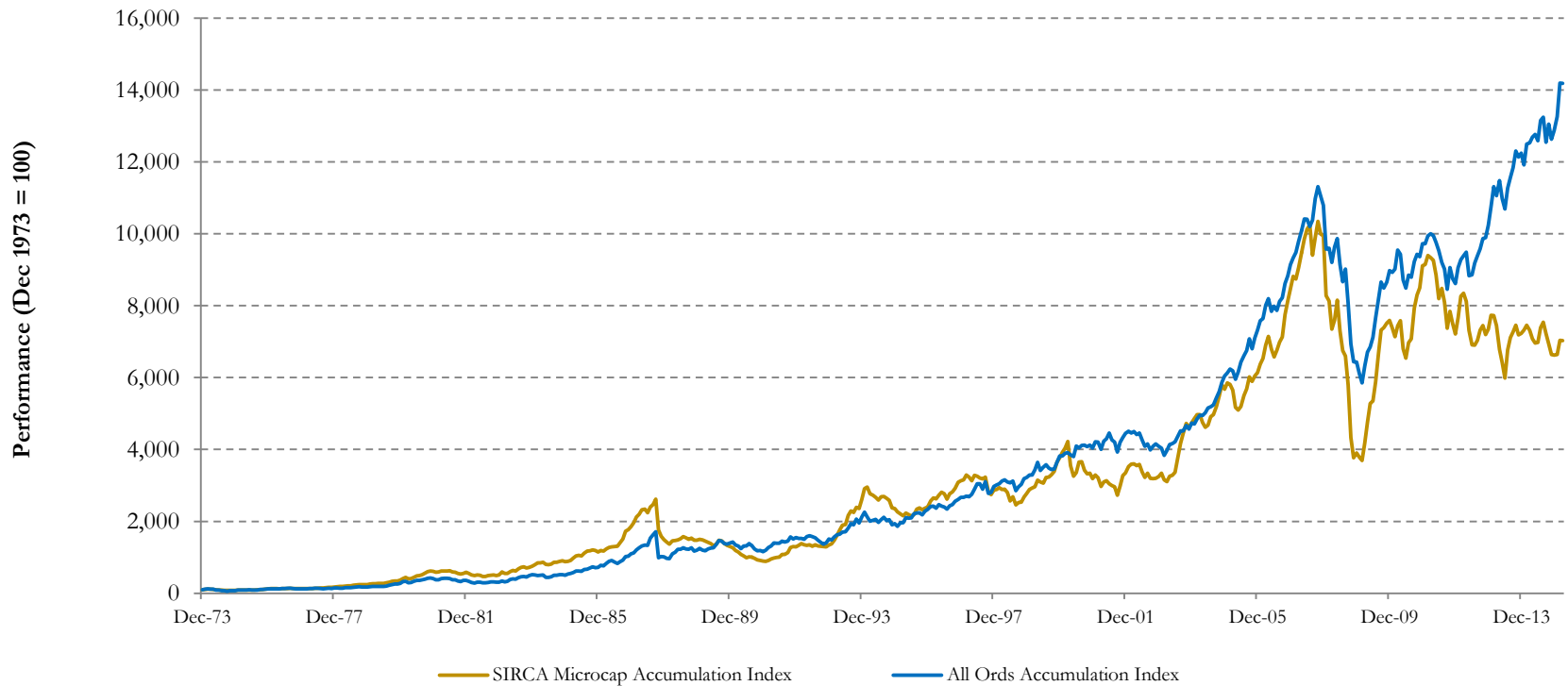
(1) Unaudited

(2) Portfolio performance is post all operating expenses, excluding management fees, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders

(3) Acorn Capital / SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA ('Securities Industry Research Centre of Asia-Pacific')

- Microcaps have underperformed the All Ordinaries by 60% over the past 4 years
- Close correlation of both markets over 40 years has broken down since 2011
- Acorn Capital believes the breakdown can be attributed to search for yield (in preference to capital growth) and aversion to the Resources sector

Microcaps Vs All Ordinaries Index 1974 - 2015

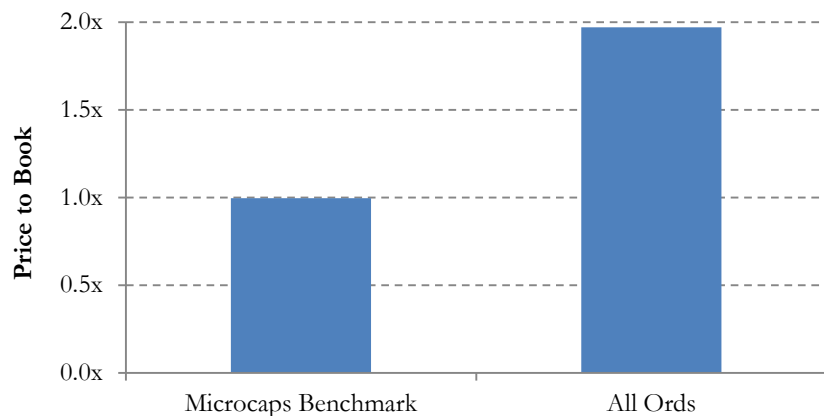


MICROCAP SECTOR

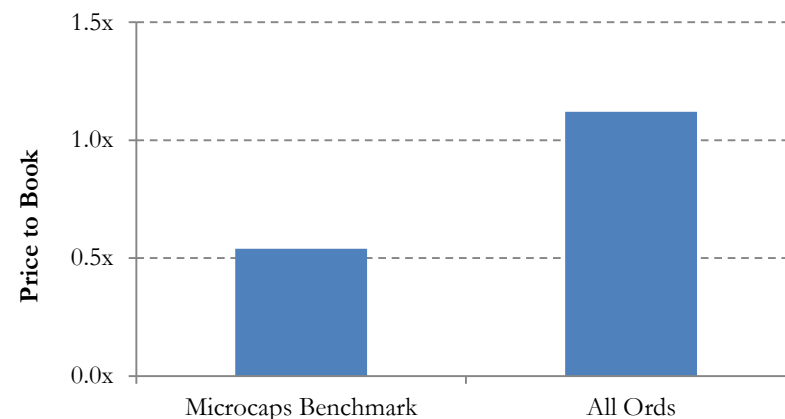
- Acorn Capital believes that on historic metrics the microcap sector represents more compelling relative value than broader market
- Largest Microcap sector, Resources recorded its first positive quarter since March 2014

Microcap v All Ords Price/Book Comparisons for Broad Market & Selected Sectors

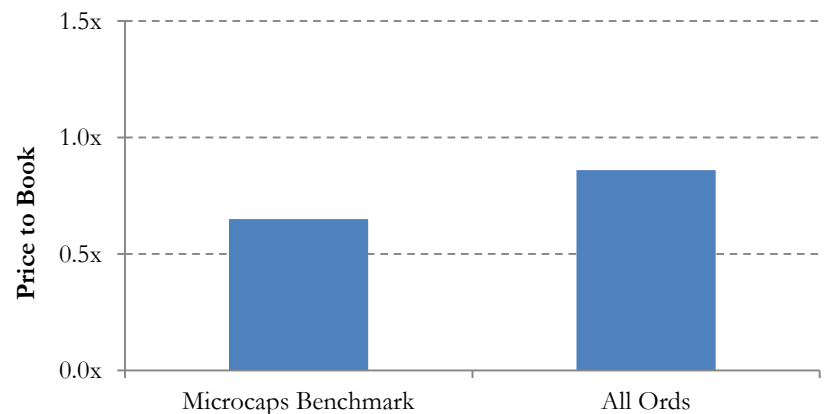
Broad Market



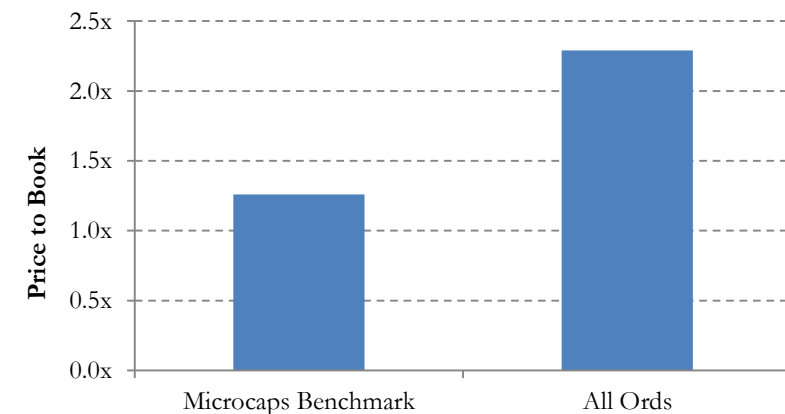
Resources



Energy



Broad Market ex Resources & Energy



Microcap sector return in the March 2015 Quarter was led by Healthcare and Information Technology

- Microcap sector return was 6.1% for the March 2015 quarter, relative to the S&P Small Ordinaries Accumulation Index which returned 7.3%.
- Best performing sectors were Materials ex-Resources (+21.9%), Information Technology (+15.7%) and Healthcare (+15.1%) which had an aggregate Benchmark Weight of 20.4% of the Microcap sector
- The worst performing sectors were Industrials – Capital Goods (-10.7%), Energy (-7.9%) and Industrials – ex Capital Goods (1.2%) which had an aggregate Benchmark Weight of 20% of the Microcap sector
- Best performing sector Materials-ex-Resources benefited from the depreciating Australian dollar

Attribution for the 3 months to 31 March 2015

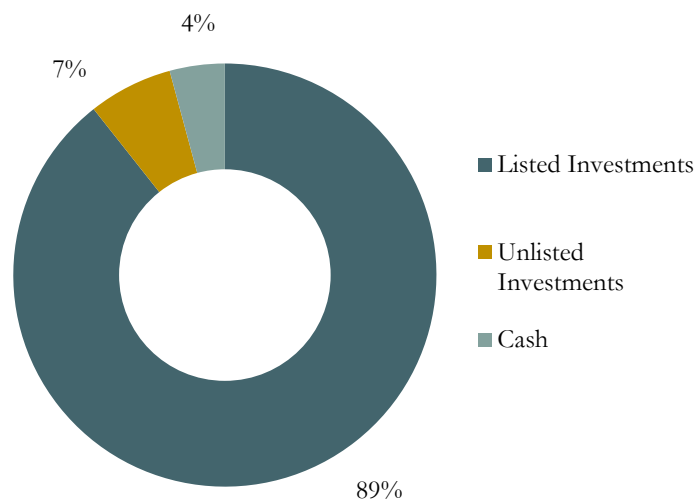
To 31 March 2015	Microcap Benchmark Sector Return (%)	Benchmark Weight (%)
Consumer Discretionary	5.65%	13.74%
Consumer Staples	10.36%	3.98%
Energy	-7.91%	8.22%
Financials – AREITs	6.30%	8.66%
Financials – ex AREITs	10.24%	11.27%
Healthcare	15.09%	9.32%
Industrials – Capital Goods	-10.70%	5.97%
Industrials – ex Capital Goods	1.18%	6.77%
Information Technology	15.65%	10.35%
Materials – ex Resources	21.94%	0.76%
Materials – Resources	7.05%	18.88%
Telecommunication Services	2.51%	1.18%
Utilities	14.15%	0.90%
Total	6.09%	100.0%

Source: Acorn Capital, as at 31 March 2015. Microcap performance based on Acorn Capital/SIRCA ('Securities Industry Research Centre of Asia-Pacific') Microcap Accumulation Benchmark.

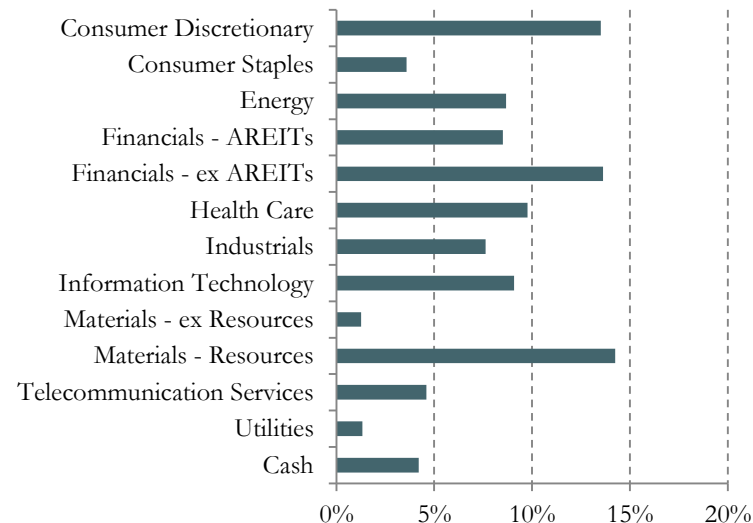
The ACQ Investment Portfolio is diversified across all microcap sectors

- ACQ Investment Portfolio investment commenced on 1 May 2014 (ACQ listing date) and holds 92 stocks as at 31 March 2015
- Unlisted investments represent approximately 7% of gross portfolio assets

Composition of Gross Portfolio Assets ¹



Sector Weights ¹



(1) Source: Acorn Capital As at 31 March 2015

At 31 March 2015 the 10 largest stock holdings account for approximately 26% of the ACQ Investment Portfolio

- Portfolio strategy is to diversify by sector and by stock number to manage risk
- Largest position, Servcorp represents 5.05% of the ACQ Investment Portfolio
- Top 20 positions represent approximately 42.4% of the ACQ Investment Portfolio
- Average market capitalisation of the companies that ACQ is invested in is approximately \$227 million

Top 10 Holdings ¹

% of ACQ Gross Portfolio Assets

Servcorp	5.05%
Amaysim Australia (Unlisted)	3.16%
Capitol Health	3.02%
Generation Healthcare	2.41%
Imf Bentham	2.29%
Shine Corporate	2.15%
Nimble Money (Unlisted)	2.03%
iProperty Group	2.03%
Orocobre	1.99%
Nick Scali	1.87%
Top 10 Positions	26.00%

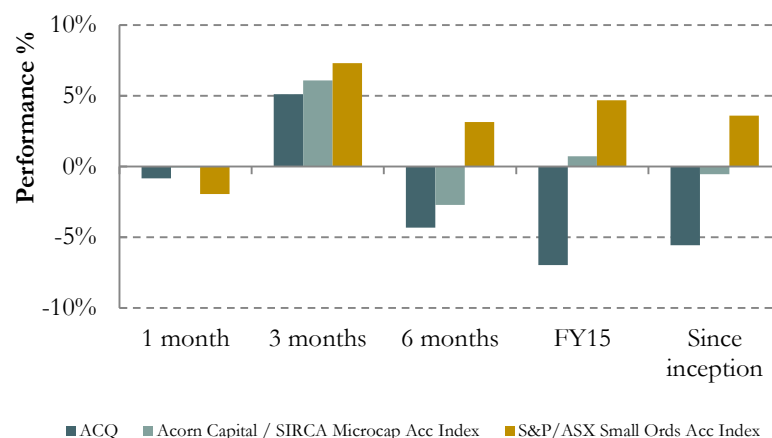
(1) Source: Acorn Capital As at 31 March 2015

ACQ Investment Portfolio stock selection is designed to focus on medium to long term performance

- ACQ has generated a return of +5.1% ⁽¹⁾ for the March 2015 quarter

ACQ Performance as at 31 March 2015¹

Period	1 month	3 months	6 months	FY15	Since inception ²
ACQ ¹	-0.84%	+5.11%	-4.33%	-6.97%	-5.58%
Acorn Capital / SIRCA Microcap Acc.Index ³	-0.08%	+6.09%	-2.72%	+0.71%	-0.54%
S&P/ASX Small Ords Acc. Index ('Benchmark')	-1.94%	+7.30%	3.13%	+4.67%	+3.59%



- Portfolio performance is post all operating expenses, excluding management fees, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders. All figures are unaudited, unlisted valuations performed by Acorn Capital in accordance with ACQ Board approved policies
- Inception is 1 May 2014
- Acorn Capital / SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA

ACQ is a Listed Investment Company ('LIC') that provides investors exposure to a diversified portfolio of Microcap Companies

- “Microcap Companies” are defined 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 (being either entities not listed on the ASX, or unlisted instruments of Listed Microcaps)
- 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
- ACQ offers investors access to a diversified portfolio in the asset class of Microcap Companies
- Attractive product for long term investors within their own diversified portfolios
- ACQ offers a long term strategy that should be considered in the context of investment choices in the alternative asset class

INVESTMENT PHILOSOPHY

- Identify the best investments within each industry based on relative value, remaining fully invested across all industries
- Exploit inefficiencies in the pricing of Listed and Unlisted Microcap Companies
- Investment opportunities for long term capital growth are identified through research and regular company interaction
- Manage risk through creation of diversified portfolios

INVESTMENT STRATEGY

- | | |
|-----------------------------------|---|
| ▪ Research Driven Stock Selection | Significant potential value added due to lack of research in microcap sector |
| ▪ Economic Sector Diversified | Enable relative rank, provide diversification by industry, optimise risk / reward |
| ▪ Style agnostic | Avoid style bias, capture both growth and value, developing and mature companies |
| ▪ Long term investor | Minimise transaction costs and maximise participation in the primary market |
| ▪ Stock Numbers | Create diversified portfolios, reduce volatility |

TARGET PORTFOLIO

METRIC

- | | |
|--|--|
| ▪ Portfolio Sector Weights | Acorn Capital / SIRCA Microcap Benchmark (although exposures may vary from the benchmark) |
| ▪ Range of Unlisted Exposure | 0%-50% (weight not fixed) |
| ▪ Average Investment Duration | 3-5 years (listed and unlisted) |
| ▪ Exposure to Single Company at Time of Investment | Max 7.5% of portfolio at time of investment |
| ▪ Cash | To a level considered appropriate as determined by the Manager, although typically less than 10% |

Director	Background
<p>John Steven <i>Chairman and Independent Non-executive Director</i></p>	<p>John is the non-executive Chairman of ACQ. He is the head of the National Corporate Division and a member of the National Board of Minter Ellison. He practises in the corporate and capital markets area and also has an extensive general corporate practice. <i>B.Ec, LLB (Hons), DipComLaw</i></p>
<p>Judith Smith <i>Independent Non-executive Director</i></p>	<p>Judith was formerly the Head of Private Equity at IFM Investors and Chair of the IFM Risk Committee. Judith was also a member of the IFM Investments Committee. She also held various investment management roles including more than a decade at National Mutual Funds Management. <i>B.Ec (Hons), M.AppFin</i></p>
<p>David Trude <i>Independent Non-executive Director</i></p>	<p>David is a senior corporate banking executive with 40 years' experience in a variety of financial services roles in the banking and securities industries. He is the Chairman of Baillieu Holst. David was formerly Managing Director, Australian CEO of Credit Suisse, where he is currently a Consultant. He currently holds several other board positions. <i>B.Com</i></p>
<p>Robert Brown <i>Director</i></p>	<p>Robert is an independent director of Acorn Capital and is Chairman of its subsidiary Australian Microcap Investments Pty Ltd. He is an emeritus professor of finance in the Department of Finance, University of Melbourne, where his research has focused on security market behaviour. <i>B.Ec (Hons), M.Ec, GradDipAcc, FCPA, SF Fin</i></p>
<p>Barry Fairley <i>Director</i></p>	<p>Barry is Acorn Capital's Managing Director. He founded Acorn Capital in 1998 and has more than 40 years of investment experience. <i>Dip of Mining Engineering, SA Fin</i></p>