



Acorn Capital Investment Fund

Key company details

- ASX Code: ACQ/ACQO
- Listing Date: 1 May 2014
- Shares on issue: 50,820,001
- Options on issue: 50,820,000

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.

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

Company profile

Acorn Capital Investment Fund Limited provides investors with an opportunity to invest in a diversified portfolio of listed and unlisted microcap companies.

Manager profile

Established in 1998 Acorn Capital is a specialist Australian microcap manager with approximately \$1.1 billion under management.

Net Tangible Asset Backing Per Ordinary Share (all figures unaudited)

NTA before any tax effect	\$1.0051
NTA after tax excluding tax liability on unrealised gains	\$1.0134
NTA after tax	\$1.0000

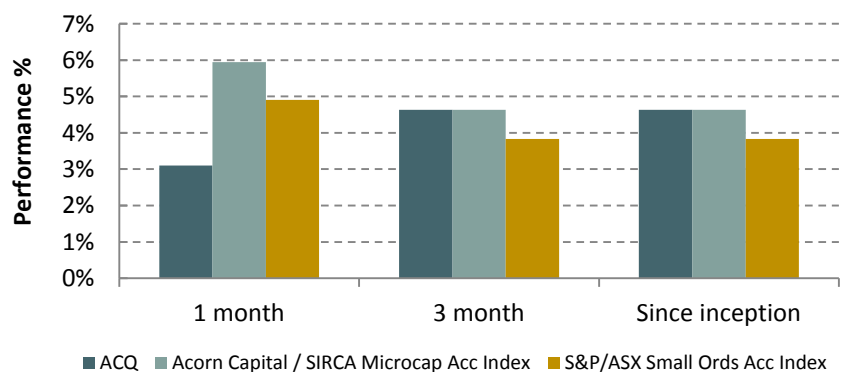
NTA does not include dilution from 50,820,000 outstanding ACQO options.

Performance (July 2014) (all figures unaudited)

In July ACQ recorded performance of 3.10%¹. Performance will be impacted by cash holdings until the portfolio construction is complete (anticipated by the end of August 2014). The ACQ share price increased from \$0.87 to \$0.935. The exchange traded options, ACQO last traded in July at \$0.03.

Period	1 month	3 Months	Since inception ²
ACQ ¹	+3.10%	+4.63%	+4.63%
Acorn Capital / SIRCA Microcap Acc Index ³	+5.95%	+4.63%	+4.63%
S&P/ASX Small Ords Acc Index ('Benchmark')	+4.91%	+3.83%	+3.83%
Outperformance Relative to Benchmark	-1.81%	+0.80%	+0.80%

- 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
- Inception is 1 May 2014
- Acorn Capital / SIRCA Microcap Accumulation Index data is verified 3 months in arrears by SIRCA ('Securities Industry Research Centre of Asia-Pacific')



Contact Details

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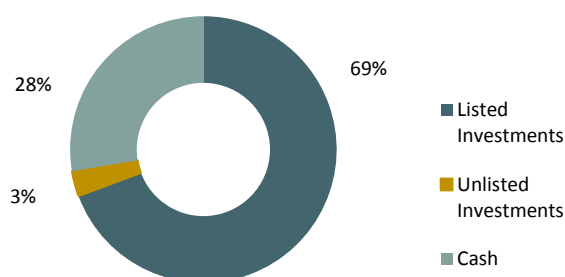
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Month in Review

During this month Acorn Capital had direct contact with over 78 listed and unlisted microcap companies. ACQ made an unlisted investment into Sub161 Pty Ltd, which represented its third unlisted investment.

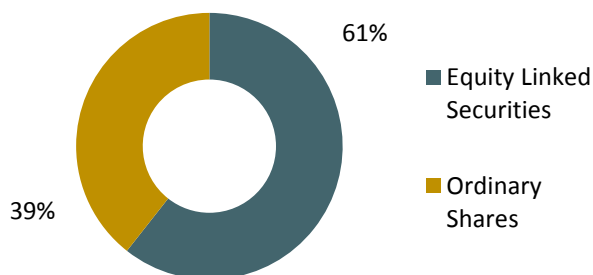
Portfolio profile

ACQ had 69%, 3% and 28% in listed investments, unlisted investments and cash, respectively.



Investment Instrument

Unlisted investments can be classified by the type of investment instrument as follows:

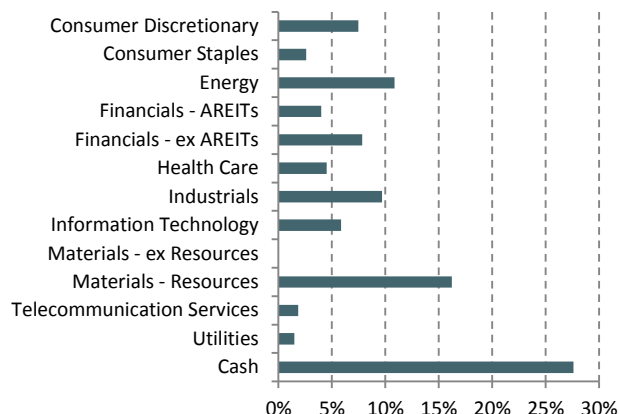


1. Equity Linked Securities include convertible debt, debt with attaching warrants, options or shares and such similar instruments

Unlisted investments are revalued in accordance with policies adopted by the Board of ACQ.

Industry weight

The ACQ Investment Portfolio is still in the process of being constructed, once completed it will be diversified across industries. Presently the top three industry exposures are Materials-Resources, Energy and Industrials.



Top 10 Stocks

The ACQ Investment Portfolio held 71 securities as at 31 July 2014. Top 10 largest stock holdings within the ACQ Investment Portfolio are:

Company	Portfolio Weight as at 31 July 2014
1. Servcorp	3.45%
2. Sundance Energy Australia	3.33%
3. Horizon Oil	3.05%
4. Papillon Resources	2.65%
5. eServGlobal	2.28%
6. iCar Asia	2.09%
7. Sub161	1.88%
8. Generation Healthcare	1.83%
9. Amcom Telecommunications	1.56%
10. iBuy Group	1.54%

Further information

Benchmark	S&P/ASX Small Ords Accumulation Index
ACQ Market Capitalisation (31 July 2014)	\$47.517 million
Options on issue	50,820,000
Exercise price of Options	\$1.00
Last date options can be exercised	24 October 2015

Corporate Directory

Directors

John Steven (Chairman)
David Trude
Judith Smith
Robert Brown
Barry Fairley

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Telephone: 1300 850 505
Facsimile: 03 9473 2500

Company Secretary

Matthew Sheehan

Auditor

Ernst & Young
Level 23, 8 Exhibition Street
Melbourne VIC 3000

Manager Investment Team

Robert Routley	David Ransom
Matthew Sheehan	Karina Bader
Tony Pearce	Kylie Molinaro
Robert Bruce	Cameron Petricevic
Xing Zhang	Ben Dalling

Registered Office

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Investment Manager

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