

Acorn Capital Investment Fund Limited
ABN 25 167 595 897

Notice of Annual General Meeting

and

Explanatory Memorandum
to Shareholders

A voting form is enclosed

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the meeting please complete and return the enclosed voting form in accordance with the specified instructions.

Acorn Capital Investment Fund Limited ABN 25 167 595 897 (Company)

Notice of annual general meeting

Notice is given that the 2016 annual general meeting of members of the Company will be held at the West Tower Suite of the Sofitel Melbourne on Collins, 25 Collins Street, Melbourne Vic 3000, on Wednesday 16 November 2016 at 10am (Melbourne time).

Agenda items

1 Financial report

To receive and consider the financial report of the Company and the reports of the directors and auditors for the year ended 30 June 2016, as set out in the 2016 Annual Report.

2 Re-election of directors

2.1 Re-election of Robert Brown as a director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Robert Brown, who retires under rule 62 of the Company's constitution, and being eligible, be re-elected as a director of the Company.

2.2 Re-election of Judith Smith as a director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Judith Smith, who retires under rule 62 of the Company's constitution, and being eligible, be re-elected as a director of the Company.

3 Remuneration Report

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That the Remuneration Report for the year ended 30 June 2016 be adopted.

Note: the vote on this resolution is advisory only and does not bind the directors or the Company. A voting exclusion applies to this resolution.

Entitlement to vote

The Board has determined, in accordance with the Company's constitution and under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that for the purposes of the annual general meeting, persons who are registered holders of shares in the Company at 7pm (Melbourne time) on Monday 14 November 2016 will be entitled to attend and vote at the meeting as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting exclusion

The Company will disregard any votes cast on resolution 3:

- by or on behalf of a member of the Company's key management personnel (**KMP**) named in the Remuneration Report for the year ended 30 June 2016 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the annual general meeting or their closely related parties,

unless the vote is cast as proxy for a person who is entitled to vote on resolution 3, and the vote is cast:

- in accordance with a direction in the voting form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as the Chairman sees fit even though resolution 3 is connected with the remuneration of the KMP.

KMP of the Company include the directors.

'Closely related party' is defined in section 9 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and includes a KMP's spouse, dependants and certain other close family members as well as any companies controlled by a member of the KMP.

Direct voting

A shareholder can cast a direct vote by marking the "Vote Directly" box in step 1 of the voting form and the 'for', 'against' or 'abstain' box in step 3 of the voting form. Direct voting provides shareholders with an alternative to appointing a proxy to vote on their behalf.

If no direction is given on a resolution (i.e. if a shareholder does not mark any box for the resolution), a shareholder's vote will be invalid for that resolution.

Proxies

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote on behalf of the shareholder. A proxy need not be a shareholder of the Company and can be either an individual or a body corporate.

Unless the Chairman of the meeting is your proxy, the KMP of the Company (which includes each of the directors) and their closely related parties will not be able to vote your proxy on resolution 3, unless you direct them how to vote. If you intend to appoint such a person as your proxy, please ensure that your proxy is directed how to vote on resolution 3 by marking the voting box(es) for that resolution.

The Chairman of the meeting acting as proxy

A shareholder may appoint the Chairman of the meeting as proxy. In addition, if you direct your proxy how to vote and a poll is duly demanded but your proxy does not attend the meeting or does not vote on a resolution, the Chairman of the meeting will be taken to have been appointed as your proxy and is required to vote proxies as directed.

If the Chairman of the meeting is your proxy (or becomes your proxy by default) and you do not mark a voting box for resolution 3, then by completing and returning the voting form, you will be expressly authorising the Chairman of the meeting to vote as they see fit in respect of resolution 3 even though the resolution is connected with the remuneration of the Company's KMP.

The Chairman of the meeting intends to vote all available proxies in favour of each item of business.

Appointing two proxies

A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes. However, neither proxy may vote on a show of hands.

Appointing a body corporate representative as a proxy

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

Lodgement of voting forms

A voting form accompanies this notice of meeting and to be effective must be received at the company's share registry by **no later than 10am (Melbourne time) on Monday 14 November 2016**.

Voting forms may be lodged:

- electronically at www.investorvote.com.au;
- by mail to Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Vic 3001;

- in person to Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria 3067; or
- by facsimile: 1800 783 447 (within Australia) or +61 9473 2555 (outside Australia)

Appointing an attorney to vote

Where a shareholder appoints an attorney to act on his/her behalf at the meeting, such appointment must be made by a duly executed power of attorney. The power of attorney or a certified copy must be received by the Company at the company's share registry by no later than 10am (Melbourne time) on Monday 14 November 2016 in the manner set out above.

Corporate representatives

A body corporate that is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the annual general meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

Custodian voting

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Explanatory Memorandum

Further details are contained in the Explanatory Memorandum accompanying and forming part of this notice of meeting.

By Order of the Board

date 12 October 2016 _____

sign here ►



Company Secretary

Acorn Capital Investment Fund Limited ABN 25 167 595 897

Explanatory Memorandum to shareholders

This Explanatory Memorandum has been prepared to help shareholders understand the business to be put to shareholders at the forthcoming annual general meeting.

1 Financial report

The Corporations Act requires:

- the reports of the directors and auditors; and
- the annual financial report, including the financial statements of the Company,

for the year ended 30 June 2016, to be laid before the annual general meeting. Neither the Corporations Act nor the Company's constitution require a vote of shareholders on the reports or statements. However, shareholders as a whole will be given a reasonable opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to shareholders as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders can access a copy of the annual report on the Company's website at www.acorncapital.com.au/acq

2 Re-election of directors

Under rule 62 of the Company's constitution, no director, who is not the managing director, may hold office for a continuous period in excess of three years or until the third annual general meeting following the director's appointment or election, whichever is the longer, without submitting for re-election.

In accordance with this rule, Robert Brown and Judith Smith retire as directors and being eligible, offer themselves for re-election. Their biographical details are set out below.

Robert Brown

Robert has been a director of the Company since 6 March 2014.

Robert is an independent director of the Company's manager, Acorn Capital Limited (and therefore is not considered to be an independent director of the Company), and is the Chairman of its wholly owned 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. He holds a Bachelor of Economics (with Honours) and Master of Economics from the University of Sydney and a Graduate Diploma in Accounting from Victoria College. He is a fellow of CPA Australia, a senior fellow of the Australasian Institute of Financial Services and a graduate member of the Australian Institute of Company Directors.

Board recommendation

The Board (with Robert Brown abstaining) unanimously recommends that shareholders vote **in favour** of the re-election of Robert Brown.

Judith Smith

Judith has been an independent non-executive director of the Company since 6 March 2014.

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 Investment Committee, a role she has retained following her retirement from the firm. At IFM Judith managed a multi-billion private equity portfolio of domestic and global investments. Prior to her role at IFM, Judith held various investment management roles including more than a decade at National Mutual Funds Management (NMFm). At NMFm, she managed Australian equity research and strategy, as well as Australian equity portfolios. Judith holds a Master of Applied Finance from the University of Melbourne and a Bachelor of Economics (with Honours) from Monash University. She is a fellow of the Financial Services Institute of Australasia and a graduate member of the Australian Institute of Company Directors. Judith is a director of LUCRF Super and Universal Biosensors Inc. and a former director of the Australian Renewable Energy Authority.

Board recommendation

The Board (with Judith Smith abstaining) unanimously recommends that shareholders vote **in favour** of the re-election of Judith Smith.

3 Remuneration Report

The Corporations Act requires the Company to put a resolution to shareholders, at the annual general meeting, to adopt the Company's Remuneration Report.

The Company's Remuneration Report for the financial year ended 30 June 2016 is found within the directors' report on pages 19 and 20 of the Company's 2016 Annual Report.

The Company's Remuneration Report outlines remuneration policy and arrangements for the Company's key management personnel. The Company has no employees, only non-executive directors, and therefore does not have a remuneration policy for employees. Details of the non-executive directors remuneration arrangements can be found on pages 19 and 20 of the Company's Annual Report.

The vote on this resolution is advisory only and does not bind the directors or the Company. However, the Board will consider the outcome of the vote when reviewing the Company's remuneration policy.

Note: a voting exclusion applies to this resolution, as set out in the notice of meeting.

Board recommendation

The Board unanimously recommends that shareholders vote **in favour** of the adoption of the Remuneration Report.

Notice

Appendix

Voting form follows