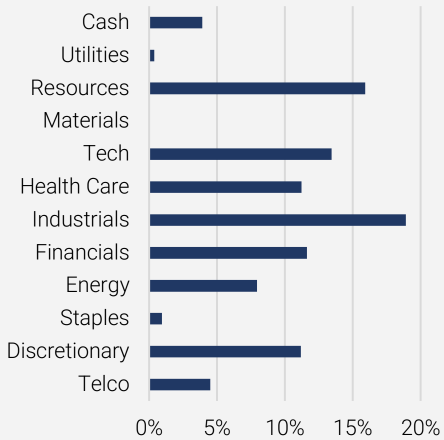
ACORN CAPITAL MICRO OPPORTUNITIES FUND

INVESTMENT UPDATE
September 2024

Top 5 Stocks Held

Company	Sector
Aroa Biosurgery	Health Care
Eroad	Tech
SRG Global	Industrials
Superloop	Telco
Vysarn	Industrials
Weight Top 5	16.6%

Sector Exposures



Fund Overview

APIR Code	ACQ4764AU
Benchmark	S&P ASX Emerging Companies Accumulation Index
Distributions	Annual
Management Fee	1.20%
Incentive Fee	20% above benchmark
Highwater mark	Yes
Responsible Entity	Evolution Trustees Ltd
Pricing frequency	Daily
Min. investment	$20,000

Ratings*

Lonsec "Recommended"

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Commentary [1]

The portfolio generated a +11.2% return in the September quarter, outperforming the S&P/ASX Emerging Companies Index which returned 9.6%. The portfolio generated positive quarterly returns in all but 3 industry sectors led by Health Care (+25.6%), Industrials (+25.3%) and Information Technology (+21.6%). Relative outperformance versus the benchmark was driven by holdings in the Healthcare, Industrials, Energy and Financials – ex AREITs.

FY25 has started on a bullish note with the fund returning 3.5% in July, 1.9% in August and 5.5% in September. From both a bottom up and top-down perspective there are reasons to be optimistic. FY24 reporting season in August largely met investor expectations overall and outlook statements for FY25 (where provided) appeared to give little sense for concern for most companies. General economic activity and proactive company management is combining to deliver robust financial results. From a top-down perspective equity market sentiment remains positive, boosted by the US Federal Reserve cutting interest rates in September in an economy that looks neither too hot nor too cold. While interest rate reductions look less likely in the near term in Australia, general sentiment and fund flows into global equity markets indicates markets could continue to grind higher into the end of the calendar year.

The portfolio holds 67 stocks with the top 10 representing 28.3%, and a cash position of 3.9% at the end of the quarter.

Performance

	Since incept. % pa	3 year % pa	1 year %	6 mth %	3 mth %	1 mth %
Micro Opportunities Fund [2]	12.77	-2.53	21.87	14.45	11.24	5.49
Benchmark	16.16	-1.14	21.77	9.05	9.56	7.20
Alpha	-3.39	-1.39	+0.10	+5.40	+1.68	-1.71

Quarterly Attribution

Contributors

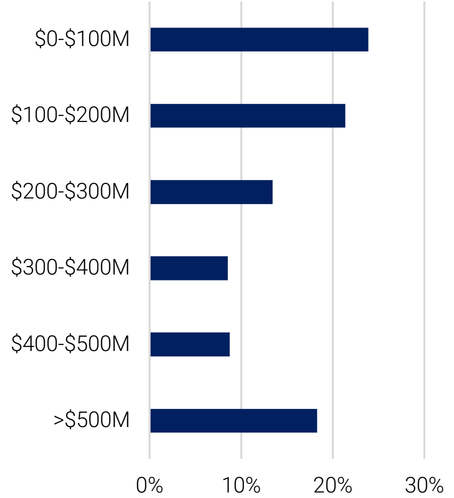
Company	Sector	Impact %
Zip Co	Financials	+1.75
Vysarn	Industrials	+1.52
Opthea	Health Care	+1.12

Detractors

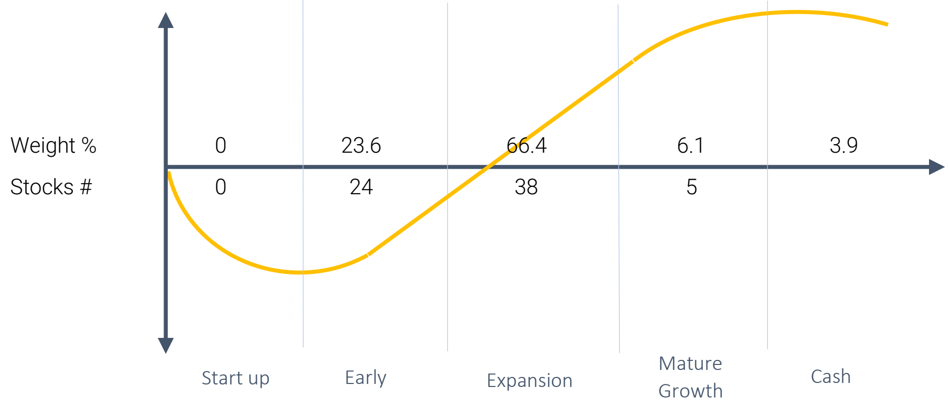
Company	Sector	Impact %
NextEd	Discretionary	-0.53
Terra Metals	Resources	-0.56
Meteoric Res.	Resources	-0.63

1. Commentary for quarter of September 2024 2. Net performance is based on redemption price for the period, after all fees and costs. Assumes all distributions are reinvested.

Market Cap Bands



Stage Of Development [1]



Fund Commentary

Notable positive portfolio contributors during the quarter include:

Vysarn (+78%) provides water management services, technologies and infrastructure across a range of industries and geographies. Strong core business performance in FY24 with a solid outlook for FY25, combined with meaningful progress in the Kariyarra Joint Resource Agreement and Vysarn Asset Management, plus the acquisition of CMP Consulting on the east coast of Australia, have all combined to push the share price higher over the quarter. We have been very impressed with the discipline and focus demonstrated by management in building a unique water management business on the ASX.

Zip Co (+96%) achieved a significant turnaround in profitability in FY24 with underlying EBITDA improving by $127 million compared to FY23, moving from a loss of $48.2m to a positive $78.8m. A key highlight has been Zip's growth in its U.S. operations, which now outpaces its Australian business. The recent launch of its "Pay in 8" product for larger transactions has expanded its offering in the U.S. market, while ongoing efforts to onboard more merchants continue to drive expansion. In addition, Zip completed a $273 million capital raise early in the quarter, which was used to repay its corporate debt facility, leaving the balance sheet free of corporate debt. There appears to be renewed interest in the buy-now-pay-later sector, with investors anticipating potential interest rate cuts and a more favourable capital environment ahead. As a leading player in the space, Zip is well-positioned to capitalise on these trends.

Opthea (+116%) rose over the quarter after an AU$272m capital raise, it now has clear line of sight to completing its two, very large pivotal phase 3 trials (expected Mar 25 for COAST and June 25 for ShORe). The stock price has been depressed as the company was not financed to complete both trials. OPT-302 (Sozinibercept) is being used in combination with standard of care VEGF-A inhibitors to improve the visual acuity of wet age-related macular degeneration (wet AMD) patients. There is strong clinical evidence OPT302 increases visual acuity over standard of care alone, but the nuance will be the extent of the improvement as to gauge its likely commercial success. At the end of the quarter Opthea was added to the S&P ASX 300 Index.

Notable negative portfolio contributors during the quarter include:

Nexted (-42%) delivered FY24 results inline with guidance with $111m revenue up 9% YoY and $15m EBITDA. However, the announcement of student caps on international students was worse than expected, and whilst there is still ongoing debate on final regulations, the market will be tougher in 2025. However, $19m of cash, capex reduced to $1m, an ability to sublease excess campus capacity, and expansion of domestic vocational courses, the experienced management team appears to be well positioned to ride through the current down turn, and could gain significant market share as other financially weaker competitors leave the market. The $24m market cap could offer upside once the macro environment becomes more transparent.

Terra Metals (--52%) drilled several thick intercepts of platinum, palladium, copper, vanadium and titanium in June. The project, located in Western Australia, in Acorns opinion had similarities to several mines in South Africa, which is a major producer of platinum and palladium. Unfortunately, the results of follow-up drilling in August were thinner and generally lower grade so we exited the stock.

Meteoric Resources (-29%) has a large rare-earth project in Brazil. Despite positive news from a resource update and Scoping Study, the spot price for rare earth fell to a multi-year low and the company raised money in this weakness. Although we were disappointed with the poor strategic thinking of management, we remain positive on the asset and the company.

1. As defined by Acorn Capital