

29 November 2023

Dear Investor

Acorn Capital Micro Opportunities Fund (ABN 76 342 240 362) & Acorn Capital NextGen Resources Fund (ABN 48 431 771 950) - conversion to registered schemes

Acorn Capital Limited (**Acorn**), as trustee of both the Acorn Capital Micro Opportunities Fund and the Acorn Capital NextGen Resources Fund (the **Fund/s**), is pleased to announce a number of enhancements to the Funds following a recent review. These enhancements are of an operational nature and are designed to allow for the Funds to be registered with the Australian Securities and Investments Commission (**ASIC**) as managed investment schemes that are open to investment by retail and wholesale clients. These enhancements do not impact the objectives, the underlying holdings, the investment philosophy or investment process of the Funds.

1. External Trustee

Acorn will retire as trustee of each Fund and appoint Evolution Trustees Limited (ACN 611 839 519, AFSL 486217) (**Evolution**) as the replacement trustee of each Fund. Evolution was selected by Acorn after a thorough due diligence process, noting it has the experience, skill and rigorous compliance frameworks in retail funds management that will best suit the needs of our current and future investors. Acorn will be engaged by Evolution as investment manager of each Fund, meaning Acorn will continue to manage each Fund's investments in line with the relevant Fund's objectives and investment philosophy.

Acorn's retirement as trustee of each Fund, and Evolution's appointment as trustee of each Fund, will take effect following the execution of a deed of retirement and appointment to be executed by both Acorn and Evolution.

Following the change of trustee, Evolution will apply to register each Fund with ASIC.

2. Trust Deed Amendments

To register the Funds with ASIC, the respective trust deeds need to satisfy the content requirements specified in the *Corporations Act 2001* (Cth) (the **Act**). This has required Acorn to make amendments to the trust deed for each Fund which were made by Acorn in accordance with a deed of amendment dated 29 November 2023. A revised copy of the trust deed for each Fund is available and to obtain a copy, please get in contact with Acorn via email to info@acorncapital.com.au.

3. Offer Documents

The Funds are currently offered to investors via an Information Memorandum (**IM**) and only available for investment by wholesale clients (as defined in the Act). Acorn and Evolution intend to apply to ASIC to register the Funds such that from mid December 2023, the Funds will be offered via a Product Disclosure Statement (**PDS**) and available for investment by both retail clients and wholesale clients (as defined in

the Act). To invest in the Funds, retail clients should be personally advised by a financial adviser at the time of application. This financial advice requirement will not apply to wholesale clients.

As an investor in either Fund, a soft copy of the relevant Fund's PDS and Target Market Determination will be sent to you following registration of the Fund.

The differences between an IM and a PDS relate to the increased governance, compliance and consumer protections that come with investing in a registered fund.

4. Applications and redemptions

Following the change of trustee of the Funds from Acorn to Evolution, the Funds will be closed to new investment and the processing of redemption requests will be deferred until such time as the Funds are registered with ASIC and the PDS for each Fund is issued. This is to allow Acorn and Evolution to finalise the administrative and operational requirements associated with the change of trustee.

5. Outsourced Partners

Acorn has selected two outsourced partners to provide services to the Funds, including:

- **Registry:** Boardroom Pty Limited (**Boardroom**), who are an Australian based leading provider of listed and unlisted fund registry services. Boardroom will provide all investors with access to a secure portal to review holdings, generate reports and update personal details.
- **Custody and Fund Administration:** This function is currently performed by BNP Paribas Securities Services (**BNP Paribas**). However, following the change of trustee of each Fund from Acorn to Evolution, Acorn and Evolution have arranged to replace BNP Paribas and appoint Artega Investment Administration Pty Limited as Custodian and Fund Administrator of each Fund.

6. Change to distribution schedule (specific to Acorn Capital Micro Opportunities Fund)

Other than the changes necessary to effect registration of the Fund with ASIC as described above, Acorn has amended the trust deed for the Acorn Capital Micro Opportunities Fund to remove the words 'and 31 December' from the definition of 'Distribution Calculation Date'. The reason for making this change is to transition the Acorn Capital Micro Opportunities Fund from semi-annual distributions to annualised distributions. Over the past 3 years, it has become evident that semi-annual distributions were not practical, noting, the low levels of income derived from the micro-cap sector and capital growth objectives of the Fund. The amendments reflect the approach the Trustee currently takes with regards to distributions by exercising existing powers under the trust deed and are not expected to have a material adverse effect on the rights of unitholders in the Acorn Capital Micro Opportunities Fund.

It is important to note that the above changes will not result in any change to the net fees and costs you are currently being charged as a unitholder in the relevant Fund. Whilst there is an increase in the gross costs of operating each Fund as part of the above enhancements, Acorn will rebate you the difference between your current fee and the fee stated within the PDS on a semi-annual basis for the life of your current investment within the relevant Fund. Your rebate amount will be reinvested in additional units in the relevant Fund unless you instruct Acorn to pay your rebate amount as cash.



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If you have any questions on the process or investment allocations, please don't hesitate to get in contact on either 0415 792 911 or info@acorncapital.com.au.

Regards,

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