



ACORN CAPITAL

**Acorn Capital Investment  
Fund**

**2016 Annual General  
Meeting**

**(ASX: ACQ)**

John Steven – ACQ Chairman

Robert Routley – Acorn Capital

16 November 2016

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## AGENDA

- INTRODUCTION JOHN STEVEN
- PORTFOLIO UPDATE & COMMENTARY ROBERT ROUTLEY
- FORMAL BUSINESS JOHN STEVEN
- CLOSURE OF MEETING JOHN STEVEN



## AGENDA

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## ACQ BOARD

### Experienced board and majority independent directors

- John Steven – Independent Chairman
  - Head of the M&A Division of Minter Ellison lawyers
- Judith Smith – Independent Director
  - Former Head of Private Equity at IFM Investors and Chair of the IFM Risk Committee
- David Trude – Independent Director
  - Chairman of Baillieu Holst Limited and Hansen Technologies Limited
  - Former Australian CEO/Country Manager, Credit Suisse
- Barry Fairley – Director
  - Former Managing Director of Acorn Capital
- Rob Brown – Director
  - Non Executive Director of Acorn Capital



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## ACQ Key Highlights for the 2016 Financial year

Item	30 June 2016	30 June 2015	% Change
NTA per Share Before Tax	\$1.071	\$0.893	+19.9%
NTA per Share Post Tax	\$1.051	\$0.920	+14.2%
Movement In ACQ Share Price	\$0.89	\$0.70	+27.1%
Discount to NTA per Share Before Tax	16.7%	21.6%	+29.3%
Dividends	\$0.018	-	-

Source: Acorn Capital Investment Fund 2016 Annual Report & Acorn Capital Limited

### ACQ Key Highlights for the 2016 Financial year

I wanted to begin my presentation by showing this slide, which sets out some of the key highlights for the Company for the year ended 30 June 2016. As this slide shows, for the 2016 financial year the Net Tangible Asset backing per share before tax in the Company increased by 19.9%. This increase compares favourably to comparable increases of 9.6% and 14.4% over the same period for the Acorn Capital/SIRCA Microcap Index and S&P/Small Ordinaries Accumulation Index respectively. A real focus has been on improving the discount to NTA per Share and over the FY2016 period, this has improved to 16.7% from 21.6%. As at 15 November 2016 the Company's share price closed at \$1.04, the discount to NTA (based on the 31 October announced figure for NTA per Share Before Tax of \$1.1888) was approximately 12.5%. This discount and the continued narrowing of it remains a major focus of both the Board of the Company and Acorn Capital as manager. During the 2016 financial year the Company also purchased and cancelled 1.8 million of its own shares at an average price of \$0.82 under its general access on-market buy-back.



ACQ has benefited from a strongly performing Microcap Sector which outperformed the All Ords over the past 12 months, returning +16.3% vs +6.6%



Source: Acom Capital, as at 31 October 2016. Microcap performance based on Acom Capital/SIRCA (Securities Industry Research Centre of Asia-Pacific) Microcap Accumulation Benchmark

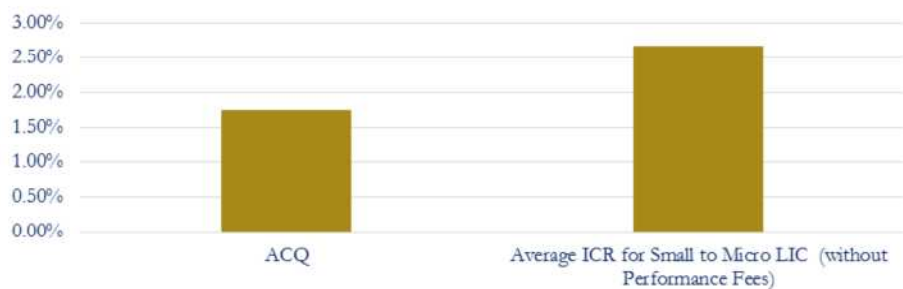
### Microcap Sector Dynamics

This is a slide that we've shown previously. It illustrates the relative performance and underperformance of the microcap sector against the All Ordinaries. Following a significant period of underperformance, the microcap sector has strongly outperformed the All Ordinaries over the 2016 financial year. Microcaps have continued to outperform on a rolling year basis through to 31 October 2016, with rolling returns of 16.3% versus 6.6% for the All Ordinaries. In the 2016 financial year one of the strongest performing sectors was Resources. Resources has the single largest benchmark weight in the microcap index and was a strong contributor to portfolio performance for the 2016 financial year.





Based on external research ACQ has a competitive ICR<sup>(1)</sup> relative to other Small/Micro LICs<sup>(2)</sup>



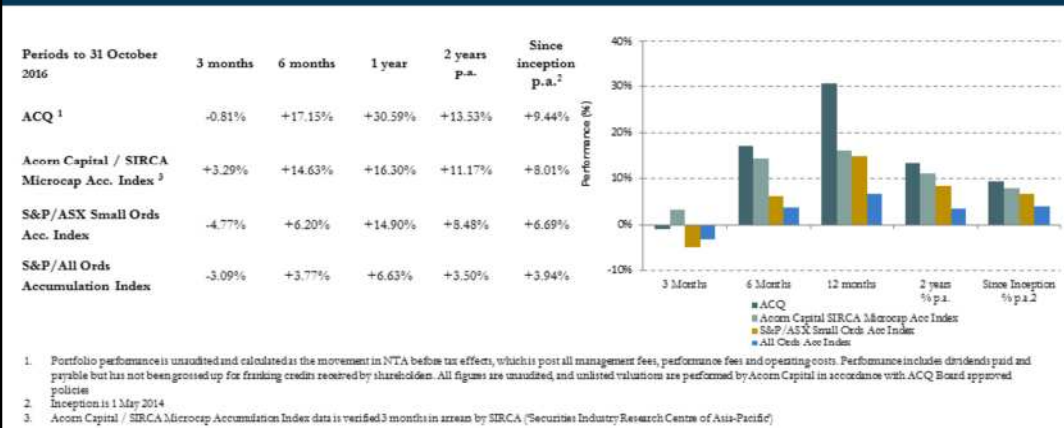
1. Indirect Cost Ratio (ICR). The ICR, as defined in the Corporations Act 2001, is the ratio of the Fund's management costs to average net assets. In simplified terms, it covers all expenditure, excluding transaction and finance costs, in the management of the Fund. This includes management fees, performance fees, directors fees, marketing, audit, legal, etc.
2. Source: Acorn Capital, Bell Potter "Listed Investment Companies – September Quarter 2016 Abridged"

### Operating Costs

One of the aims of the Company is to provide investors with exposure to smaller capitalised listed and unlisted opportunities at a competitive cost. The diagrams in this slide illustrate the findings of independent research that the Company has a competitive Indirect Cost Ratio relative to other Smallcap and Microcap-focused LICs. It should be noted that ACQ paid no performance fees to Acorn Capital Limited as its Manager in the 2016 financial year reflecting the requirement for cumulative performance to exceed a cumulative performance hurdle.



# ACQ outperformed the Acorn Capital/SIRCA Microcap Index, S&P/Small Ordinaries Accumulation Index and the All Ordinaries Accumulation Index since inception



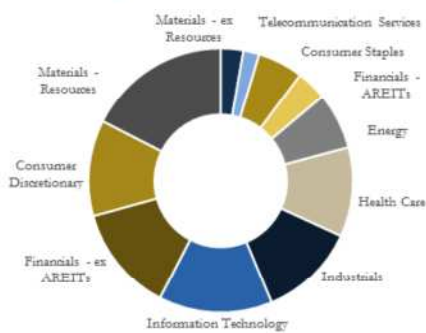
## Performance

This slide provides further comparisons between the Company and various indices. The Company has outperformed the Acorn Capital/SIRCA Microcap Index, S&P/Small Ordinaries Accumulation Index and the All Ordinaries Accumulation Index since inception. Note that since February 2009, Acorn Capital Limited has, on an investment strategy similar to that deployed by ACQ, returned in-excess of 10% p.a. over the S&P/Small Ordinaries Accumulation Index.



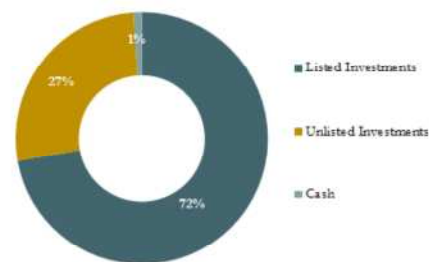
# ACQ provides investors with a diversified exposure to Australian Emerging Growth Companies

ACQ Sector Diversification



Source: Acorn Capital, as at 31 October 2016

ACQ Portfolio Composition



## Portfolio

When constructing the Company's portfolio, regard is given to microcap industry sector weights and number of companies. The first diagram on this slide shows the sectors to which a shareholder in the Company is exposed. In constructing the portfolio we seek to provide shareholders of the Company with a diversified exposure to emerging companies (listed and unlisted) that an individual investor might find difficult to replicate. An important aspect of the Company's portfolio is its exposure to unlisted emerging companies. As at 31 October 2016, the weighting to such private investment opportunities was 27% of the gross portfolio. We will continue to take up unlisted opportunities where we see comparative better value than their listed peers. It is worth noting that approximately 9.4% of the Company's total portfolio consists of listed investments that were formally unlisted investments.



## ACQ provides investors with access to innovation and entrepreneurialism through developing companies

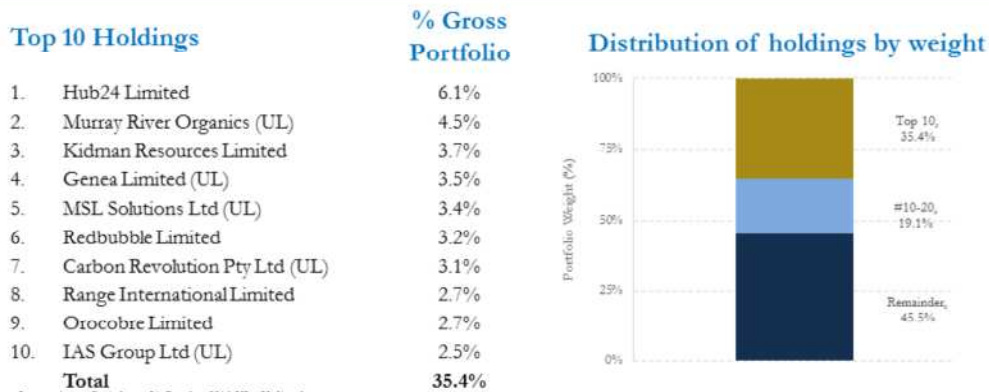


### Portfolio

This slide graphically illustrates the types of investments that are targeted by the Company. On the spectrum of Seed/Start Up through to Mature Growth, which is depicted above, the Company's underlying investments (both listed and unlisted) are best classified as early/expansion and expansion opportunities. Acorn Capital believes that such investment opportunities have similar characteristics to those that an investor might find in a venture capital or growth private equity fund. Such companies typically display a relatively high demand for equity capital (when compared to larger capitalised companies) and are often exploiting opportunities created by long-term structural trends or thematic. Some of the themes that Acorn Capital has sought to exploit include Fintech, Energy, Food Provenance, Marketplaces, Energy Storage and Innovative Manufacturing.



## ACQ investment portfolio has 35.4% of FUM in top 10 investments



### Portfolio

This slide provides some colour around the Company's investment portfolio. As at 31 October 2016, the Company held a total of 76 investments. However, 35.4% of the Company's portfolio is held in the Top 10 investments, while five of the Top 10 investments (which itself represents 48% of the Top 10 by weight) are unlisted and account for an aggregate weight of 16.9% of the total portfolio.



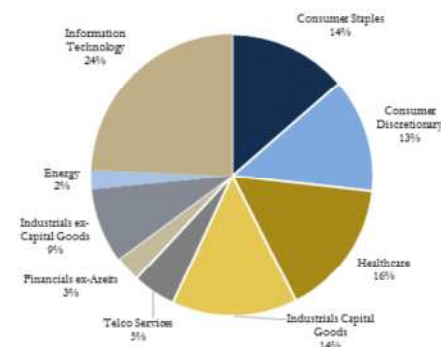
ACQ has invested \$21.6m in 19 unlisted opportunities<sup>(1)</sup>, 7 of which have reached liquidity events

Unlisted Investment Rate



Source: Acorn Capital estimates as at 31 October 2016  
1. Since ACQ listing on ASX in May 2014

Sector Composition of Unlisted Investments<sup>(1)</sup>



### Unlisted Investment Activity

As noted previously, exposure to unlisted investments is a defining characteristic of the Company's portfolio. This slide shows that since inception, the Company has completed 19 investments in unlisted companies. Of these investments, seven have reached liquidity events at a weighted average return on capital of over 63%. During the year ended 30 June 2016, three of the Company's unlisted investments (being amaysim, Mitula and Redbubble) reached liquidity events. A further two unlisted investments have reached liquidity since 30 June 2016 – these are Australis Oil & Gas and Range International. We have not targeted any particular industry sector and indeed, the second chart on this slide shows that the Company's unlisted investments have been distributed across nine different industry sectors.



## ACQ provides long term investors an efficient platform to allocate capital to an alternate growth strategy



(1) Acorn Capital illustration of Asset Allocations in a Diversified Portfolio

### ACQ Positioning

This slide seeks to demonstrate the way in which the Company can provide individual investors with exposure to an alternative investment strategy focused on emerging companies. The Company targets long term shareholders, for whom ACQ will fit into their Alternatives asset allocation and provide them with exposure to smaller capitalised companies, including those with early stage Private Equity and Venture Capital characteristics, an asset class to which investors might not otherwise easily gain access.



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**ADOPTION OF THE 2016 ANNUAL REPORT**

**ACQ RESOLUTION 1**

TO RECEIVE AND CONSIDER THE FINANCIAL  
REPORT OF THE COMPANY AND THE REPORTS OF  
DIRECTORS AND AUDITORS FOR THE YEAR  
ENDED 30 JUNE 2016, AS SET OUT IN THE 2016  
ANNUAL REPORT



## RE-ELECTION OF DIRECTORS

### ACQ RESOLUTION 2

#### RE-ELECTION OF DIRECTORS

##### 2.1 RE-ELECTION OF ROBERT BROWN

	Voted	%
For	17,068,284	75.81
Against	3,056,117	13.57
Open-Board	2,392,404	10.62



## RE-ELECTION OF DIRECTORS

### ACQ RESOLUTION 2

#### RE-ELECTION OF DIRECTORS

##### 2.2 RE-ELECTION OF JUDITH SMITH

	Voted	%
For	17,048,884	75.72
Against	3,075,517	13.66
Open-Board	2,392,404	10.62

## REMUNERATION REPORT



### ACQ RESOLUTION 3

THE REMUNERATION REPORT FOR THE  
YEAR ENDED 30 JUNE 2016 BE ADOPTED

	Voted	%
For	16,904,785	75.46
Against	3,172,756	14.15
Open-Board	2,328,632	10.39



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