

ACORN CAPITAL NEXTGEN RESOURCES FUND

FACTSHEET



Key benefits

Investors in the Acorn Capital NextGen Resources Fund (the Fund) receive the following:

1. A diversified portfolio of Resources & Energy companies

Acorn Capital (Acorn) will construct a diversified portfolio of companies that are exposed to growth commodities in the Resources & Energy sectors. These companies will also cover the full range of development stages (i.e., explorers to producers) and include both listed and unlisted (e.g., pre-IPO) opportunities.

2. Investment management by Australia's most experienced fund manager of microcap and emerging-growth companies in the Resources & Energy sectors

Acorn is the pioneer of microcap and emerging-growth investing, and has maintained a specialist investment team for the Resources & Energy sectors since its inception in 2002. Investors in the Fund will benefit from nearly 20 years of institutional memory and sector learnings.

3. Strong fee alignment and capacity management

A performance fee will only be paid if the Fund's returns are above both the benchmark and 0%. In addition, Acorn will hard close the Fund at \$100m, thereby preserving and optimising return potential for existing investors

Why invest in the Resources & Energy sectors now?

The global shift to low-carbon economies is reshaping the demand for the commodities used in energy storage, energy generation and the production of electric vehicles. Also, as the world emerges from COVID-19 lockdowns, major stimulus programs and ballooning government debt are impacting the price of commodities such as gold and silver. At Acorn, we believe the confluence of these factors, together with

China's transition from urban growth to urban consolidation, are creating the ideal conditions for a new Resources Supercycle.

Why the NextGen Resources Fund?

We believe the next Resources Supercycle will generate strong demand for commodities such as nickel, lithium, copper and rare earth elements, as well as gold and silver. For the experienced investor microcap companies can provide attractive direct exposure to these commodities. However, to navigate the large and diverse universe of complex (and often poorly understood) geological systems that contain these metals requires deep financial and technical skills. The NextGen Resources Fund is supported by Acorn investment capability that has been built over 20 years.

Investment team

The Fund will be managed by Rick Squire and Karina Bader, who have the technical and financial skills necessary to invest in microcap companies in the Resources & Energy sectors.



Rick Squire

- Geologist with 25+ years of experience in the resources industry
- Joined Acorn Capital in 2016. Portfolio Manager for Resources & Energy
- Prior career: positions at Deutsche Bank, TrailStone Group, The University of Melbourne, Monash Uni and Acacia Resources (now AngloGold Ashanti)



Karina Bader

- Geologist with 19+ years of experience in the resources industry
- Joined Acorn Capital in 2009. Analyst for Resources & Energy sectors
- Prior career includes positions with Great Central Mines & Plutonic Resources



INNOVATION



EFFICIENCY



GROWTH



DIVERSITY

Investment objectives

The fund aims to:

1. Provide a diversified portfolio of micro-, small- and mid-cap companies that are exposed to growth commodities in the Resources & Energy sectors
2. Outperform the S&P ASX Small Resources index (the benchmark) over rolling 3-year periods

Investment strategy

1. Initial desktop reviews use Acorn's proprietary database to screen >1,300 companies, which collectively hold >6,700 underlying resources. These results will be used to identify an initial group of attractive investment opportunities according to commodity type and stage of development (i.e., explorers to producers).
2. The next step is a qualitative assessment of companies and their projects. This involves understanding a range of characteristics of the deposit(s) that may affect their suitability for economic development, and may include site visits and meetings with senior technical staff to investigate details behind resource estimations, mine plans, processing designs and issues related to environmental and government permitting, where applicable. Other factors considered are sustainability, competitive advantage (inclusive of ESG factors), industry position, capital needs, management, financial metrics and valuations.
3. The final step involves selection of the most-attractive investment opportunities. Portfolio construction and risk management will have regard to the exposure to individual commodities and the stage of development (i.e. Lassonde Curve) to the underlying companies.
4. Once invested, the Fund will contain an attractive mix of investment ideas sourced from the entire investment universe yet will be diversified by commodity type and stage of development.

Suitable investors

The fund is suitable for wholesale* investors:

- Capital growth through a diversified exposure to the Resources & Energy sectors
- An active investment approach
- A long term (3- 5 years) investment

*As defined by the Corporations Act

About Acorn Capital

Acorn Capital was established in 1998 as a specialist investment manager in emerging Australian companies. Acorn Capital distinguishes itself through its relatively large research and investment team with expertise across all industries, as well as its provision of expansion capital to developing companies.

Fund snapshot

Type	Unregistered Unit Trust	
Objective ⁽¹⁾	Exceed the returns of the benchmark over rolling 3 years periods	
Benchmark	S&P ASX Small Resources Accumulation Index (XSRAI)	
Investment universe	Australian equities ^{1,2,3}	Up to 100%
	Global equities ⁴	0% - 10%
	Unlisted investments ^{5,6}	0% - 15%
	Cash	0% - 20%
Stock #	25 - 40	
Liquidity	Daily	
Investment timeframe	3 - 5 years	
Distributions	Annually	
Capacity	\$75m (soft)	
Management fee	1.10% ⁷	
Performance fee	20% of returns in excess of the benchmark ^{8,9,10}	
Market capitalisation	Must be ex-ASX100 at time of purchase	
Lifecycle stage risk guidelines	Seed / start up	0% - 10%
	Early 1 st stage	10% - 40%
	Early 2 nd & 3 rd stage	10% - 20%
	Expansion & Mature 1 st stage	30% - 70%
	Mature 2 nd stage	0%
Borrowing	The fund is permitted to borrow up to 5% of NAV to apply to redemptions Borrowings may not be used to leverage or gear the fund	
Shorting	The fund is long only The fund is not permitted to short sell securities	
Trustee	Acorn Capital Ltd	
APIR Code	ACQ3509AU	
Platforms	Hub 24, Netwealth, Ausmaq	

1. Outside the ASX100 at the time of purchase. Up to 20% of the Fund's net assets can be held in Australian companies that subsequently grow in the ASX100. Positions in ASX 100 companies must be sold within 18 months of entering the index.

2. Gold companies may comprise up to 60% of net assets.

3. No further purchases can be made in any company that exceeds 10% of the Fund's net assets.

4. Global equities will only be included where gaps occur in the Australian market (e.g. quality silver producers & explorers). Focus will be on TSX-listed stocks.

5. Positions will only be taken in Australian unlisted companies where a liquidity event (e.g., IPO or trade sale) is likely within 6-12 months.

6. Unlisted securities may include equity and convertible notes.

7. Exclusive of expense recoveries of 15bp (excludes deal related legal fees and deal transaction costs).

8. Subject to prior High Water Mark (HWM) being exceeded (no HWM resets allowed).

9. Subject to the Fund's return also exceeding 0%.

Important Notice

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