ACORN CAPITAL
NEXTGEN RESOURCES FUND

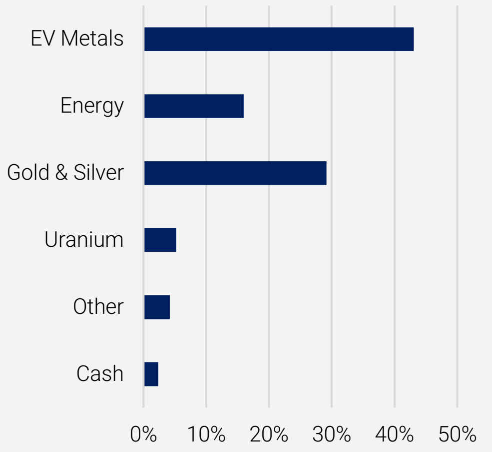
ACORN CAPITAL

QUARTERLY INVESTMENT UPDATE
June 2023

Top 5 Stocks^

Company	Sector
Boss Energy	Uranium
Meteoric Resources	Rare Earths
Patriot Battery Metals	Lithium
Ramelius Resources	Gold
Sandfire Resources	Copper
Weight – Top 5	25.2%

Sector Exposures



Fund Overview

APIR Code	ACQ3509AU
Benchmark	S&P ASX Small Resources Index
Distributions	Annual
Management Fee	1.10%
Incentive Fee	20% above benchmark
Highwater mark	Yes
Eligible Investors	Wholesale
Pricing frequency	Daily
Minimum investment	$50,000

Ratings*

Lonsec "Recommended"

Commentary

The June quarter recorded an important change in market conditions that we think is advantageous for investors in the NextGen Resources Fund (Fund). From June 2022 to February 2023, the Resources & Energy sectors experienced heightened volatility that made it difficult to extract value from small- and micro-cap companies. For instance, large momentum swings (positive and negative) in lithium and gold impacted all stocks, regardless of quality. That meant overweight positions in gold and lithium could materially impact performance from one month to the next. However, commencing in early March, the extremes of this volatility subsided, and once again it was possible to actively extract value from quality stocks in the Resources and Energy sectors.

A good example of the change in market conditions since early March is the performance of lithium stocks. Azure Minerals and Leo Lithium were two of the top four stocks for the Fund in the June quarter, experiencing gains of 53% and 34%, respectively. However, over the same period Core Lithium (up 5%) and Global Lithium (up 11%) recorded modest gains, whereas strong declines were experienced by Lake Resources (down 33%), Vulcan Resources (down 26%) and Jindalee (down 32%). We believe this disparity in performance in lithium stocks reflects differences in asset quality and valuation. Azure Minerals and Leo Lithium have high-quality hardrock lithium projects, whereas Lake, Vulcan and Jindalee have projects that require very large capital expenditures to get into production and the use of technologies that are unproven at a commercial scale. Quality is being rewarded and excessive risk is not.

Looking forward, we remain positive for several sectors in the Resources and Energy sectors. In energy, positive momentum in uranium is expected to continue into year-end. Near-term developers, such as Boss Energy, will be the initial beneficiaries, but with time we expect explorers to deliver the next round of gains. Oil prices have been soft for about 6 months, despite positive fundamentals for rebounding demand and tight supply. Therefore, we are maintaining a healthy exposure to oil in companies such as Karoon Energy, which will benefit from rising prices. In Resources, we continue to like quality lithium stocks and have slowly increased our copper exposure. Similar to oil, copper prices have declined on concerns about the global economy, but tight supply means the next upswing could be rapid and sustained. Gold stocks also display strong value, although the near-term outlook is challenged by threats of further rises in interest rates.

Performance

	Since incept. pa%	2 year %pa.	1 year %	3 mths %	1 mth %
NextGen Resources Fund*	12.73	5.05	4.73	-1.62	0.85
Benchmark	8.58	2.01	5.96	-7.59	-1.21
Alpha	+4.15	+3.03	-1.23	+5.97	+2.06

* Net performance is based on redemption price for the period, after all fees and costs. Assumes all distributions are reinvested.

Quarterly Attribution

Company	Sector	Contrib. To Return %
Azure Minerals	Lithium	+1.73
Boss Energy	Uranium	+1.15
Meteoric Resources	Rare earths	+0.57

Company	Sector	Contrib. To Return %
Vintage Energy	Energy	-0.87
Warriedar Resources	Gold	-1.58
Syrah Resources	Graphite	-2.32

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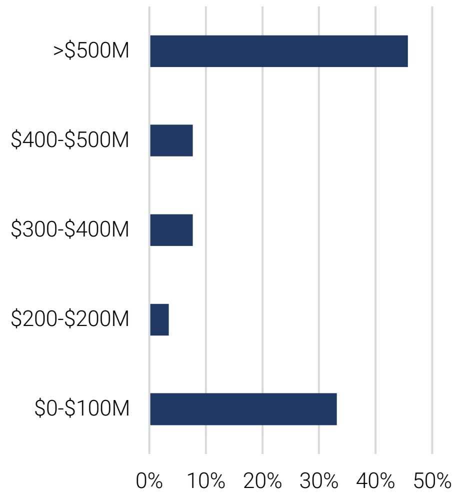
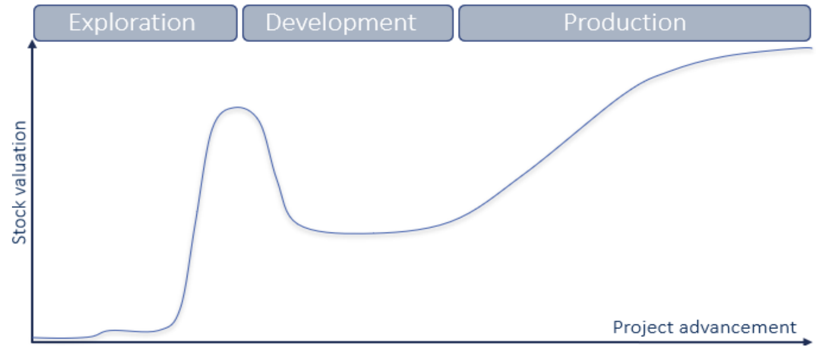
INNOVATION EFFICIENCY GROWTH DIVERSITY

Market Cap Bands



Lassonde Curve



		Early			Expansion				
Stage	Start Up	1	2	3	1	2-3	4	Mature	Cash
Weight %	0	31	0	6	22	37	2	0	2
Holdings#	0	15	0	3	7	11	1	0	-

Fund Commentary

The NextGen Resources Fund was down slightly in the June quarter (-1.62%) versus a sharp fall (-7.59%) for the benchmark. The best performers for the Fund included 2 explorers, 2 developers and a producer, spread across lithium, rare earths, uranium and gold. This diversity highlights the ability of our process to extract value across development stages and from a range of commodities. It also helps to explain the lower volatility and better performance of the Fund, versus the benchmark, over the last 3 months.

The best performers in the March quarter were:

Azure Minerals (lithium explorer; up 53%) made what could be a large and exciting lithium discovery at their Andover project in northern WA. Drilling intersected thick zones (>80 m wide) of lithium that are reasonably close to surface and moderately high grades. Andover is also located close to coast and thus port infrastructure. The combination of a great location and optimal deposit characteristics are what excites us about Andover. Drilling will reveal the size of a potential operation.

Boss Energy (uranium developer; up 31%) rose on the combination of strengthening uranium prices and good progress on the re-start of the Honeymoon Well Uranium Mine in South Australia. Uranium utilities in the US continue to lock in contracts at higher prices, thus generating interest in the sector. Boss is yet to sign an offtake for their uranium, yet the market is optimistic that they will achieve a good price. Commissioning is set to commence in late 2023.

Meteoric Resources (rare earths explorer; up 41%) has a clay-hosted rare earths project in Brazil with unusually high grades and potentially large scale. Despite ongoing weakness in the rare-earth price, the market is starting to recognise the exciting potential of the Caldeira project. Drilling has commenced so newsflow will start soon.

Leo Lithium (lithium developer; up 34%) has a joint venture with China's largest lithium producer – Ganfeng – to develop the Goulamina Lithium project in West Africa. In late May, Leo secured a A$106m placement from Ganfeng (representing 9.9% of the total pro-forma shares on issue) and should now be fully funded to get into production.

Detractors in the March quarter were:

Bowen Coking Coal (coking coal producer; down 36%) announced a heavily discounted raise in June after production challenges and slower-than-expected ramp-up at its operations in Queensland. The company should now be sufficiently funded, but (we and) the market want to see better performance in the June quarter before rewarding the share prices.

Vintage Energy (domestic gas developer; down 28%) also announced a heavily discounted raise in June after production challenges and slower-than-expected ramp-up at its gas operations in the Cooper Basin. Wet weather also hindered work at the project. Should the revised schedule be met, the company should re-rate strongly.

Warriedar Resources (gold explorer; down 42%) is exploring for gold and base metals in Western Australia. Initial drilling results have been encouraging, but generally failed to excite the market. The decline in share price is similar to most gold explorers, as the market cycles up into the producers. Despite weakness in the share price, we remain positive on the stock.

Syrah Resources (graphite producer; down 48%) announced a significant deterioration in the graphite market, resulting in curtailment of production at their Balama mine in Mozambique. The company executed a convertible note with their major shareholder - AustralianSuper – who will provide funding support for the business until the graphite market becomes clearer. Due to ongoing uncertainties in the graphite market we exited the stock.