ACORN CAPITAL MICRO OPPORTUNITIES FUND

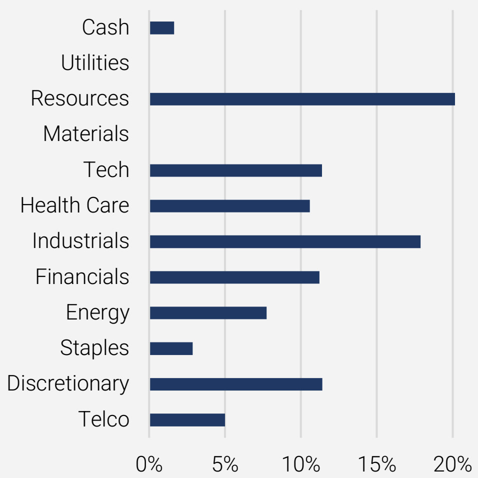
INVESTMENT UPDATE
March 2024

ACORN CAPITAL
NEXT GENERATION INVESTING

Top 5 Stocks Held

Company	Sector
Meteoric Resources	Resources
Mma Offshore	Industrials
Red 5	Resources
SRG Global	Industrials
Superloop	Telco
Weight Top 5	19.5%

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"

Recommended
Lonsec Research

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Commentary [1]

In the March quarter the portfolio generated a return of 1.9% versus the S&P/ASX Emerging Companies Index return of 6.0%. The portfolio generated returns and relative outperformance from holdings in the Communications (80.5%), Financials (18.9%) and Energy (9.7%) sectors. The portfolio's resource exposure (-3.3%) was down over the quarter however outperformed its sector benchmark (-10.7% return) in what was a volatile quarter for resources.

The portfolio underperformed in the Healthcare (-15.8%) and Consumer Discretionary (-16.4%) sectors as larger weighted positions experienced shorter term operational disruptions. The three stocks discussed below as notable negative contributors account for the bulk of the portfolio underperformance. All 3 stocks remain in the portfolio, and we have accumulated more of each company in the current pullback. While we do not expect a meaningful share price bounce in the short term, we believe on a 12-month (and longer) time horizon all 3 stocks will be trading well above current levels.

With continued M&A activity (the portfolio's largest position, MRM, the latest to receive a cash takeover bid in March) combined with the current market rally that started in November last year, we believe the primary market for microcaps is starting to stir. We think if primary markets continue to open up over the course of 2024 it could provide a healthy catalyst for the microcap sector to start to outperform larger capitalised stocks. The portfolio holds 67 stocks with the top 10 representing 33% of the fund and a cash position of 1.6% at the end of the quarter.

Performance

	Since incept. % p.a	3 year %p.a.	1 year %	6 mth %	3 mth %	1 mth %
Micro Opportunities Fund [2]	10.63	-1.51	5.96	6.49	1.91	8.36
Benchmark	15.81	4.45	3.17	11.66	6.00	6.34
Alpha	-5.18	-5.97	+2.80	-5.17	-4.09	+2.02

Quarterly Contributors/Detractors

Contributors			Detractors		
Company	Sector	Impact %	Company	Sector	Impact %
Superloop	Telco	+2.35	Aroa Biosurgery	Health Care	-1.19
Clarity Pharma	Health Care	+1.58	Impedimed	Health Care	-1.41
Mma Offshore	Industrials	+1.35	NextEd	Discretionary	-1.91

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

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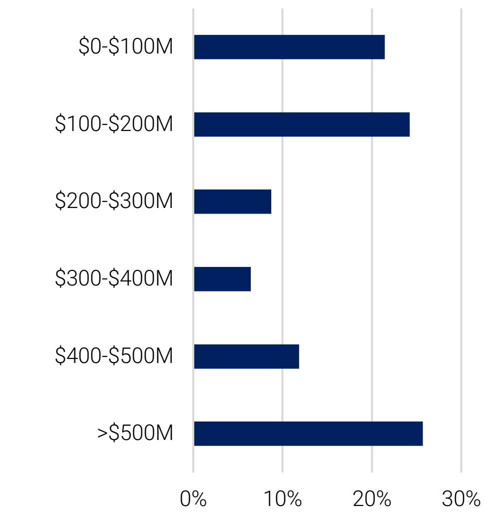
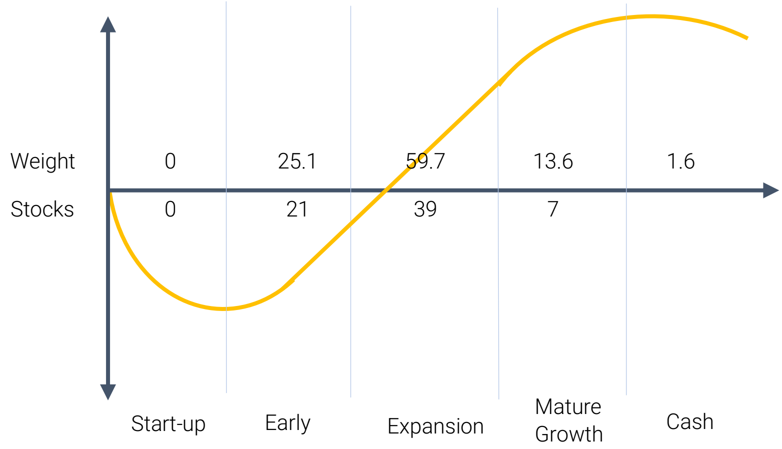
Market Cap Bands



Stage Of Development



Fund Commentary

Notable positive portfolio contributors during the March 2024 quarter include:

Superloop (+101.5%) delivered results ahead of consensus led by strong growth in Consumer revenue, with operating leverage driving $23m EBITDA up +83% YoY. Cash conversion was >100% of EBITDA, and management is aiming for 80-90% in 2H24. Importantly the company announced a 5-year backhaul deal with AGL to drive their high margin wholesale business, and a material Origin Energy win delivering $19m annual EBITDA. An ABB all scrip bid awakened interest but now looks very undervalued.

Clarity Pharmaceuticals (+46.5%) continued to rally as it released promising data across its diagnostic and therapeutic programs. In February the company reported Phase 2 results from its COBRA diagnostic trial (in the biochemical recurrence setting) which highlighted the unique benefit of next day imaging in identifying more (and smaller) legions. The company is progressing to phase 3 studies in this setting. In March the company advanced its Phase 2 therapeutic SECuRE trial into the multi dosing stage after successfully treating 6 patients at the highest dose of 12GBq. Meaningful and sustained drops in PSA levels in the single dose cohorts with a clean safety profile was observed and we eagerly await the outcomes of the multi dose treatment protocol. At the end of the quarter the company successfully raised $121m at $2.55 a share.

MMA Offshore (+39.5%) after reporting a strong first half update in February and upgrading full year FY24 guidance shares in MRM continued to rally on fundamental grounds. In March the company announced it had received and endorsed a takeover at $2.60 a share from Cyan Renewables, an Asian based offshore wind vessel operator. While pleased with an approximately 2.5x return in 15 months we see potential for further upside (with limited downside) now that the company is in play. With a shortage of offshore vessels, high demand and long (3+ year) lead times to build new vessels MRM's offshore fleet may well attract attention from other operators in either the hydrocarbon or renewable sectors. Since the bid was disclosed, the stock has traded slightly above the $2.60 offer.

Notable negative portfolio contributors during the March 2024 quarter included:

Aroa Biosurgery (-31.5%) fell 30% in January after releasing their third quarter results and downgrading full year revenue (Aroa has March year-end) by approximately 8%. The cause of the downgrade was split between lower than expected 'true up' revenue from its Ovitex commercialisation partner, Tela Bio and Myriad sales not quite doubling year on year (from $NZ13.5m). The former reason is expected to be a one off and the latter reason reflects timing of a rapidly growing product. The market has sold off the stock more than the financial implications of the downgrade infer reflecting a credibility discount applied to management. While understandable, our view is the market is largely writing off FY25 however we maintain our view that it will be quite profitable as revenue growth continues and operating leverage kicks in.

Impedimed (–35.8%) paid the price for a self-inflicted flesh wound after a distracting board and management spill at the end of 2023. With the company distracted by internal matters inevitable delays showed themselves in the quarterly results announced in January. While frustrating for shareholders we view this as a temporal problem and the underlying investment case remains firmly intact. IPD offers a unique opportunity where the more patients benefit the greater savings flow to the healthcare system and the greater value is created for shareholders.

NextEd (-58.9%) declined following the removal of 2H FY24 guidance as the government regulation of international students and tightening of visa processing remained opaque. This is leading to short term weakness in new student arrivals. However, our conviction on NextEd successfully becoming a significant provider of higher education services in Australia for international and domestic students proving strong ROIC remains intact.

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