

ACORN CAPITAL MICRO OPPORTUNITIES FUND

30 SEPTEMBER 2021



Fund Update

The Acorn Capital Micro Opportunities Fund (Fund) returned 2.1% in September versus the S&P Emerging Companies Accumulation Index (XECAI) benchmark return of 7.7%. The portfolio held 70 stocks across 11 industries with the Top 10 Holdings representing 25% of the Fund. Cash levels at month end were 8.8%.

The 3 largest industry exposures are Resources (18%), Healthcare (14%) and IT (16%). The portfolio held a 49% (vs 51% in August) exposure to Expansion stage companies, with exposure to Mature Growth companies remaining at 5% and exposure to early-stage companies at 38%.

On the face of it, September was a reasonable month for the portfolio, returning 2.1% when compared with the Small Ordinaries Index returning -2.1%.

In a continuation of the market momentum witnessed in August 2021, the Emerging Companies Index (XECAI) generated an outlier return of 7.7% for September with the Resources & Energy sector contributing 6.9% to the index alone. It is worth noting some of these stocks are not included in the Fund's investable universe given their size (market cap). We view the recent relative underperformance to the Emerging Companies index being influenced by compositional differences, rather than poor investment decisions. In the September quarter, the Fund produced an absolute return of 8.3%, versus the Emerging Companies Index of 18% and the Small Ordinaries Index of 3.4%.

Energy was the standout sector in September with all energy commodities such as uranium, oil, gas and coal performing strongly. The uranium price surge looks to have been led by speculative buying with the Toronto based Sprott Physical Uranium Trust being very large buyer in recent weeks. This may also reflect investor optimism that nuclear energy will play its part in the clean energy transition. The energy crisis in both Europe (gas) and China (coal) is likely to keep investor interest in the space very high for the foreseeable future. The Fund's energy exposure returned 42% in September.

Fund Performance as at 30 September 2021

Performance (%)	1 mth	3 mths	6 mths	FYTD	1 yr	Inception
Acorn Capital Micro Opportunities Fund*	2.1	8.3	16.8	8.3	35.2	81.9
S&P/Emerging Companies Accumulation Index**	7.7	18.8	28.6	18.8	55.9	100.6
S&P/ASX Small Ordinaries Accumulation Index	-2.1	3.4	12.2	14.6	30.4	40.6

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

Net Return of \$50,000 invested since inception

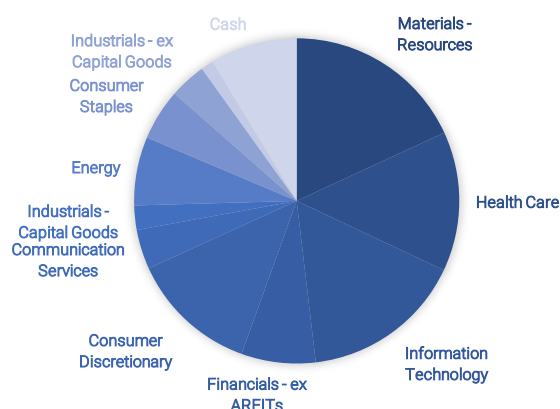


The above chart represents the return on \$50,000 invested in the Acorn Capital Micro Opportunities Fund at its inception on 22 May 2020, net of all management fees and assuming reinvestment of distributions. No allowance has been made for tax.

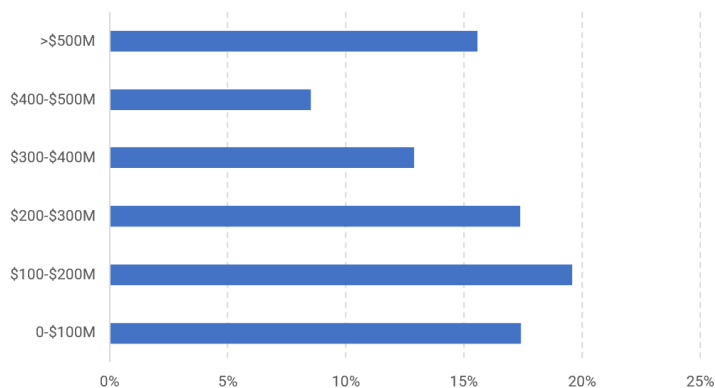
Top 5 Holdings (alphabetic order)

Company	Sector	Development stage
Access Innovation Holdings	Information Technology	Early
Ama Group	Consumer Discretionary	Expansion
Autosports Group	Automotive Retail	Expansion
Mnf Group	Communication Services	Expansion
Wisr	Financials - ex AREITs	Expansion

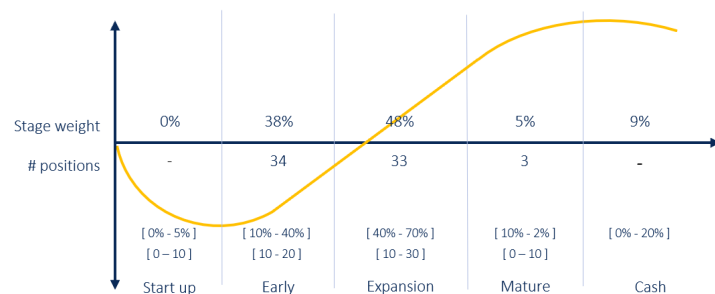
Sector Exposure



Market capitalisation exposure



Stage of development



Fund Review

The Fund's performance in September of 2.1% was driven by continued strong performance in Materials Ex-Resources (+35%) in combination with Energy +(42%), Communication Services (+8%) and Consumer Discretionary (+10%). The Industrials (-6%) and Financials ex AEITS (-3%) sectors had the greatest drag on the portfolio over the month.

Notable positive stock performers over September include:

Vimy Resources (+98%) was identified as a stock that could benefit from the rising uranium price because of its development project in Western Australia that only requires a secondary approval to achieve FID (final investment decision) and commence construction. Vimy has performed strongly since our first investment, and we remain positive on its outlook.

Comet Ridge (+40%) has a large gas development project that can service the eastern Australia energy market. After participating in the recent placement, the stock rose strongly, reflecting the quality of the asset and the potential to get into production with a modest up-front capex.

MicroX (20+%) announced the signing of an \$8m contract with the Australian Stroke Alliance for the development of a miniature, light weight and affordable brain CT scanner, which the company has called 'Brain Tomo'. The company also announced 2 contracts with the Department of Homeland Security as part of the Airport Security and baggage x-ray program. The company also announced the appointment of Charlie Hicks to lead the company's Mobile DR division. This appointment is a strong endorsement for MX1's mobile digital x ray technology.

AMA Group (+6.5%) rebounded after completing its capital raising in which the Fund took its full allocation generating a 16% return. Increased funding and liquidity will allow management to execute their strategy, invest in procurement, and opportunistically acquire related businesses.

Karoon Energy (+26%) benefitted from rising oil prices and its ESG credentials. Karoon is a conventional oil producer in Brazil's Santos Basin. Compared to most oil-shale producers it has a reasonably low carbon footprint per barrel of oil so is slowly being recognised as the preferred type of oil exposure from an ESG perspective.

Notable negative portfolio contributors during the month were:

Lumos Diagnostics (-28%) fell after notifying the market the FDA has deprioritised emergency use authorization of its SARS-CoV-2 rapid antigen test, CoviDx. CoviDx is approved and sold in the EU. The major catalyst for the stock remains FDA approval of FebriDx, expected by the end the year, and remains unaffected by this announcement.

Telix Pharmaceuticals (-11%) was expected to have its PSMA PET imaging product, Illuccix approved by the FDA in September. The approval timeline has been extended by the FDA for a statutory 3 months in order for it to complete a review of manufacturing responses provided by the company. No clinical or safety issues have been raised nor any additional data been requested. While disappointing we believe this is delay is genuinely related to the FDA dealing with a backlog of approvals as a result of the pandemic.

Poseidon Nickel (-27%) pulled back in response to a softening nickel price and completing a raise at the beginning of the month in which the Fund participated. The funding will enable start-up plans to be completed for the Black Swan Nickel Mine.

Perseus Mining (-10%) pulled back on a softer gold price after a strong run in August. The Yaore Gold Mine continues to ramp up successfully and we see potential for a positive response to the September quarterly if the company achieves its forecast of more than 125,000 oz gold in the first 3 months of the financial year.

Fund Details

Fund Facts	
Inception	22 nd May 2020
Distributions	Semi-annual
Management Fee	0.90% ⁽¹⁾⁽²⁾
Benchmark	S&P/Emerging Companies Accumulation Index
Incentive Fee	20% above the S&P/Emerging Companies Accumulation Index ^{(2) (3) (4) (5) (6)}
High watermark	Yes
Minimum Investment	A\$50,000
Subscription/Redemption Frequency	Daily
Eligible Investors	Sophisticated/Wholesale Investors
APIR Code	ACQ4764AU

References

- (1) Exclusive of expense recoveries of 15bp (excludes deal related legal fees and deal transaction costs)
- (2) Refer Acorn Capital Micro Opportunities Fund Information Memorandum for Further Details
- (3) Subject to prior High Water Mark (HWM) being exceeded (no HWM resets allowed)
- (4) Subject to the Fund's return also exceeding 0%
- (5) Calculated after management costs and expense recoverables have been deducted
- (6) Calculated daily and paid quarterly

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