

ACORN CAPITAL MICRO OPPORTUNITIES FUND



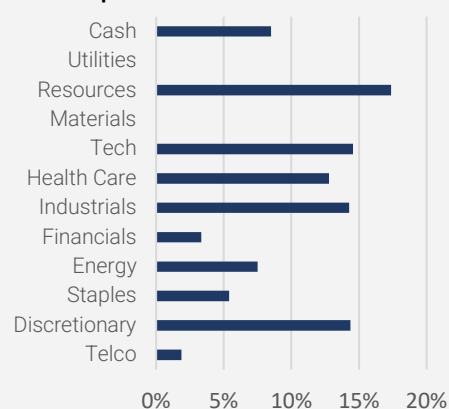
INVESTMENT UPDATE
October 2023

Top 5 Stocks

Company*	Sector
Aroa Biosurgery	Health Care
Meteoric Resources	Resources
Micro-X	Industrials
Probiotec	Staples
Red 5	Resources
Weight Top 5	18%

*Alphabetic Order

Sector Exposures

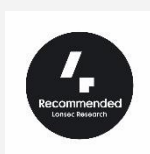


Fund Overview

APIR Code	ACQ4764AU
Benchmark	S&P ASX Emerging Companies Accumulation Index
Distributions	Semi-annual
Management Fee	0.90%
Incentive Fee	20% above benchmark
Highwater mark	Yes
Eligible Investors	Wholesale
Pricing frequency	Daily
Minimum investment	\$50,000

Ratings*

Lonsec "Recommended"



Commentary

The S&P/ASX Emerging Companies Index returned -4.6% in October, making it 3 consecutive months of more than 4% declines. The selling was widespread with all but two industry sectors (Utilities at 1.2% weight and Consumer Staples at 1% weight) generating negative returns. The worst performing sectors were Industrial – Capital Goods (returning -8.8%), Information Technology (-7.8%) and Financial – ex AREITs (-5.8%). Frustratingly the portfolio returned -5.9% with a large portion of the negative return being attributed to holdings in the healthcare sector (5 of the top 10 negative contributors were in the healthcare sector). The two largest negative impacts were Next Science (-52%) and Impedimed (-34%).

We have written about Impedimed previously as a unique opportunity to own a business that is now the standard of care in the early detection of cancer related lymphedema. We remain very comfortable with the investment opportunity and now there is clarity around the new board we have taken the opportunity to buy more stock in the sell off. Next Science (NXS) is a different matter – we participated in the August capital raise on the back of second half guidance of US\$16m – US\$19m (NXS operates on a calendar year basis). Unfortunately, the following month, after having taken \$12m of new capital from investors, the company revised its second half guidance down to \$US12m - \$US14m which resulted in the halving of the share price. The share price reaction reflects a credibility discount given NXS has new management (CEO and CFO) and has raised capital on questionable guidance. While we do think their X BIO platform has genuine clinical utility we have exited the stock noting in hindsight our positive assessment of new management and the commercial readiness of the business was premature. Impedimed and Next Science collectively contributed -2.7% of the portfolio's return in October.

The bright spot over the month was our Resources holdings. The 9.2% return was driven by Azure Minerals up 30% after announcing a binding transaction with SQM while Red 5 (19.5%) and Meteoric Resources (8.9%) also had strong returns. Azure, Red 5 and Meteoric are portfolio's three largest resource holdings.

Performance

	Since incept.	Since incept. %p.a.	3 year %p.a.	1 year %	FYTD %	6 mth %	3 mth %	1 mth %
Micro Opportunities Fund*	32.21	8.31	-1.97	-7.53	-6.91	-7.87	-8.17	-5.23
S&P/Emerging Companies Accum Index**	51.91	12.69	5.24	-10.03	-9.58	-13.13	-13.05	-4.56
S&P/ASX Small Ordinaries Accum Index	9.98	2.75	0.52	-5.10	-7.28	-10.28	-10.45	-5.45

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

Attribution

Contributors			Detractors		
Company	Sector	Contrib. To Return %	Company	Sector	Contrib. To Return %
Azure Minerals	Resources	0.95	Janison Education	Tech	-0.61
Red 5	Resources	0.69	Next Science	Health Care	-1.18
Meteoric Resources	Resources	0.34	Impedimed	Health Care	-1.56



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