

ACORN CAPITAL NEXTGEN RESOURCES FUND

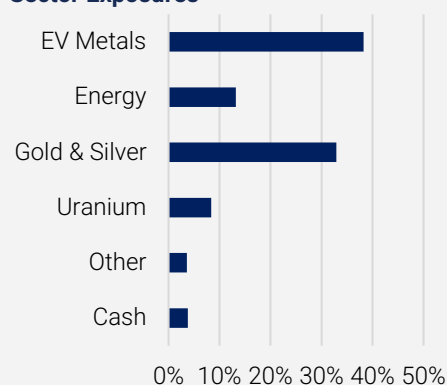


INVESTMENT UPDATE
December 2023

Top 5 Stocks Held

Company	Sector
Firefly Metals	EV Metals
Gold Road Resources	Gold & Silver
Karoon Energy	Energy
Meteoric Resources	EV Metals
Ramelius Resources	Gold & Silver
Weight Top 5	32.7%

Sector Exposures

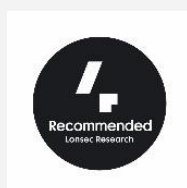


Fund Overview

APIR Code	ACQ3509AU
Benchmark	S&P ASX Small Resources Index
Distributions	Annual
Management Fee	1.35%
Incentive Fee	20% above benchmark
Highwater mark	Yes
Responsible Entity	Evolution Trustees Ltd
Pricing frequency	Daily
Minimum investment	\$20,000

Ratings*

Lonsec "Recommended"



Commentary

The NextGen Resources Fund continued its positive performance in the December quarter (up 3.1%), although trailed the benchmark (up 5.78%). The best performers for the Fund included two explorers, two developers and one producer, which were spread across copper, lithium, gas and gold. This diversity in performance across commodity types and stages of development reinforces the success of our investment approach, which does not rely on commodity-price momentum alone. We also note that several of the negative performers in the December quarter were companies that completed large capital raises to fund acquisitions of producing assets (see below for details). While this has created a short-term negative impact on share price, it positions the stocks well for the medium and long-term.

With respect to the Resources & Energy market, we highlight the positive momentum into year-end. This was largely driven by the belief that rates in the US have peaked and may in fact fall in 2024. Despite the positive end to the year, the S&P/ASX Small Resources Index was down 1.3% in 2023, versus the Fund achieving a positive result of 1.73%. This highlights the ability of the Fund to extract a positive performance in a flat and volatile market and is a product of our investment process.

Additionally, we highlight the increased corporate activity across the Resources & Energy sectors noting in the last 2 years, 32 Resources & Energy stocks received takeover offers. Among the large-cap companies to complete mergers in 2023 were OZ Minerals, Newcrest and Allkem. We expect this trend in consolidation to continue into 2024 and think it displays the relative attractiveness in the Resources & Energy sectors. At the same time, many junior explorers struggled to raise capital and in 2023 while the ASX recorded only 29 IPO's over 2023.

Performance

	Since incept. %p.a.	3 year %p.a.	1 year %	6 mth %	3 mth %	1 mth %
NextGen Resources Fund*	12.25	8.62	1.73	4.69	3.10	3.01
Benchmark	8.43	6.04	-1.32	3.74	5.78	3.68
Alpha	+3.82	+2.58	+3.04	+0.96	-2.68	-0.67

Quarterly Attribution

Contributors			Detractors		
Company	Sector	Impact %	Company	Sector	Impact %
FireFly Metals	EV Metals	2.05	Winsome Resources	EV Metals	-0.60
Azure Minerals	EV Metals	1.78	Boss Energy	Uranium	-0.87
Ramelius Resources	Gold & Silver	1.06	Karoon Energy	Energy	-1.57

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

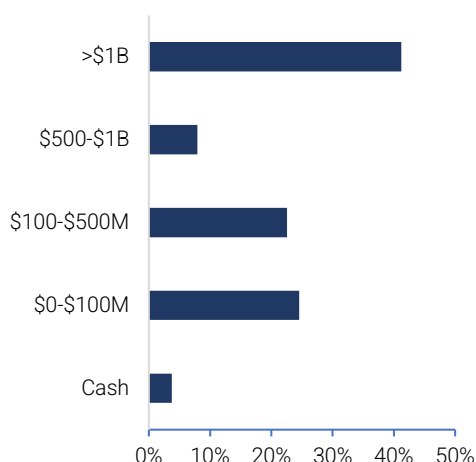
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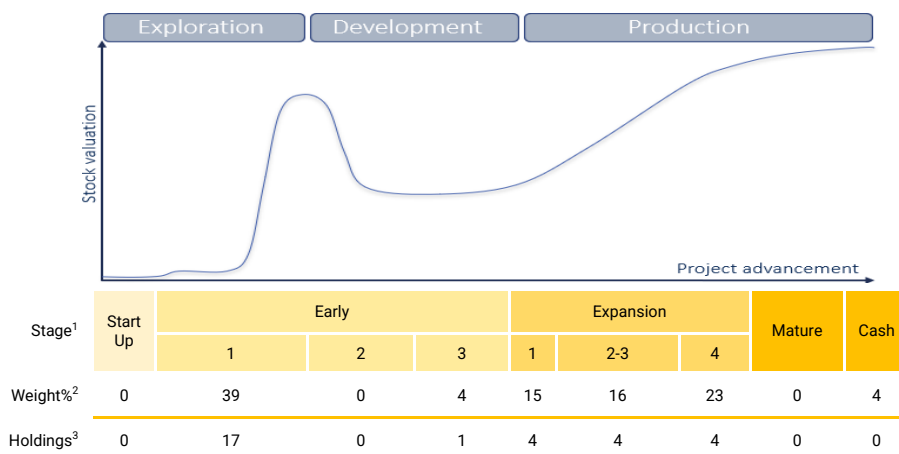
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Market Cap Bands



Lassonde Curve



Fund Commentary

Notable **positive** portfolio contributors during the quarter include:

Firefly Metals (copper explorer); +42.5% (share price change) announced the successful completion of its \$65m acquisition of the Green Bay copper-gold project in Canada. The company announced commencement of the exploration ore drive along with positive drill results highlighting the copper, gold and silver potential of the deposit in December. The company also has over 2Moz of gold at its Canadian Pickle Crow project.

Azure Minerals (lithium explorer); +29.6% rallied after receiving a cash takeover offer from its major shareholder SQM (SQM:USA) at \$3.52 per share. This represented a 44.3% premium on the prior closing price. Subsequent to the initial takeover offer Hancock Prospecting and Mineral Resources (ASX:MIN) lodged notices of increased ownership positions, at which point the fund made the decision to exit the stock.

Rameli Resources (gold producer); +17.4% had consistent production and cash flow generation throughout the quarter. It reported positive progress on its Penny West mine, completed its takeover of Musgrave Minerals and provided a strong resource update whilst benefitting from a rising gold price.

Comet Ridge (gas developer); +33.3% is developing its Mahalo gas project in Queensland and announced its first gas sales agreement which is a major milestone in progressing the project through FID and into production.

Bellevue Gold (gold developer); +20.9% increased on the back of continued progress toward production with first gold sales announced in October and first stope ore firing. It was also aided by the rising gold price.

Notable **negative** portfolio contributors during the month included:

Australia Rare Earths (rare earth explorer); -31.8% continued to be impacted by soft rare earth prices despite the release of positive drilling results which expanded the resource footprint. AR3 continues to be well funded to expand its resource and target new areas for exploration across its asset portfolio.

Lunnon Metals (nickel explorer); -25.1% declined despite strong exploration drilling results and increases in its resources. The nickel price has continued to soften off the back of a slowing global economy.

Winsome Resources (lithium explorer) -20.9% declined due to a capital raise in October and a falling lithium price. The company released a maiden resource of 59Mt in December which places Adina in the top spodumene resources globally.

Boss Energy (uranium developer); -17.3% softened on the back of a capital raise to fund the acquisition of a producing in-situ leach uranium mine in the USA, despite a rising uranium price. Late in December the company signed its first sales contract with a US power utility. Commissioning of the Honeymoon mine continued to progress to expected production in 1H 2024.

Karoo Energy (oil producer); -23.5% fell after raising A\$480m at \$2.05 to purchase a producing oil asset in the Gulf of Mexico. The acquisition included a 30% working interest in the Who Dat and Dome Patrol oil and gas fields and associated infrastructure, and ~16% working interest in the Abilene field and varying interests in adjacent exploration acreage. These oil fields are low cost with near and medium term expansion opportunities, located in a prolific, world class jurisdiction which will assist to offset the natural decline from the Bauna oil field in Brazil.

1. Stage of development as defined by Acorn Capital. 2. Rounding may result in weight not totalling 100% 3. Number of holdings as at month end date

