

ACORN CAPITAL

Acorn Capital Investment Fund
(“ACIF”)

Acorn Capital Ltd (“Acorn”) and Acorn Capital Investment Fund Limited (“ACIF”) have made every effort to ensure that the information in this presentation document is accurate. However, its accuracy, reliability or completeness cannot be guaranteed. Neither Acorn nor ACIF accepts any liability for any error or omission or for any loss or damage suffered as a result of others acting on the basis of the information contained herein. Copyright in this document is owned by Acorn and ACIF. Its contents may not be copied, reproduced or embodied in any other document or distributed to a third party without the prior written consent of Acorn and ACIF.

DISCLAIMER AND IMPORTANT NOTICES

This document is issued by Acorn Capital Ltd, ABN 51 082 694 531 (“Acorn”, “Acorn Capital” or “Manager”) and Acorn Capital Investment Fund Limited ACN 167 595 857 (“ACIF” or “Company”). It is intended only for those persons to whom it is delivered personally by or on behalf of Acorn and ACIF (being ‘wholesale clients’ under the Corporations Act who are also sophisticated investors and persons to whom an offer of securities could be made in Australia without a disclosure document being lodged with ASIC). It must not be copied or distributed to other persons without the prior written consent of Acorn and ACIF, which may be given or withheld in their absolute discretion.

This document is not a prospectus and does not contain all of the information which would be required to be disclosed in a prospectus. Neither Acorn nor ACIF (nor any of their respective officers, employees, related bodies corporate, affiliates, agents or advisers) guarantees or makes any representations or warranties, express or implied, as to, or takes responsibility for, the accuracy or reliability of the information contained in this document. Acorn and ACIF do not represent or warrant that this document is complete or that it contains all material information about Acorn or ACIF or which a prospective investor or purchaser may require in evaluating a possible investment in ACIF or acquisition of ACIF securities.

Nothing contained in this document nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or the future. Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) any indication of future performance. Acorn and ACIF have not carried out due diligence investigations in connection with the preparation of this document. You must conduct your own independent investigations and enquiries as you deem fit.

This document is not an offer to issue securities, an invitation to subscribe for securities or an investment recommendation either expressly or by implication. The information set out in this document does not constitute or purport to be a recommendation by Acorn or ACIF (or any of their respective officers, employees, agents or advisers). The information in this document does not constitute financial product advice (nor investment, taxation or legal advice). Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. ACIF is not licensed to provide financial product advice.

To the maximum extent permitted by law, Acorn and ACIF (and their respective employees, officers, related bodies corporate, affiliates, agents and advisers) expressly disclaim any and all liability (including without limitation for negligence) for representations or warranties or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this document including, without limitation, any historical financial information, any estimates or projections and any other financial information derived therefrom.

Information in this document (“Confidential Information”) is confidential and may also be subject to the terms of a confidentiality agreement between Acorn, ACIF and you. You must not copy or reproduce the Confidential Information or give it to another person without the prior written consent of Acorn and ACIF, which may be withheld in its absolute discretion unless the copy or distribution of the Confidential Information is permitted under any confidentiality agreement.

ACIF is offering for issue securities under a prospectus, a copy of which is available for download from www.acifipo.com.au. A person should consider the Prospectus in deciding whether or not to acquire the securities. Anyone who wants to acquire the securities will need to complete the application form that will be in or will accompany the Prospectus.

EXECUTIVE SUMMARY

OBJECTIVE

Acorn Capital is establishing the Acorn Capital Investment Fund Limited (“ACIF”) Listed Investment Company via an initial public offering of up to \$100 million through shares and options issued by a newly-incorporated company - ACIF. ACIF gives investors access to an Acorn Capital-managed fund with a portfolio of listed and unlisted microcap companies and potential for long term capital growth.

BENEFITS OF INVESTING IN ACIF

- **Successful track record of microcap equities investment.** The historical performance of a similar strategy managed by Acorn has achieved a (pre-fee and taxes) performance of 25% pa⁽²⁾ since inception in 2009
- **Distinctive investment strategy** providing exposure to a large universe (by stock numbers) of both listed and unlisted opportunities
- **Highly experienced team utilising a research-driven investment process** with a track record of outperformance
- **Portfolio diversification** through exposure to a portfolio compositionally different to the ASX-250
- **Early access to companies** within a sector that has traditionally been the breeding ground for the larger capitalised companies of the future
- **Microcap sector performance relative to the All Ords has recently been at its lowest in over 20 years**
- **Portfolio management techniques that have been developed since 1998** and tailored to manage portfolio risk
- **Oversight by a board and investment team**, with accompanying infrastructure, that manages \$1.1⁽¹⁾ billion of funds

(1) As at 31 January 2014

(2) Past performance is not a reliable indicator of future results

Acorn Capital was founded in 1998 and has a long-term track record of managing microcap equities for institutional investors

- Manages funds for 11 institutional clients
- 55% ⁽¹⁾ owned by directors and management (and their related parties), 44%⁽¹⁾ owned by Australian Unity
- Specialist manager investing in listed and unlisted microcap ⁽²⁾ companies
- Research driven philosophy aimed at capturing value through stock selection in large and inefficient markets
- Operated institutional mandates under the listed/unlisted strategy since February 2009
- Invested \$96.1⁽³⁾ million into 14 unlisted companies since 2009
- Substantial positions in 53⁽³⁾ ASX listed companies
- Australian investment team of nine has average of 24 years relevant experience (see Appendix A)

(1) On a fully diluted basis as at 31 January 2014

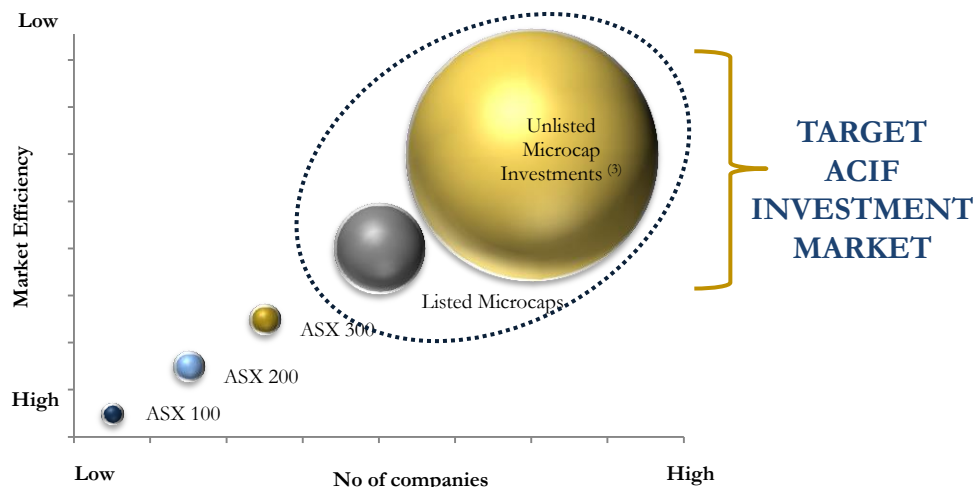
(2) Listed and unlisted companies with a market capitalisation outside the ASX250 (typically less than ~\$445 million in market capitalisation)

(3) Source: Acorn Capital estimates as at 31 December 2013

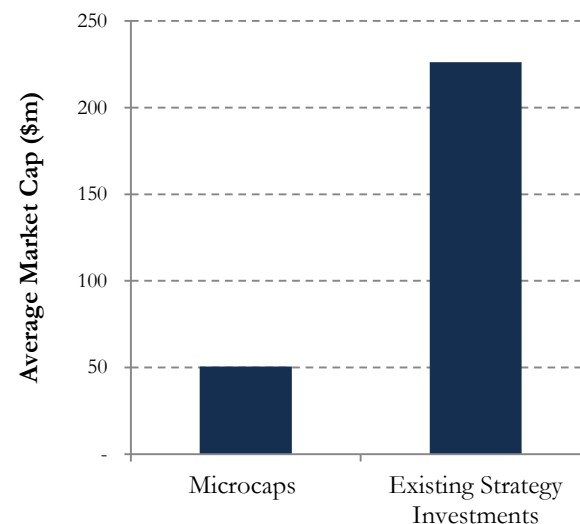
ACIF gives investors exposure to listed and unlisted emerging market companies

- ACIF will invest in listed and unlisted companies with market capitalisations below the ASX-250 (currently \$445m), defined by Acorn as “Microcaps”. There are 1,906 ASX-listed companies and more than 13,000 large proprietary and public companies
- Acorn Capital believes that the Microcap universe is relatively inefficient due to it being large (by stock numbers) and diverse, under-researched and having relatively low liquidity and high transaction costs
- Anticipated market capitalisations of Microcaps in the ACIF portfolio are best illustrated by the Microcaps held under the Existing Strategy, where average capitalisations are \$226m, compared to the Listed Microcap universe of \$50m

Illustration of ACIF Target Investment Market Relative to More Efficient/Competitive Markets (1) (2)



Average Market Capitalisation of Investments



Source: Acorn Capital, as at 31 January 2014

1) Chart is illustrative due to incomplete data sets

2) Sphere size is calculated with reference to the Acorn estimate number of investible companies in respective market segment

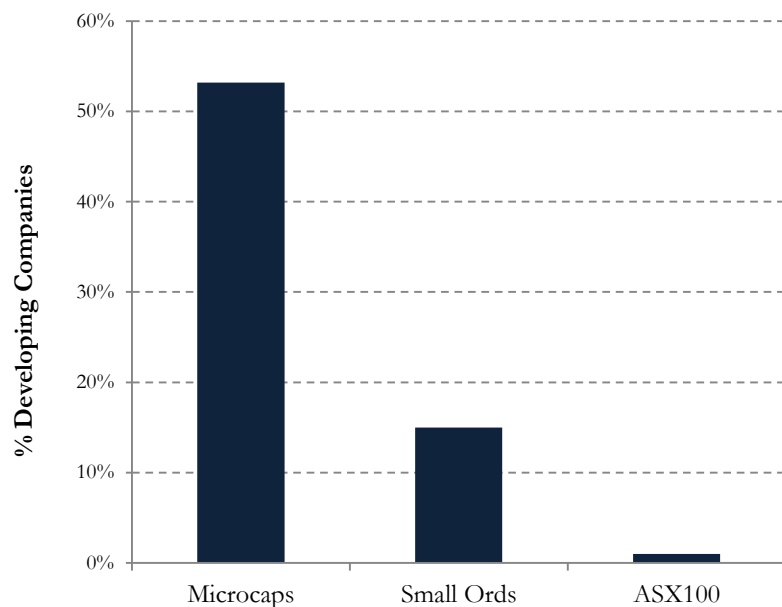
3) Unlisted investments may include foreign companies with Australian nexus and unlisted instruments into ASX listed companies

Source: Acorn Capital, as at 31 January 2014

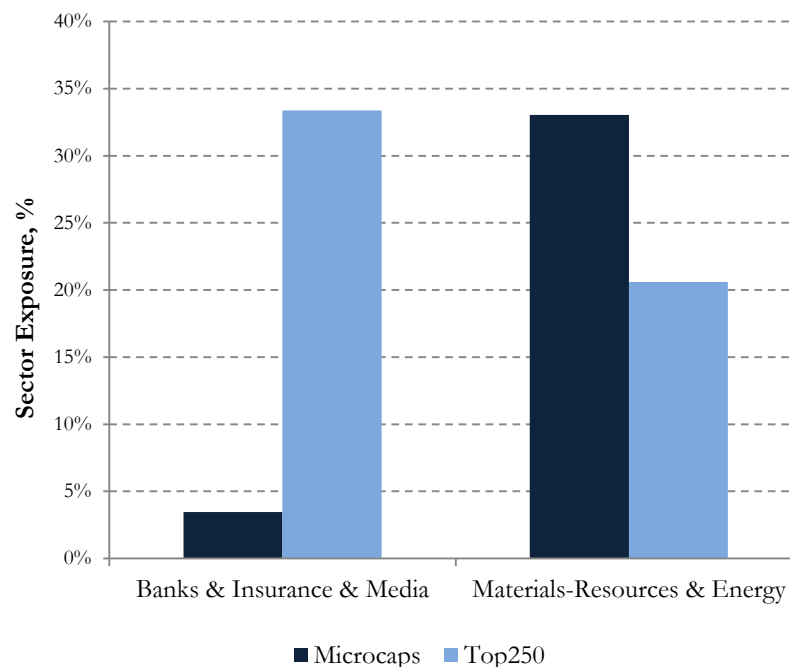
The listed Microcap sector is generally at an earlier stage of corporate development and has a higher demand for capital

- Over 50% of listed Microcaps are “developing companies” (those with revenues 10% or less than their market capitalisation), similar characteristics to that of venture capital/growth private equity investments
- Microcap sector represents a different part of the economy

Percentage of Developing ⁽¹⁾ Companies



Industry Sector Exposure Comparison



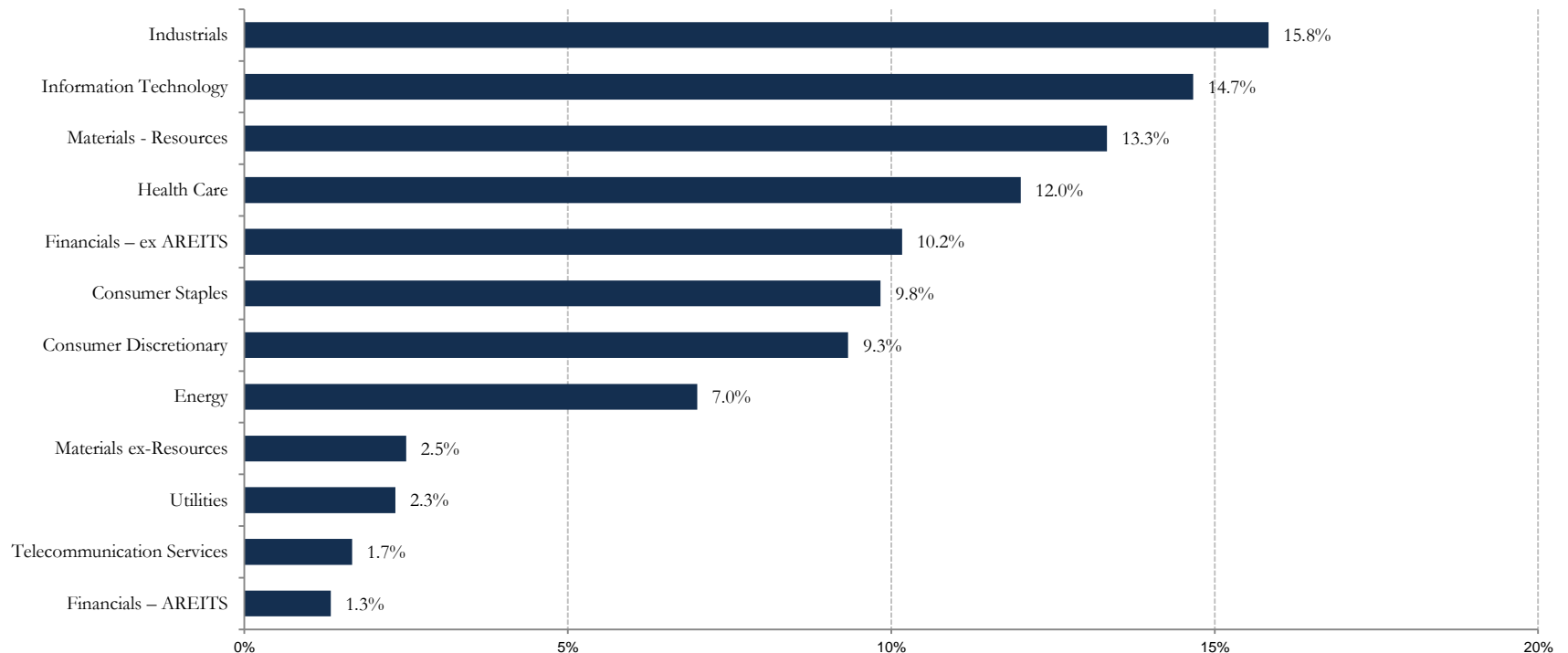
Source: Acorn Capital, as at 31 December 2013

(1) Developing company defined as a company where the revenue is less than 10% of market capitalisation. Calculated by number of companies using IRESS subject to data availability.

Acorn is an experienced investor in unlisted Microcaps and since 2009 has invested \$96.1m across 14 investments

- Unlisted opportunities presented from all sectors
- Many have a disposition towards an ASX listing
- Average implied market capitalisation of each unlisted Microcap at time of investment is \$68.9 million

Unlisted Opportunities deal flow by sector ⁽¹⁾

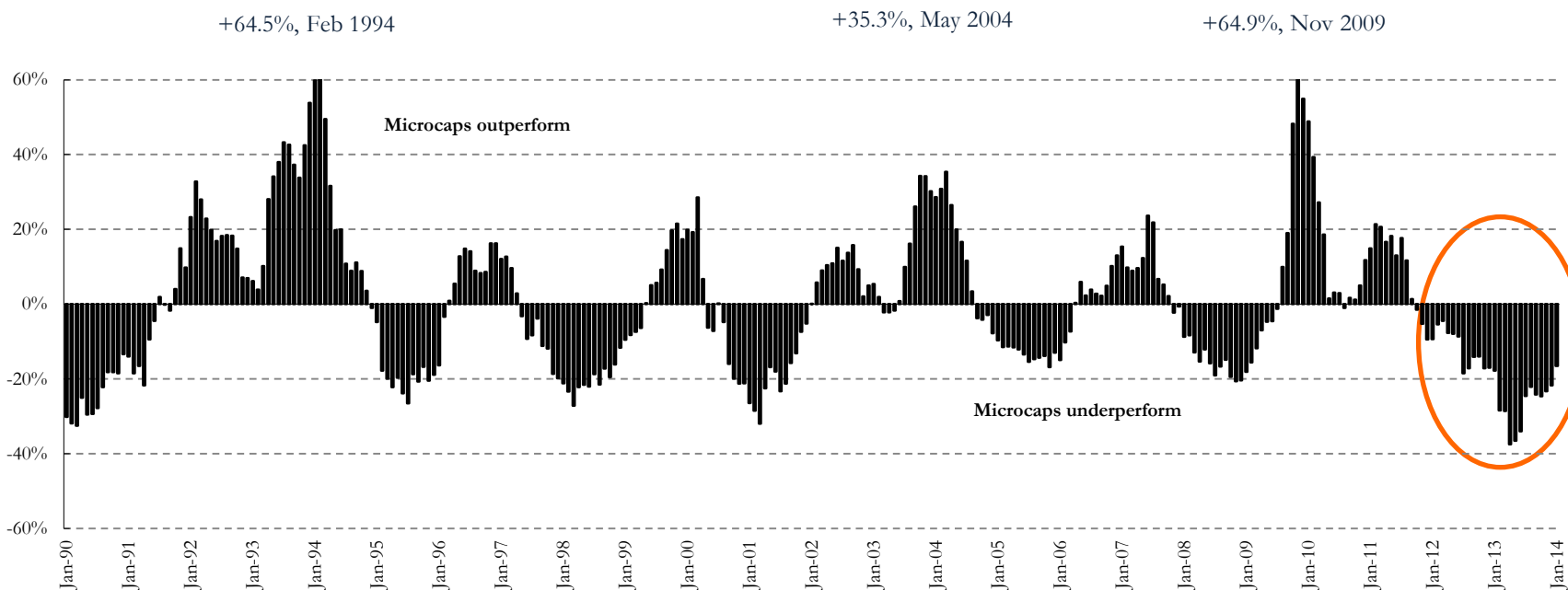


(1) Source: Acorn Capital as at 31 December 2013

By mid CY2013, Microcap sector underperformance reached levels not seen since 1990

- 2H CY13 has seen Microcaps strongly outperform large caps
- Compositional differences between All Ords and Microcap sector explains a large part of underperformance (Resources de-rated, Financials re-rated)
- Anecdotally, the diagram below suggests that periods of underperformance appear to be followed by periods of outperformance

Rolling 12 Month Return Differentials (Microcaps vs All Ords)

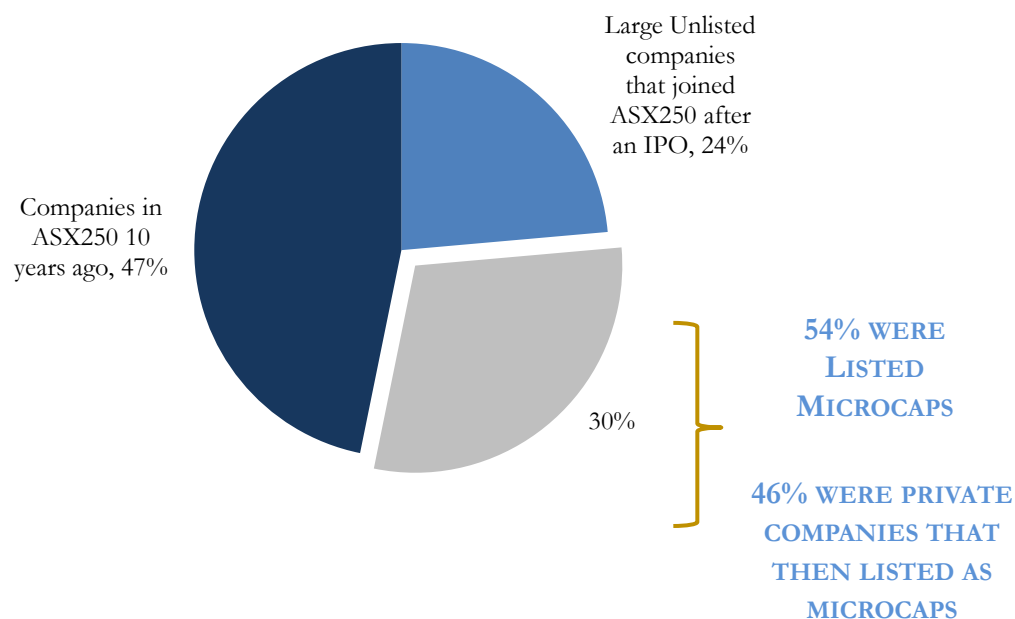


Yield focus, negative on resources
-ve 36.9%, May 2013

30% of the ASX 250 were either unlisted or listed Microcap companies 10 years ago

- 133 companies were not in the ASX 250 in 2003, of which 74 were microcaps
- Approximately half of the Microcap companies to enter the ASX 250 were newly listed, formerly private, companies

Source of Companies in ASX 250 Over Last 10 Years ⁽¹⁾



Selected Listed Microcap over past 10 years ⁽²⁾

Company	TSR ⁽³⁾	Developing / Mature
Aurora Oil & Gas	44% p.a.	Developing
Monadelphous	40% p.a.	Mature
Sphere Minerals	30% p.a.	Developing

Selected Microcap IPOs over past 10 years

Company	TSR (from IPO) ⁽³⁾	Developing / Mature
Reject Shop (Jun-04)	30% p.a.	Mature
Domino's Pizza (May-05)	30% p.a.	Mature
G8 Education (Dec-07)	26% p.a.	Developing

Source: Acorn Capital and data from ASX and Factset. As at 31 December 2013

(1) Composition by number of companies.

(2) Chosen from the population of listed and unlisted microcaps that Acorn Capital has invested in since 2003.

(3) TSR is Total Shareholder Return each individual company, calculated either from 31 December 2003, or from the relevant IPO date. TSR may not reflect the return Acorn Capital achieved whilst invested in that company.

INVESTMENT PHILOSOPHY

- Identify the best investments within each industry based on relative value, remaining fully invested across all industries
- Exploit inefficiencies in the pricing of listed and unlisted microcap stocks
- Investment opportunities for long term capital growth are identified through research and regular company interaction
- Manage risk through creation of diversified portfolios

INVESTMENT STRATEGY

- | | |
|-----------------------------------|---|
| ▪ Research Driven Stock Selection | Significant potential value added due to lack of research in microcap sector |
| ▪ Economic Sector Diversified | Enable relative rank, provide diversification by industry, optimise risk / reward |
| ▪ Style agnostic | Avoid style bias, capture both growth and value, developing and mature companies |
| ▪ Long term investor | Minimise transaction costs and maximise participation in the primary market |
| ▪ Stock Numbers | Create diversified portfolios, reduce volatility |

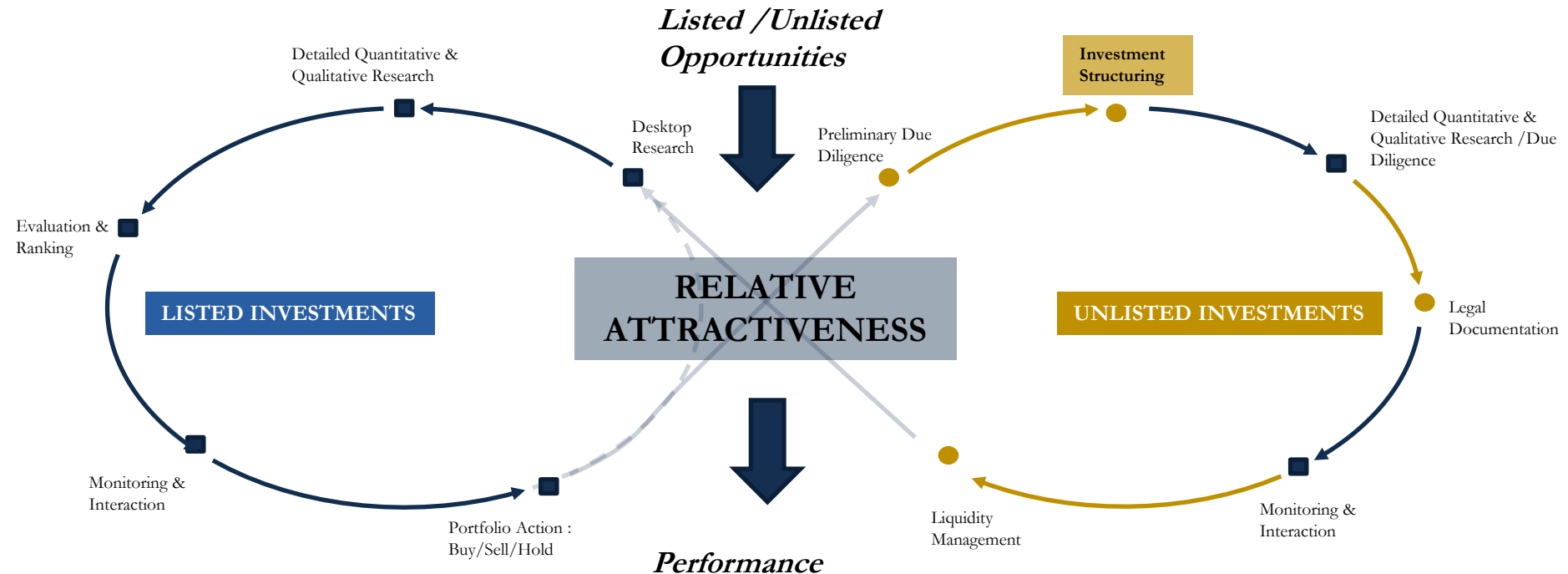
TARGET PORTFOLIO METRIC

- | | |
|--|--|
| ▪ Stock Numbers | 60-80 stocks |
| ▪ Portfolio Sector Weights | SIRCA Microcap Benchmark, with typically 35%-40% in Energy & Resources |
| ▪ Unlisted Exposure | 0%-50% |
| ▪ Average Investment Duration | 3-5 years (listed & unlisted) |
| ▪ Exposure to Single Company at Time of Investment | Max 7.5% of portfolio at time of investment |
| ▪ Cash | Typically less than 10% |

Capital is transitioned from listed to unlisted investments only where they are relatively more attractive

- Portfolio management is at sector level
- Unlisted investments must be deemed better than listed alternatives at sector level, i.e. relatively more attractive
- Structuring is a risk management/pricing option not available in listed investments

Process designed to Find Best In Industry Class





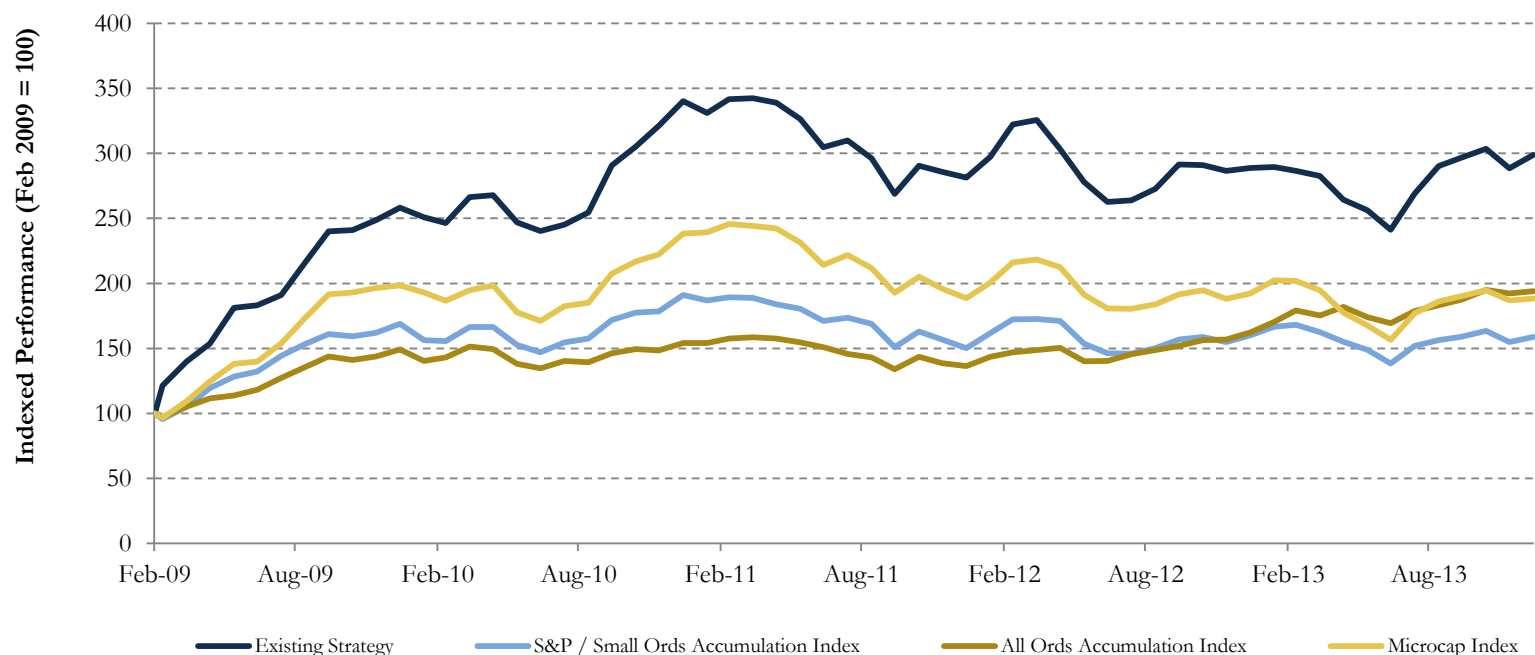
Unlisted investment portfolio revalued monthly. Additionally, unlisted valuations are re-assessed semi-annually, a process which will require approval by the ACIF board and be subject to an external audit prior to payment of management fees.

TYPE	DESCRIPTION
Monthly	<ul style="list-style-type: none"> ▪ Typically a valuation method will be adopted which adjusts unlisted equity (as distinct from hybrid) investments with reference to the movement in a selected industry index (or sub-index) within the listed microcap sector
Semi-annual	<ul style="list-style-type: none"> ▪ Semi-annually unlisted investment valuations are re-assessed, using all of the information available to the Manager to affirm their fair value
Significant event	<ul style="list-style-type: none"> ▪ Where there is a significant event in an unlisted investment that the Manager considers would be reasonably likely to have a material effect on the ACIF investment portfolio then such investment will be re-assessed at that time.
Other notes	<ul style="list-style-type: none"> ▪ ACIF board approves valuation processes ▪ ACIF board has a right to request an independent valuation on semi-annual valuations ▪ Fees to Manager are only paid after ACIF Board approves valuations and auditors sign off on accounts as at 31 December and 30 June

Listed and unlisted portfolio strategy established in February 2009. Cumulative performance has been 25 p.a. % since inception

Strategy	Universe	Inception	Comparison Benchmark	Pre-Fee and Tax Return p.a. ⁽²⁾	Value Add p.a.
Existing Strategy	Listed and Unlisted Microcaps	Feb 2009	XSOAI	25%	15.8%

Performance of Existing Strategy against ASX Indices ⁽¹⁾



(1) Source Acorn Capital Estimates as at 31 January 2014. Historic performance calculated using cashflow adjusted portfolio values from start date to end date for the period stated.

(2) Past performance is not a reliable indicator of future results

BENEFITS OF INVESTING IN ACIF

ACIF offers access to an investment strategy not previously available to retail investors that has historically delivered attractive returns

- **Demonstrated track record** of performance, Existing Strategy has achieved performance (pre fees and taxes) of 25% ⁽¹⁾ p.a.
- Access to **large and less efficient universe** of listed and unlisted Microcap Companies
- Access to an **experienced investment management** team currently managing over \$1.1 billion in Microcap investments
- Ability to invest in Microcap Companies via a **portfolio diversified** by stock numbers and industries
- Invest at a time where relative performance of Microcap sector has recently been at its **lowest point since 1988**
- Oversight and governance from an **experienced independent board, chaired by John Steven**

(1) Past performance is not a reliable indicator of future results

PROPOSED OFFER

Company	Acorn Capital Investment Fund Limited
Manager	Acorn Capital Ltd
Board	Majority independent directors
Offer Size	\$50 - \$100 million
Securities offered	Fully paid ordinary shares at \$1.00 per share (New Shares) Each New Share with one Option Options have a 18 month term and \$1.00 price
Base Management Fee	0.95% p.a. (ex-GST)
Performance fee	20% (ex-GST) of the outperformance of the S&P/ASX Small Ordinaries Accumulation Index. Performance features a high watermark and mechanism to retain a portion of the fee to guard against underperformance
High watermark	Yes
Unlisted Valuations	Valuation policy and semi-annual valuations subject to Board approval. Base Management Fee and Performance Fee paid subject to Board approval and completion of audited accounts (refer Appendix B).

KEY DATES ⁽¹⁾

Lodgement of the Prospectus with ASIC	11 March 2014
Opening Date	27 March 2014
Closing Date for the General Offer	5:00pm AEST on 11 April 2014
Issue Date of Securities	22 April 2014
Holding Statements expected to be despatched by	23 April 2014
ACIF expected to commence trading on ASX	30 April 2014

(1) Dates subject to change without notice

Acorn Capital investment team has on average 24 years of relevant experience

Team	Description	Years at Acorn	Years of other experience
Barry Fairley	Barry is Acorn Capital's Managing Director. He founded Acorn Capital in 1998 and has more than 40 years of investment experience. <i>Dip of Mining Engineering, SA Fin</i>	15	30
Robert Routley	Robert is Head of Private Markets. Rob established the listed/unlisted microcap strategy of which he has ongoing product responsibility. He previously held investment management roles with Colonial First State Private Equity and Baron Corporation. <i>B.Com, MBA, CA</i>	6	13
Paul Palumbo	Paul is a Portfolio Manager and Dealer. Paul previously held positions at Mercer, IBM and PwC. <i>B.Bus.Sys, Dip in Applied Finance & Investment</i>	7	8
Matthew Sheehan	Matthew is an Investment Director as well as Legal Counsel and Company Secretary of Acorn Capital. He began his career as a private practice lawyer and worked at firms in Melbourne, New York and London and was most recently at Macquarie Group. <i>B.Ec (Hons), LLB (Hons), M.AppFin</i>	5	10
David Ransom	David is a Portfolio Manager for the Energy and Materials (Resources) sectors. He has a long and extensive background in geology and consulting spanning over four decades. <i>B.Sc (Hons), PhD (Structural Geology), FAIG</i>	14	31
Kylie Molinaro	Kylie is a Portfolio Manager for the Consumer Discretionary, Consumer Staples and Healthcare & Biotechnology sectors. She began her career in the pharmacy profession. <i>B.Pharm, B.Com (Hons)</i>	9	6
Cameron Petricevic	Cameron is a Portfolio Manager for the Industrials (ex-Capital Goods), Information Technology, Telecommunication Services and Materials (ex-Resources) sectors. He joined Acorn Capital after eight years at AXA Asia Pacific. <i>B.Eng (Hons), B.Com, Associate of the Institute of Actuaries (Actuary)</i>	3	8
Tony Pearce	Tony is a Research Analyst for the Private Markets team. He has more than 45 years of investment experience spanning across Legg Mason, Citigroup, JPMorgan, Salomon Smith Barney and Colonial. <i>Dip in Business Studies, CFA, CPA, F Fin</i>	4	42
Xing Zhang	Xing is an Investment Executive in the Private Markets team. She started her career in investment banking. <i>B.Eng (Hons), B.Com, GradCert in Entrepreneurship & Innovation</i>	3	4.5

ACIF is overseen by an experienced Board

Director

Background

John Steven
*Chairman and Independent
 Non-executive Director*

John is the non-executive Chairman of ACIF. He is the head of the National Corporate Division and a member of the National Board of Minter Ellison. He practises in the corporate and capital markets area and also has an extensive general corporate practice.
B.Ec, LLB (Hons), DipComLaw

Judith Smith
Independent Non-executive Director

Judith was formerly the Head of Private Equity at IFM Investors and Chair of the IFM Risk Committee. Judith was also a member of the IFM Investments Committee. She also held various investment management roles including more than a decade at National Mutual Funds Management.
B.Ec (Hons), M.AppFin

David Trude
Independent Non-executive Director

David is a senior corporate banking executive with 40 years' experience in a variety of financial services roles in the banking and securities industries. He is the Chairman of Baillieu Holst. David was formerly Managing Director, Australian CEO of Credit Suisse, where he is currently a Consultant. He currently holds several other board positions.

Robert Brown
Director

Robert is an independent director of Acorn Capital and is Chairman of its subsidiary Australian Microcap Investments Pty Ltd. He is a professor of finance in the Department of Finance, University of Melbourne, where his research has focused on security market behaviour.
B.Ec (Hons), M.Ec, GradDipAcc, FCPA, SF Fin

Barry Fairley
Director

Barry is Acorn Capital's Managing Director. He founded Acorn Capital in 1998 and has more than 40 years of investment experience.
Dip of Mining Engineering, SA Fin