

ACORN CAPITAL

NextGen Resources Fund

October 2020



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CAPITAL**

NEXT GENERATION INVESTING

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Important Notice

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Why Acorn & the NextGen Resources Fund?

Resources are part of Acorn Capital's DNA

- Founder was formerly a resources analyst & mining executive

Why the NextGen Resources Fund?

- In-bound demand for a specialist fund in Resources
 - Sector requires strong technical *and* financial analysis
 - Sector is very inefficient but difficult to invest in
 - 20 years of sector learnings & institutional memory
 - Unmatched industry IP & data

Experienced Resources team



Rick Squire
PORTFOLIO MANAGER

Years at Acorn: 4
Years in industry: 9

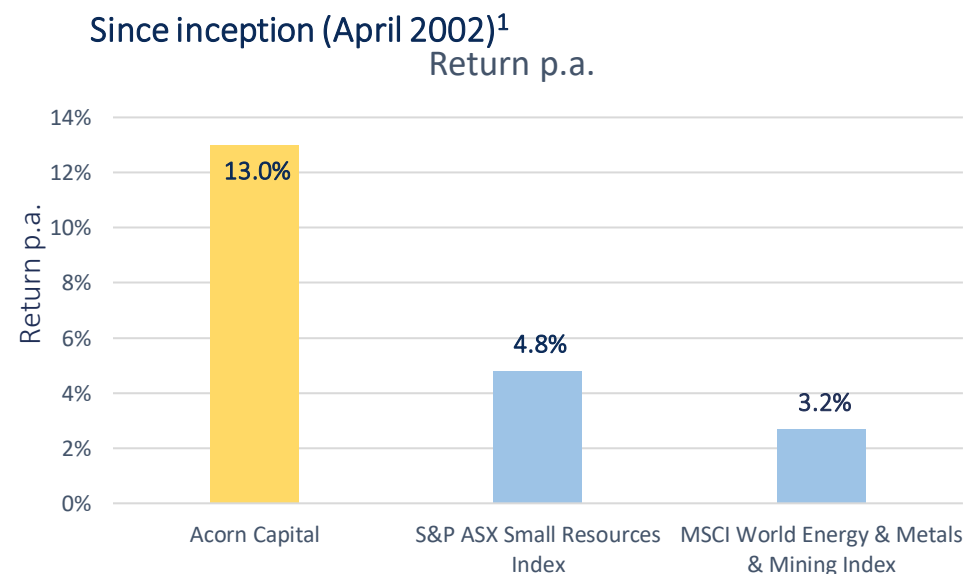
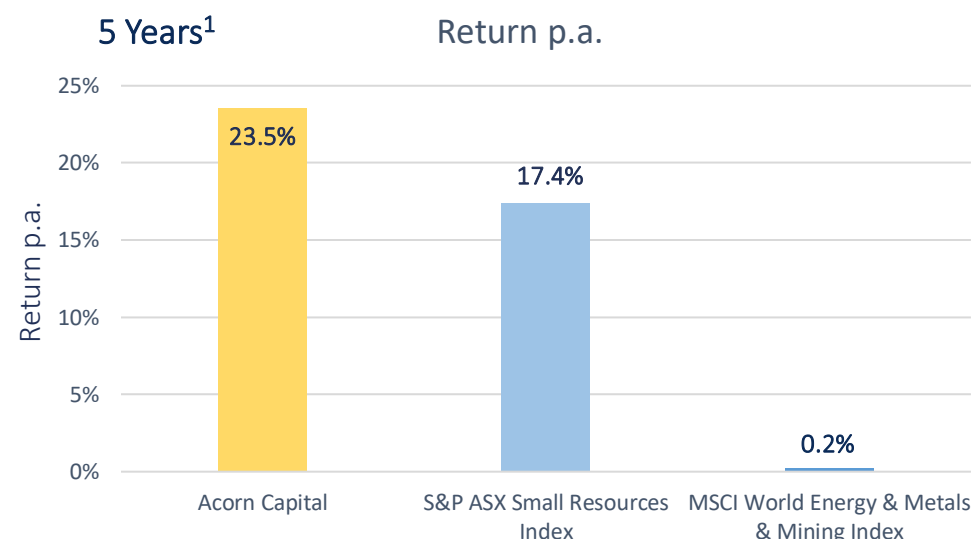


Karina Bader
ANALYST

Years at Acorn: 10
Years in industry: 10

Acorn's track record in Resources

Acorn Capital's Resources portfolio¹ has a strong record versus the relevant indices²



1. Data for the Acorn Resources portfolio includes all actively managed funds between April 2002 and 30 Sep 2020

2. MSCI World Energy & Metals & Mining Index total return is calculated in AUD

The Resources Supercycle



Urbanisation of China & the resources supercycle

- China's urbanisation rate has increased from 18% to 58.5% since 1980²
- The resultant construction boom drove the 'Resources Supercycle'
- Urbanisation is forecast to continue in China, but at a slower rate

Impact on bulk commodities

- Transition from Urban Growth to Urban Consolidation will result in lower growth rates = easing demand for bulk commodities (iron ore and coking coal)
- Urban Consolidation will fuel demand for a different mix of commodities compared to the last Resources Supercycle

NextGen Resources Fund: The Opportunity

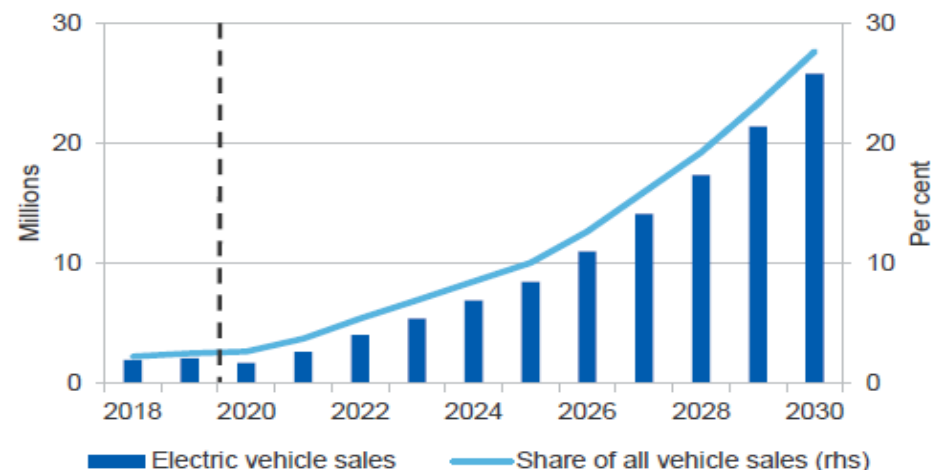


The electric vehicle (EV) boom

- Growing public awareness of climate-change risks (Greta Thunberg)
- Mandatory government policies on emission standards (e.g., ban on new petrol, diesel & hybrid cars in London from 2035)
- At least 30 new EV models scheduled for release in 2020 in Europe & US alone
- Tesla's upstream move in lithium: building a lithium refinery in Texas & developing lithium-clay project in Nevada

Rapidly approaching wave of demand for EV metals, such as lithium, nickel, the rare earth elements and copper

Figure 15.3: Long-term electric vehicle sales projection



Source: International Energy Agency (2019); BloombergNEF (2020); Department of Industry, Science, Energy and Resources (2020)

NextGen Resources Fund: The Opportunity

Gold – a perfect storm!

- Gold prices near all-time highs
 - USD gold
 - AUD gold
- Downward pressure on cost base
 - Low oil prices
 - Low wage pressure (rising unemployment)
- Ongoing global uncertainty
 - COVID-19
 - Ballooning government debt
 - Recession fears
 - US-China & US-Iran tensions
 - US election



Gold (AUD\$/oz)



NextGen Resources Fund: The Opportunity

Agricultural products (e.g., potash)

- Improved diets in developing countries = more fruit vegetables & tree nuts
- High-value crops require chlorine-free potash fertilizer
- Rising demand for specialty fertilisers (e.g., sulfate of potash (SOP))



Specialty metals & minerals

- Advanced technologies require high-purity metals & minerals
 - Halloysite – nanotubes
 - High-purity quartz – semi-conductors

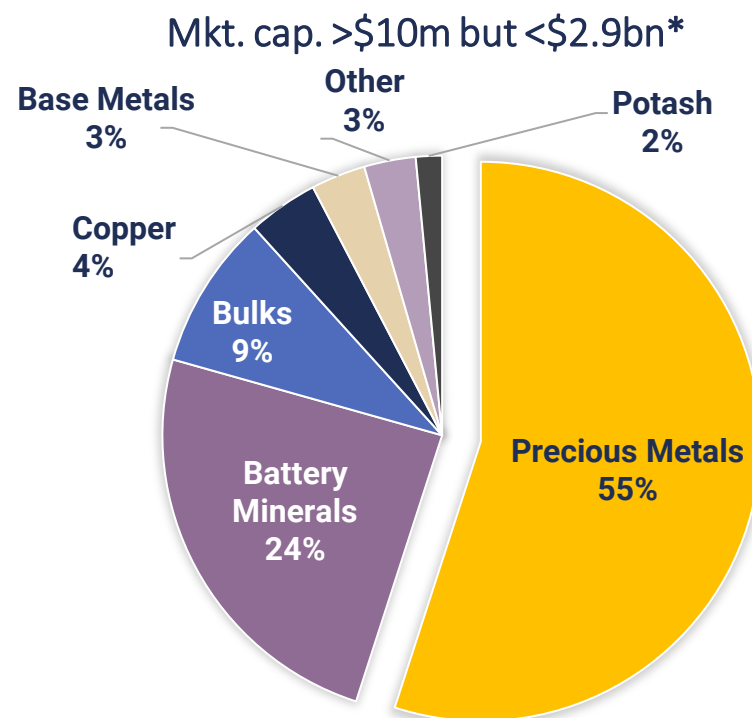
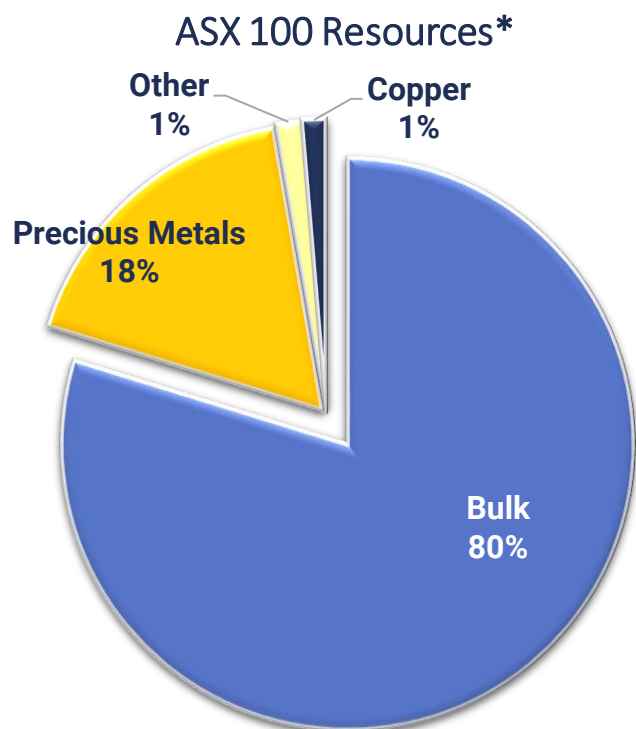
Energy

- Oil prices recently collapsed but could rebound quickly (nb. coincident collapse in US oil production)
- Uranium spot prices are slowly rising in response to supply restrictions



NextGen Resources Fund: The Opportunity

Resources companies outside the ASX top-100* are commodity diversified compared to ASX top-100



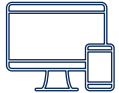
Commodity Type	No. of Companies (10)
Bulks	5
Gold	3
EV Metals	0
Copper	1
Base Metals#	0
Potash	0
Other	1

Commodity Type	No. of Companies (299)
Bulks	33
Gold	113
EV Metals	72
Copper	25
Base Metals#	21
Potash	11
Other	24

NextGen Resources Fund

Investment Process

October 2020

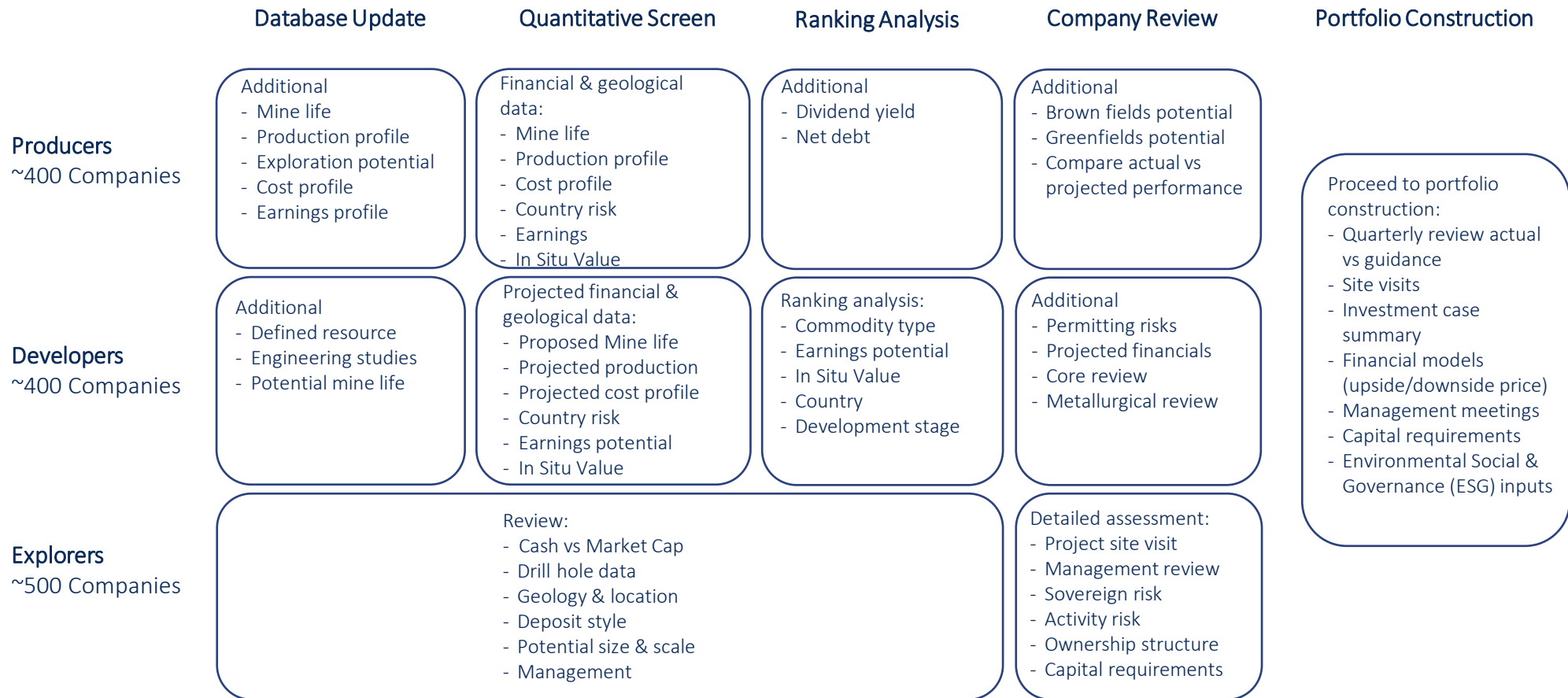


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How we invest

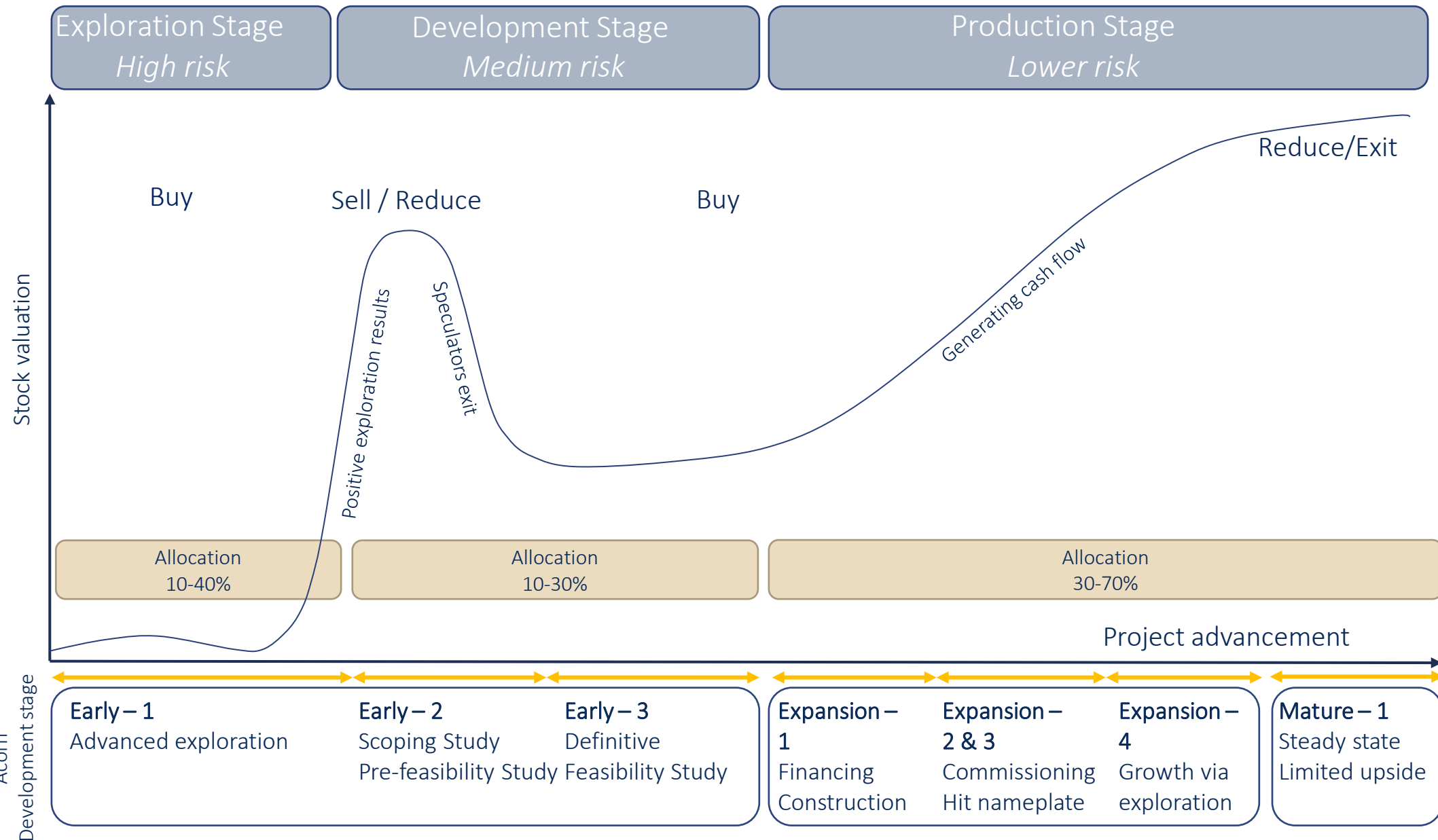
Acorn Capital's Resources database: >1,300 companies >6,700 resources



← Quantitative Qualitative →

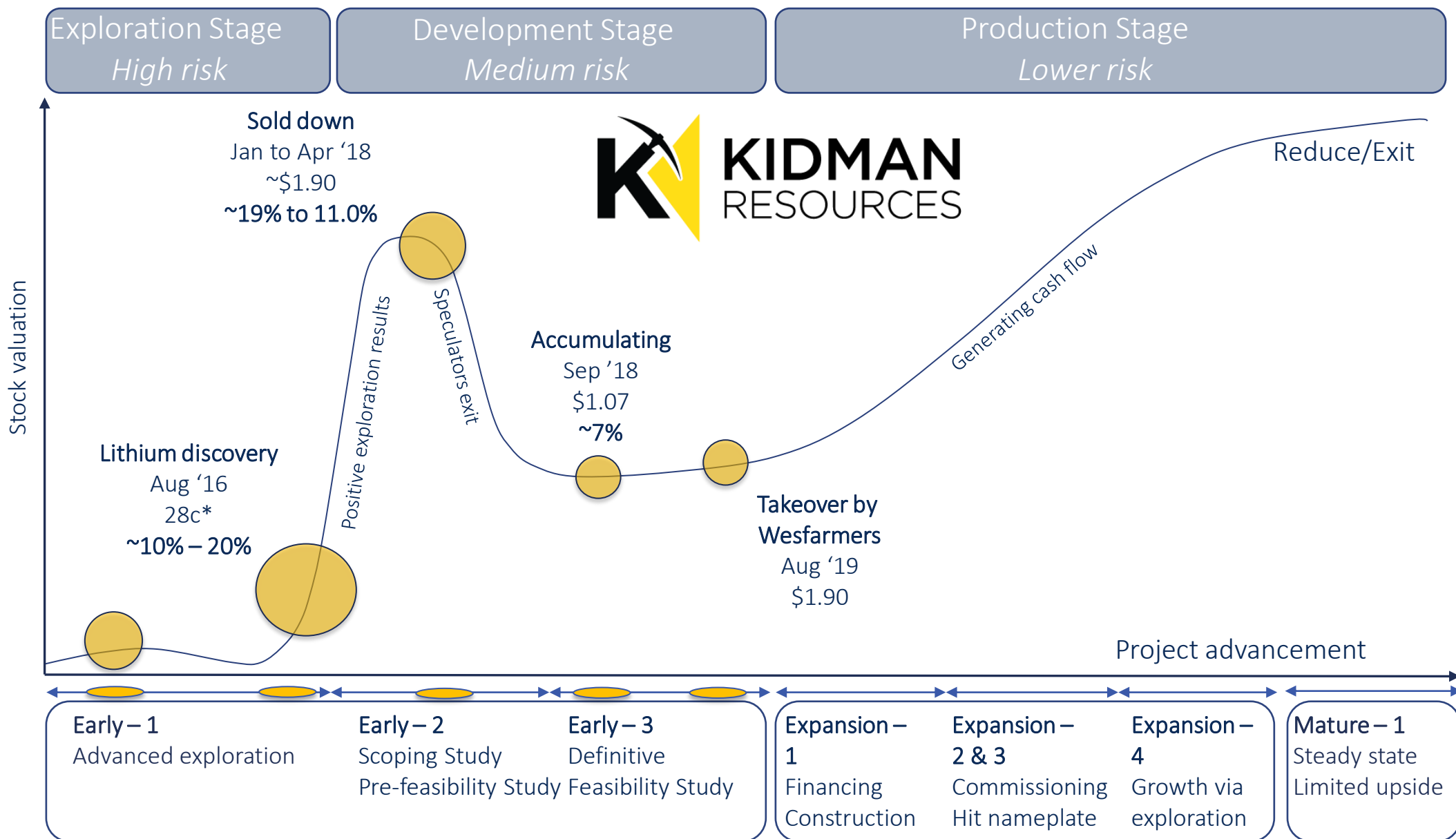
Investment strategy – Project Development Stages

Lassonde Curve – value cycle from exploration to mining



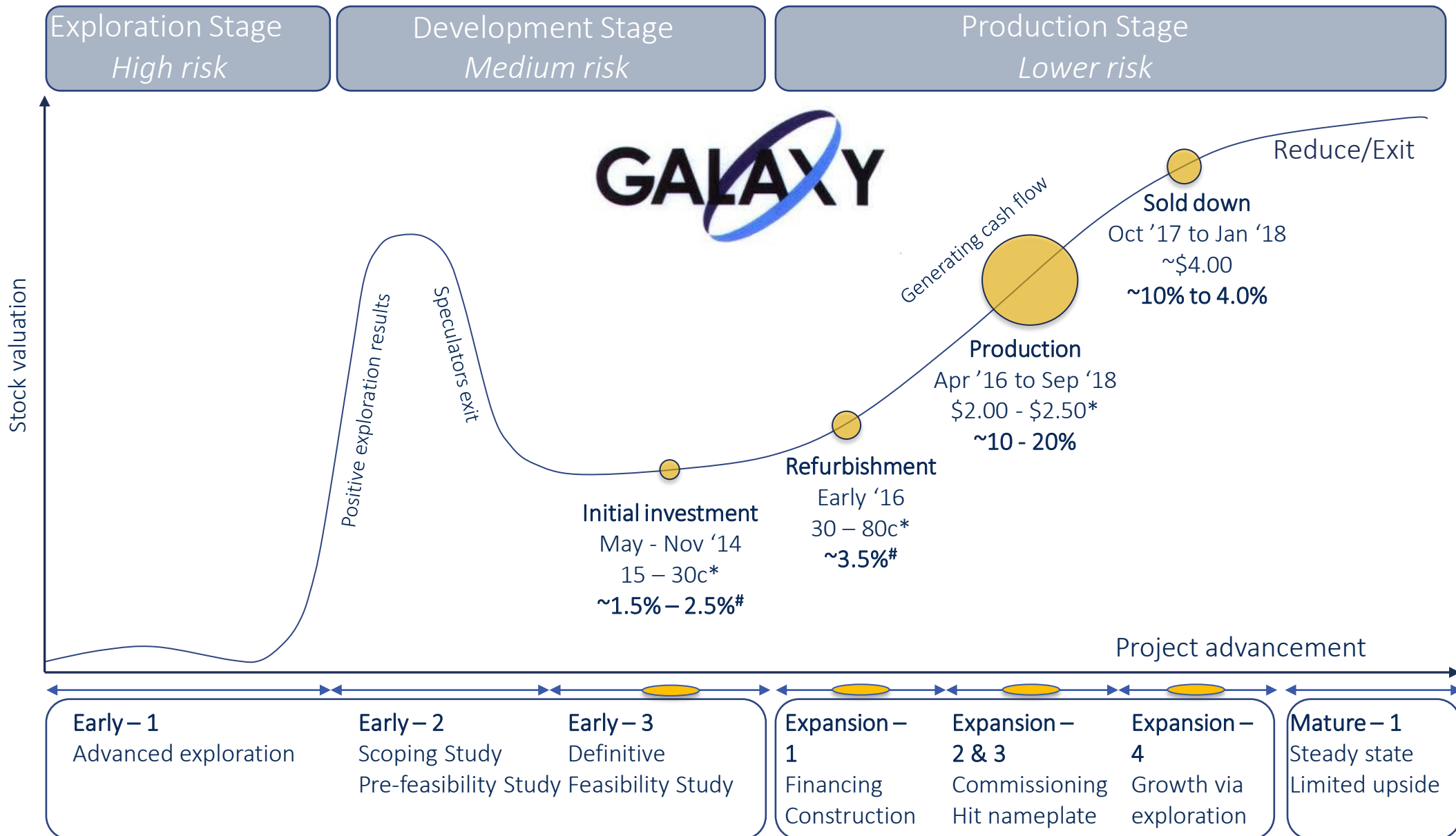
Case Studies – Explorer to Developer

Lassonde Curve – value cycle from exploration to mining

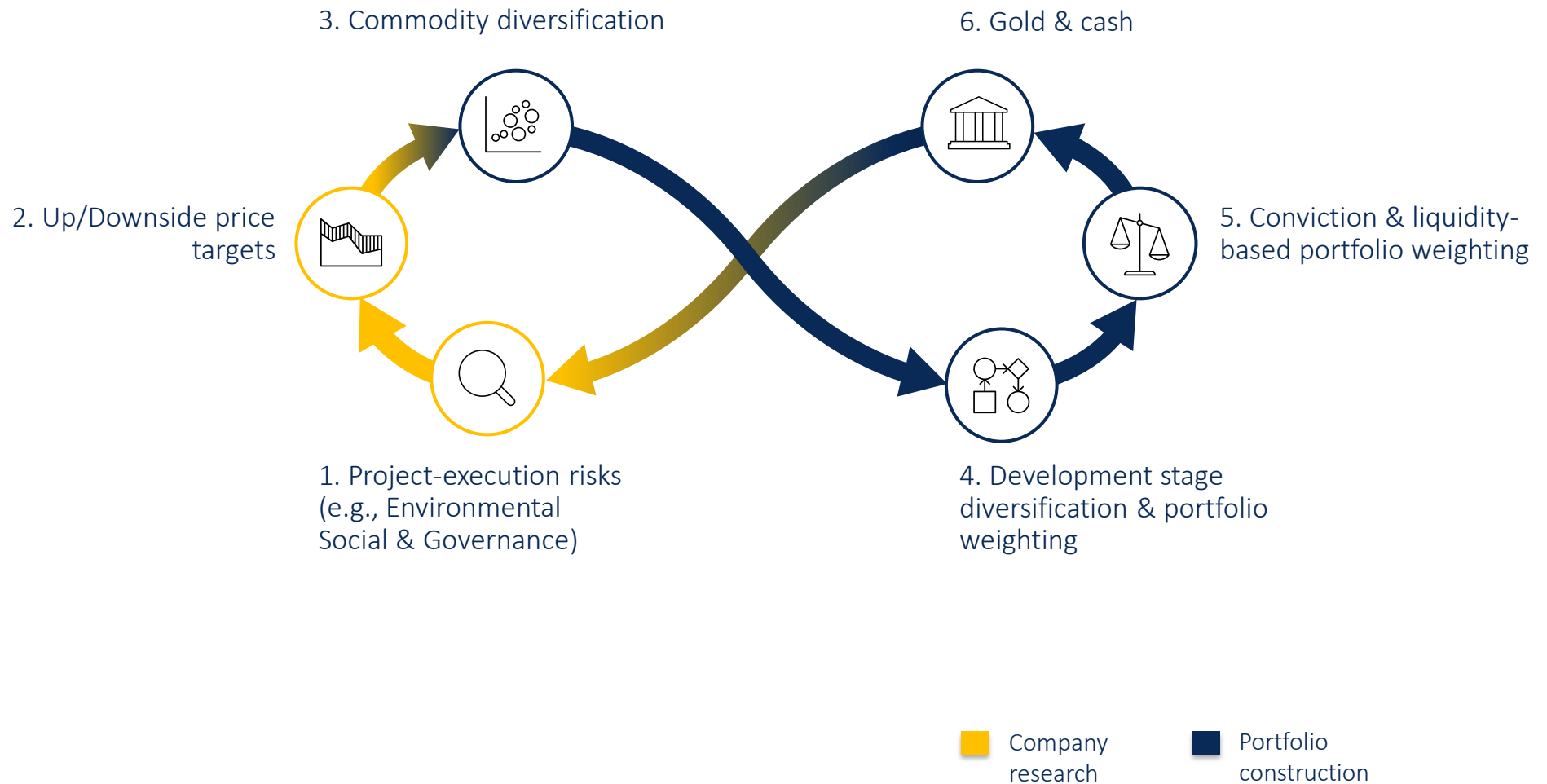


Case Studies – Developer to Producer

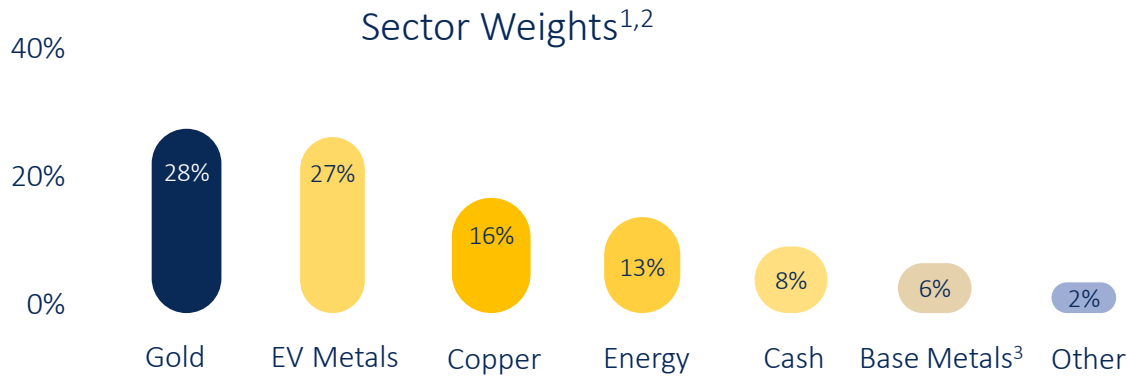
Lassonde Curve – value cycle from exploration to mining



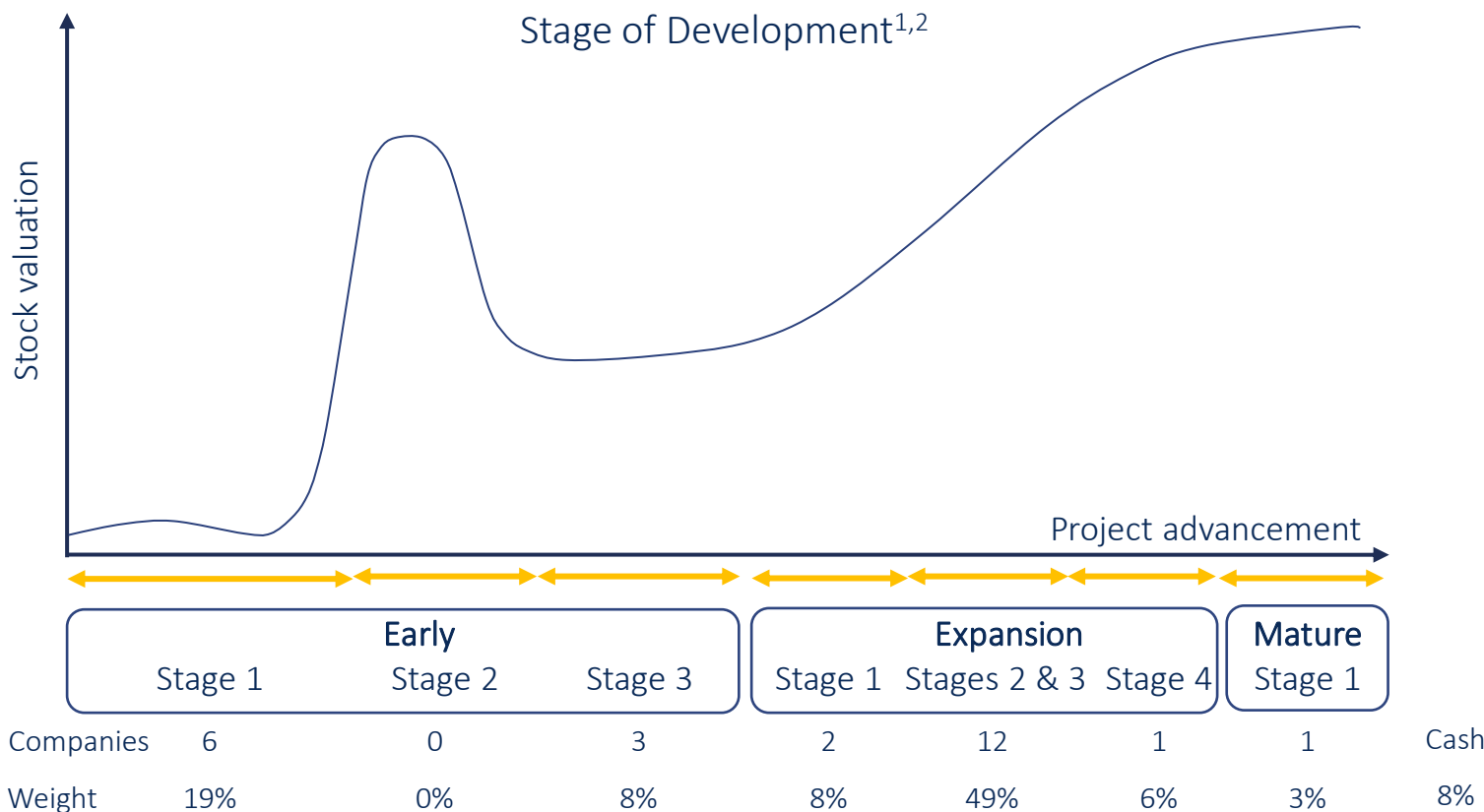
Risk management - Summary



Initial Portfolio composition¹



Sustainable Development Goals (SDG) contributions⁴



1. Weights and positions are targets as at 30 September 2020.

2. Rounding errors mean totals do not add up to 100%

3. Mainly lead and zinc (excludes copper)

4. Top 5 contributors based on estimates by Acorn Capital

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Performance & Fund Summary

October 2020



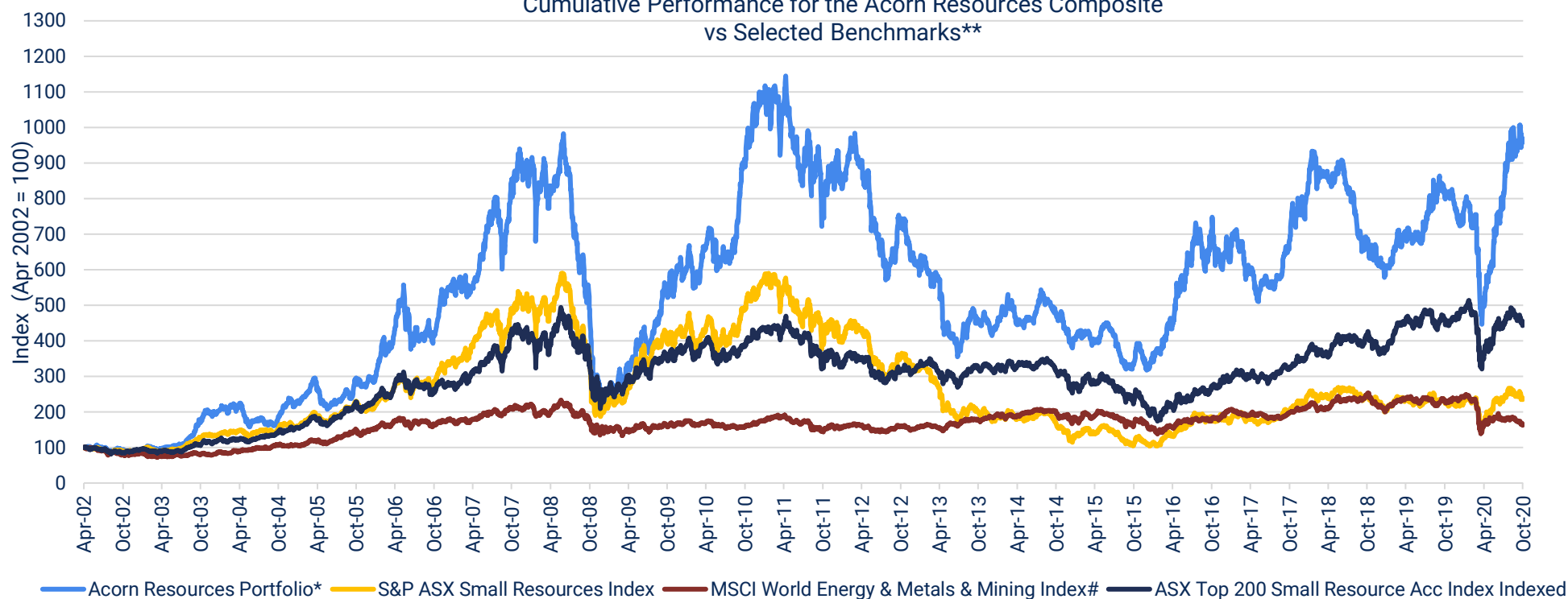
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Acorn Resources Portfolio Performance¹



Performance ¹	1 Month	3 Months	6 Months	12 Months	3 Years p.a.	5 Years p.a.	Since Inception p.a.
Acorn Resources Portfolio	1.2%	22.1%	92.1%	16.1%	12.2%	23.5%	13.0%
S&P ASX Small Resources Index	-4.8%	0.9%	38.5%	2.4%	5.8%	17.4%	4.8%
MSCI World Energy & Metals & Mining Index	-6.5%	-9.0%	-0.9%	-30.1%	-6.3%	0.2%	2.7%
ASX Top 200 Small Resource Acc Index	-5.3%	-0.4%	27.0%	-3.9%	11.4%	14.3%	8.4%

Cumulative Performance for the Acorn Resources Composite vs Selected Benchmarks**



1. Data for the Acorn Resources portfolio includes all actively managed funds between April 2002 and 30 Sep 2020

2. MSCI World Energy & Metals & Mining Index total return is calculated in AUD

NextGen Resources Fund

Summary of features

Type	Unregistered Unit Trust	
Objective	Exceed the returns of the benchmark over rolling 3-year periods	
Benchmark	S&P ASX Small Resources Accumulation index	
Investment universe	Australian equities ^{1,2,3}	Up to 100%
	Global equities ⁴	0% - 10%
	Unlisted investments ^{5,6}	0% - 15%
	Cash	0% - 20%
Stock #	25 – 40	
Liquidity	Daily	
Investment timeframe	3 - 5 years	
Distributions	Annually	
Capacity	\$50m (soft)	
Management fee	1.10% ⁷	
Performance fee	20% of returns in excess of the benchmark ^{8,9,10}	

Market capitalisation	Minimum market cap. of A\$10m at time of purchase Must be ex-ASX100 at time of purchase	
Lifecycle stage risk guidelines	Seed / start up	0% - 10%
	Early 1 st stage	10% - 40%
	Early 2 nd & 3 rd stage	10% - 20%
	Expansion & Mature 1 st stage	30% - 70%
	Mature 2 nd stage	0%
Borrowing	The fund is permitted to borrow up to 5% of NAV to apply to redemptions Borrowings may not be used to leverage or gear the fund	
Shorting	The fund is long only The fund is not permitted to short sell securities	
Trustee	Acorn Capital Ltd.	

1. Outside the ASX100 at time of purchase. Up to 20% of fund's net assets can be held in Australian companies that subsequently grow into ASX100. Positions in ASX100 companies must be sold within 18 months of entering the index
2. Gold companies may comprise up to 60% of net assets
3. No further purchases can be made in any company that exceeds 10% of the fund's net assets
4. Global equities will only be included where gaps occur in the Australian market (e.g., quality silver & copper producers/explorers). Focus will be on TSX-listed stocks
5. Positions will only be taken in Australian unlisted companies where a liquidity event (e.g., IPO, trade sale) is likely within 6-12 months
6. Unlisted securities may include equity and convertible notes
7. Exclusive of expense recoveries of 15bp (excludes deal related legal fees and deal transaction costs)
8. Subject to prior High-Water Mark (HWM) being exceeded (no HWM resets allowed)
9. Calculated after management costs and expense recoverables have been deducted
10. Calculated daily and paid quarterly

In the Press

Rick and Karina have been featured in the Australian Financial Review and in online publications talking about the recently launched NextGen Resources Fund.



FINANCE NEWS NETWORK
 Live Streaming Investor
 Tuesday, 22 September at 11.30pm AEST
 Network, Marmosa Group, Mitchell S

News Categories - Funds Management - Expert Insights - Media Releases - Investor Events -

Acorn Capital on investing in resources stocks
 by Anna Marshall | June 24, 2020 02:10 PM

Acorn Capital on investing in resources stocks, June 2020

Rick Squire, Portfolio Manager
 Acorn Capital



FINANCIAL REVIEW

Mining's next super cycle will be low carbon

Over their long careers working both as geologists and investors, Acorn Capital's Rick Squire and Karina Bader have developed a few rules of thumb about investing in the resources sector.

If a financier, accountant or lawyer is running a junior explorer, be concerned. And someone who has made a discovery has a better chance of doing it again - but still needs funds, persistence and luck.

Jemima Whyte
 Senior reporter

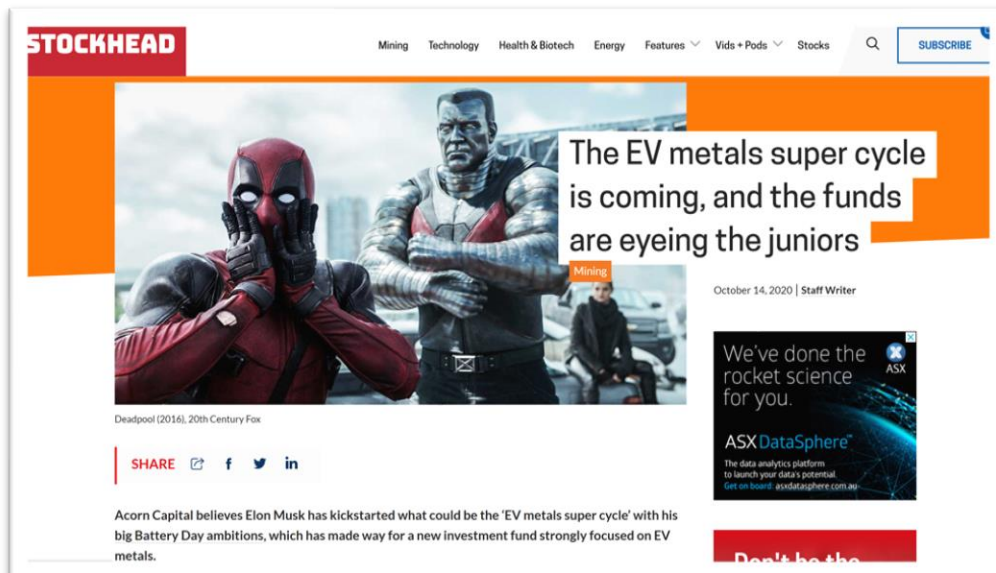
Aug 31, 2020 - 12:00am

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RELATED QUOTES

ACQ	\$1.25
LYC	\$2.71
DCN	\$0.38

Acorn Capital's Melbourne-based Rick Squire has a Zoom meeting with Karina Bader. Josh Rebenstone



STOCKHEAD

Mining Technology Health & Biotech Energy Features Vids + Pods Stocks

The EV metals super cycle is coming, and the funds are eyeing the juniors

October 14, 2020 | Staff Writer

ASX DataSphere
 We've done the rocket science for you.
 The data analytics platform to launch your data's potential.
 Get on board: asxdatasphere.com.au

Acorn Capital believes Elon Musk has kickstarted what could be the 'EV metals super cycle' with his big Battery Day ambitions, which has made way for a new investment fund strongly focused on EV metals.



FINANCE NEWS NETWORK
 Live Streaming Investor
 Tuesday, 22 September at 11.30pm AEST
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News Categories - Funds Management - Expert Insights - Media Releases - Investor Events -

Acorn Capital on successful investing in junior resource stocks
 by Rachael Jones | August 31, 2020 07:25 AM

Acorn Capital on successful investing in junior resource stocks, August 2020

Karina Bader, Resources and Energy Analyst
 Acorn Capital

NextGen Resources Fund

Appendices

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The business

- Established in 1998
 - Pioneered microcap or emerging company investing in Australia
 - Australia's longest running microcap fund manager
- 50% owned by staff & directors, 50% owned by  Australian Unity
 - Aligned and incentivised management
 - Corporate backed
- Microcap / Emerging Companies specialist:
 - Emerging Companies (mandates, ASX:ACQ)
 - Emerging Companies (unlisted companies)
- Experience/capabilities

Our people



Robert Routley

PORTFOLIO MANAGER &
CEO
Years at Acorn: 13
Years in industry: 22



Rick Squire

PORTFOLIO MANAGER
Years at Acorn: 4
Years in industry: 9



Paul Palumbo

PORTFOLIO MANAGER &
HEAD OF PORTFOLIO IMPLEMENTATION
Years at Acorn: 13
Years in industry: 15



Karina Bader

ANALYST
Years at Acorn: 10
Years in industry: 10



Robert Bruce

PORTFOLIO MANAGER &
HEAD OF RESEARCH
Years at Acorn: 6
Years in industry: 23



Matthew Sheehan

INVESTMENT DIRECTOR
Years at Acorn: 11
Years in industry: 15



James Douglas

INVESTMENT DIRECTOR
Years at Acorn: 2.5
Years in industry: 25



Brian Gan

ANALYST
Years at Acorn: 5
Years in industry: 5



Ben Dalling

PORTFOLIO MANAGER
Years at Acorn: 6
Years in industry: 22



Xing Zhang

ANALYST
Years at Acorn: 7
Years in industry: 14*

Team Biographies

Robert Routley

Robert Routley is Acorn Capital's Chief Executive Officer and is responsible for the strategic direction and management of the Company, as well as product management responsibilities for private/unlisted investments undertaken by Acorn Capital. Rob joined Acorn Capital in 2007. Rob commenced his career with PwC and prior to joining Acorn Capital held investment management roles with Colonial First State Private Equity and Baron Corporation. Rob holds a Bachelor of Commerce and Master of Business Administration from the University of Melbourne.

Paul Palumbo

Paul Palumbo is a Portfolio Manager and Head of Portfolio Implementation with responsibility for the Healthcare and Biotechnology sectors, undertaking fundamental research of companies within those sectors and selecting stocks for inclusion in client portfolios, as well as portfolio dealing and construction in which he manages relations with market counterparties, transacts on clients' behalf and conducts portfolio data analysis and construction. Paul joined Acorn Capital in 2007. Paul began his career at PwC and IBM Business Consulting. Paul holds a bachelor of Business Information Systems and a Graduate Diploma in Applied Finance and Investment.

Rick Squire

Rick Squire is a Portfolio Manager for the Energy and Materials – Resources sectors. He is a geologist with over 25 years of experience in the resources industry, including 9 years in mining finance and investment. Rick joined Acorn Capital 4 years ago after working at Deutsche Bank and TrailStone Group. Prior to this, Rick was a Research Fellow at The University of Melbourne and Monash University where he held industry-supported positions investigating the genesis of world-class gold and base-metal deposits. Rick holds a Bachelor of Science (Hons) from Monash University and a PhD (Geology) from The University of Tasmania.

Karina Bader

Karina Bader is the Analyst conducting the fundamental investment research on companies & selecting investments for client portfolios in the Resources and Energy sectors. Karina joined Acorn Capital in 2009. A geologist by training, Karina's career began over 25 years ago as a project geologist with resources companies and consultants primarily in gold exploration. Karina holds a Bachelor of Science (Hons) from Monash University and a Master of Business Administration (Tech Mgt) from Deakin University.

Team Biographies

Matthew Sheehan

Matthew Sheehan is an Investment Director, responsible for the origination, assessment and ongoing management of private investments, with a particular focus on the structuring and documentation of unlisted investments. He is also the Legal Counsel and Company Secretary of both Acorn Capital and ACQ. Matt began his career as a private practise lawyer and worked at firms in Melbourne, New York and London. Prior to joining Acorn Capital in 2009, Matt worked at Macquarie Group as the General Counsel and Company Secretary of various listed and unlisted infrastructure funds. Matt holds a Bachelor of Economics (Hons) from Monash University, as well as a Bachelor of Laws (Hons) and Masters of Applied Finance from the University of Melbourne.

Brian Gan

Brian Gan is an Analyst who assists the Portfolio Managers in the undertaking of fundamental investment research on companies within their sectors. Brian joined Acorn Capital in 2015 following the completion of his Masters of Finance from the University of Melbourne.

Xing Zhang

Xing Zhang is a Fund Manager who is responsible for the Female Leaders Fund. She works alongside the Head of Private Markets, the Investment Directors and the Portfolio Managers to assess, value and manage private investment opportunities. Xing began her career in investment banking with Macquarie Capital in Hong Kong and later moved to London and New York. She has also worked at River Capital, where she was the Investment Analyst and responsible for reviewing a listed equities portfolio. Xing holds a Bachelor of Engineering (Hons) and a Bachelor of Commerce from the University of Melbourne, as well as a Graduate Certificate of Entrepreneurship and Innovation from Swinburne University.

James Douglas

James Douglas is an Investment Director with responsibility for the origination, execution and monitoring of Acorn Capital's private investments. Following a 16-year investment banking career in Australia and the United States, including senior leadership roles at UBS, Merrill Lynch and Citibank, James founded Newmarket Capital, which focuses on investments in Australian hardware and physical technology companies. James is the Chairman of Carbon Revolution, a Geelong-based carbon fibre wheel manufacturer and Quickstep Holdings an ASX-listed aerospace advanced composite manufacturer. James holds a Bachelor of Science and Bachelor of Laws from the University of Melbourne.

Robert Bruce

Robert Bruce is Head of Research and Portfolio Manager for the Consumer Discretionary, Consumer Staples and Information Technology sectors, undertaking fundamental investment research on companies within those sectors and selecting stocks for inclusion in client portfolios. Rob joined Acorn Capital in June 2014 from CLSA where he spent 13 years in equity research. He also previously held research roles at UBS Warburg, Kaplan Funds Management and Westpac Institutional Bank.

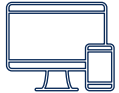
Ben Dalling

Ben Dalling is a Portfolio Manager/Analyst with responsibility for the Industrials, Financials and Utilities sectors, undertaking fundamental investment research on companies within those sectors and selecting stocks for inclusion in client portfolios. Ben joined Acorn Capital in 2014. Prior to joining Acorn Capital Ben worked for 20 years as a sell side analyst, most recently with Citigroup where he was the Head of Small Cap research. Ben holds a Bachelor of Economics (Hons) from LaTrobe University and a Master of Commerce from the University of Melbourne.

NextGen Resources Fund

Thank you

October 2020



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