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Acorn Capital Investment Fund Limited
ABN 25 167 595 897

Notice of Annual General Meeting ('Notice')

and

Explanatory Memorandum to Shareholders ('EM')

A voting form is enclosed at Annexure B

Please read the Notice and EM carefully.

If you are unable to attend the meeting please complete and return the enclosed voting form at Annexure B, in accordance with the specified instructions.

Acorn Capital Investment Fund Limited ABN 25 167 595 897 (Company)

Notice of annual general meeting

Notice is given that the 2026 annual general meeting (**Meeting** or **AGM**) of members of the Company will be held at the West Tower Suite of the Sofitel Melbourne on Collins, 25 Collins Street Melbourne VIC 3000, on Thursday, 19 November 2026 at 10.00am (Melbourne time).

Agenda items

1 Financial report

To receive and consider the financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2026, as set out in the 2026 Annual Report.

2 Remuneration Report

To consider, and if thought fit, pass the following resolution:

That the Remuneration Report for the financial year ended 30 June 2026 is adopted.

Note: The vote on this resolution is advisory only and does not bind the directors or the Company. A voting exclusion applies to this resolution.

3 Re-election of directors

Re-election of Clark Morgan as a director

To consider, and if thought fit, pass the following resolution:

That Clark Morgan, who retires under clause 65 of the Company's constitution, and being eligible, is re-elected as a director of the Company.

4 Approval to enter into a new management agreement with Acorn Capital Limited (ABN 51 082 694 531)

To consider and, if thought fit, pass the following resolution:

That the Company be authorised to enter into a new management agreement with Acorn Capital Limited (ABN 51 082 694 531) (the Manager)

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on terms summarised in the EM, Schedules and Annexure and including any amendments that may be required by ASX.

Entitlement to vote

The board of directors of the Company (**Board**) has determined, in accordance with the Company's constitution and under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) (**Corporations Regulations**), that for the purposes of the AGM, persons who are registered holders of shares in the Company at **7pm (Melbourne time) on Tuesday, 17 November 2026** will be entitled to attend and vote at the Meeting as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Consistent with the *Corporations Act 2001* (Cth) (**Corporations Act**), all voting on the resolutions specified in the Notice will be by way of a poll and not by way of a show of hands.

Voting exclusions

Item 2 of the Notice

The Company will disregard any votes cast on the resolution contemplated by Item 2 of the Notice:

- by or on behalf of a member of the Company's key management personnel (**KMP**) named in the Remuneration Report for the financial year ended 30 June 2026 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the annual general meeting or their closely related parties,

unless the vote is cast as proxy for a person who is entitled to vote on the resolution contemplated by Item 2 of the Notice, and the vote is cast:

- in accordance with a direction in the voting form included at Annexure B of this Notice; or
- by the Chairperson of the meeting pursuant to an express authorisation to exercise the proxy as the Chairperson sees fit even though the resolution is connected with the remuneration of a member of the KMP of the Company.

KMP of the Company include the directors of the Company.

Closely related party is defined in section 9 of the Corporations Act and includes a KMP's spouse, dependants and certain other close family members as well as any companies controlled by a member of the KMP.

Item 4 of the Notice

In accordance with Listing Rule 14.11 and ASX Guidance Note 26, the Company will disregard any votes cast in favour of the resolution contemplated by Item 4 of the Notice by or on behalf of the Manager and its associates (as that term is defined in the ASX Listing Rules) unless the vote is cast as proxy for a person who is entitled to vote on the resolution contemplated by Item 4 of the Notice, and the vote is cast:

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- in accordance with a direction in the voting form included at Annexure B of this Notice; or
- by the Chairperson of the meeting pursuant to an express authorisation to exercise the proxy as the Chairperson sees fit.

Direct voting

A shareholder can cast a direct vote by marking the "Vote Directly" box in step 1 of the voting form and the 'for', 'against' or 'abstain' box in step 3 of the voting form. Direct voting provides shareholders with an alternative to appointing a proxy to vote on their behalf.

If no direction is given by a shareholder on a resolution (i.e. if the shareholder does not mark any box for the resolution), the shareholder's vote will be invalid for that resolution.

Proxies

A shareholder entitled to vote has a right to appoint a proxy to vote on behalf of the shareholder. A proxy need not be a shareholder of the Company and can be either an individual or a body corporate.

Unless the Chairperson of the meeting is your proxy, the KMP of the Company (which includes each of the directors) and their closely related parties will not be able to vote your proxy on the resolution contemplated by Item 2 in this Notice, unless you direct them how to vote. If you intend to appoint such a person as your proxy, please ensure that your proxy is directed how to vote on the resolutions contemplated by Item 2 in this Notice by marking the voting box(es) for that resolution.

The Chairperson of the meeting acting as proxy

A shareholder may appoint the Chairperson of the meeting as proxy. In addition, if you direct your proxy how to vote but your proxy does not attend the meeting or does not vote on a resolution, the Chairperson of the meeting will be taken to have been appointed as your proxy and is required to vote proxies as directed.

If the Chairperson of the meeting is your proxy (or becomes your proxy by default) and you do not mark a voting box for the resolution contemplated by Item 2 in the Notice, then by completing and returning the voting form, you will be expressly authorising the Chairperson of the meeting to vote as he or she sees fit in respect of the resolution contemplated by Item 2 in the Notice even though the resolution is connected with the remuneration of the Company's KMP.

The Chairperson of the meeting intends to vote all available proxies in favour of the resolutions contemplated by each item of business.

Appointing two proxies

A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes. However, neither proxy may vote on a show of hands.

Appointing a body corporate representative as a proxy

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

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- appoints an individual as its corporate representative to exercise its powers at the meeting in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

Lodgement of voting forms

A voting form accompanies this Notice at Annexure B and to be effective, must be received at the company's share registry by **no later than 10am (Melbourne time) on Tuesday 17 November 2026**.

Voting forms may be lodged:

- electronically at www.investorvote.com.au;
- by mail to Computershare Investor Services Pty Limited
  GPO Box 242
  Melbourne Vic 3001; or
- by facsimile: 1800 783 447 (within Australia) or +61 9473 2555 (outside Australia)

Appointing an attorney to vote

Where a shareholder appoints an attorney to act on his/her behalf at the meeting, such appointment must be made by a duly executed power of attorney. The power of attorney or a certified copy must be received by the Company at the company's share registry by **no later than 10am (Melbourne time) on Tuesday 17 November 2026** in the manner set out above.

Corporate representatives

A body corporate that is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the annual general meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should provide to Computershare evidence of his or her appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

Custodian voting

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Explanatory Memorandum

Further details are contained in the Explanatory Memorandum accompanying and forming part of this Notice.

By Order of the Board

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20 October 2026



Company Secretary

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Acorn Capital Investment Fund Limited ABN 25 167 595 897

Explanatory Memorandum to shareholders

This Explanatory Memorandum (**EM**) has been prepared to help shareholders understand the business to be put to shareholders at the forthcoming annual general meeting (**Meeting** or **AGM**). For the avoidance of doubt, this EM forms part of the Notice and should be read together with the Notice.

1 Financial report

The Corporations Act requires:

- the reports of the directors and auditors; and
- the annual financial report, including the financial statements of the Company,

for the financial year ended 30 June 2026, to be laid before the Meeting. Neither the Corporations Act nor the Company's constitution requires a vote of shareholders on the reports or statements. However, shareholders as a whole will be given a reasonable opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to shareholders as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders can access a copy of the annual report on the Company's website at https://www.acorncapital.com.au/funds/acorn-capital-investment-fund-asxacq/

2 Remuneration Report

The Corporations Act requires the Company to put a resolution to shareholders, at the Meeting, to adopt the Company's Remuneration Report.

The Company's Remuneration Report for the financial year ended 30 June 2026 is found within the directors' report starting on page 19 of the Company's 2026 Annual Report.

The Company's Remuneration Report outlines remuneration policy and arrangements for the Company's key management personnel. The Company has no employees, only non-executive directors, and therefore does not have a remuneration policy for employees. Details of the non-executive directors' remuneration arrangements can be found on page 20 of the Company's Annual Report.

The vote on this resolution is advisory only and does not bind the directors or the Company. However, the Board will consider the outcome of the vote when reviewing the Company's remuneration policy.

Note: A voting exclusion applies to this resolution, as set out in the Notice.

Board recommendation

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The Board unanimously recommends that shareholders vote **in favour** of the adoption of the Remuneration Report.

3 Re-election of directors

Under clause 65 of the Company's constitution, no director, who is not the managing director, may hold office for a continuous period in excess of three years or until the third Meeting following the director's appointment or election, whichever is the longer, without submitting for re-election. In accordance with this rule, Clark Morgan retires and being eligible, offers him for re-election. His biographical details are set out below.

Clark Morgan

Clark is an experienced investment banking and wealth management professional. Having spent over 40 years in senior executive and board positions. He spent 17 years at McIntosh Securities/Merrill Lynch and was a member of the Executive Boards and CEO of the wealth management business unit. Clark was also Managing Director, CEO and Vice Chairman over a period of 15 years at UBS Wealth Management. Clark was a key member of a small group that undertook a Management Buyout of the UBS Australia Wealth Management business to establish Crestone Wealth Management in 2016 and subsequently negotiated and managed its sale to LGT in 2023. Clark holds a Bachelor of Economics and Bachelor of Laws from Monash University.

Board recommendation

The Board (with Clark Morgan abstaining) unanimously recommends that shareholders vote **in favour** of the re-election of Clark Morgan.

4 New management agreement with Acorn Capital Limited (ABN 51 082 694 531)

Background

Acorn Capital Limited (ABN 51 082 694 531) (**Manager**) has been the manager of the Company since its inception pursuant to a management agreement dated 11 March 2014 (as amended on 5 October 2018), (**Existing Management Agreement**). At the annual general meeting of the Company on 16 November 2018, the Company's shareholders approved a resolution to extend the term of the Existing Management Agreement and this term expired on or about 16 November 2025. The Existing Management Agreement cannot be further renewed and now continues on its existing terms unless terminated with not less than three months' written notice in accordance with its termination provisions.

Proposal

The Manager and the Board now propose that a new management agreement, with a 5-year term, governing the terms on which the Manager will provide investment management services to the Company (**New Management Agreement**) be entered into between the Company and Manager.

The New Management Agreement contains an operative provision which formalises the parties agreement to terminate the Existing Management Agreement from the Effective

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Date (as defined below), including a waiver of the three month notice period for termination prescribed under the Existing Management Agreement. Termination of the Existing Management Agreement will occur simultaneously with commencement of the New Management Agreement.

Information about the Manager – General[1]

The Manager is a Melbourne-based specialist microcap fund manager that was founded in 1998. The Manager was one of the pioneers among specialised institutional fund managers in Australia to invest exclusively in the microcap sector and holds Australian Financial Services Licence No. 227605.

The Manager manages a range of institutional and retail investment strategies across listed and unlisted microcap equities.

Acorn's investment process is research-driven and focuses on bottom-up stock selection in a structured, methodical and thorough manner, seeking to exploit pricing inefficiencies that arise from a relative lack of research coverage of microcap companies. Acorn's investment team has an average of more than two decades of relevant experience, supported by strong corporate governance through Acorn's board and its internal compliance and legal functions.

The investment team includes sector specialists across resources and energy, industrials, information technology, materials, consumer and healthcare sectors, together with dedicated private markets research and execution capability, providing depth of coverage across the full range of ASX industry sectors relevant to the microcap universe.

Information about the Manager – Investments and investment strategy

The authorised investments and investment parameters that will apply under the Manager's investment mandate are, in summary, expected to continue to be as follows:

- The Company's primary objective will be to achieve after-fee returns on the portfolio in the long term that are higher than the S&P/ASX Small Ordinaries Accumulation Index, through long-term capital growth by way of investment in a diversified portfolio of listed and unlisted microcap companies with an Australian nexus.
- The portfolio has been constructed using a disciplined, research-driven investment process implemented by experienced sector specialists, diversified across industry sectors and initially weighted towards listed microcap investments, with unlisted microcap investments (with an Australian nexus) made where they represent relatively more attractive risk-adjusted opportunities.
- The Manager will undertake relative valuation analysis when assessing unlisted investment opportunities, comparing each opportunity against the most comparable listed microcap peer set and having regard to risks such as reduced liquidity and transactional complexity. The Manager will conduct frequent valuations of unlisted holdings and will consider, on any liquidity event, whether the resulting value is consistent with comparable listed companies and other observable transactions.

The Manager has a long-term track record in this sector, having operated a substantially similar listed and unlisted microcap strategy on behalf of institutional clients since 2009, and as at 30 June 2026managed approximately A$670 million in funds under

[1] This section provides a brief background and overview of the change of circumstances of the Manager since the Existing Management Agreement was entered into. We have not sought to outline an entire history for the Manager given the Manager is not changing and only the terms of the Existing Management Agreement are amended under the New Management Agreement.

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management across its strategies, including being the Company's manager since it was listed in 2014.

Objective of the New Management Agreement

It is considered that the New Management Agreement is better aligned to the interests of shareholders for a number of reasons including the following:

- alignment between the Company's investment horizon of seven years, as set out in its 2014 prospectus, whilst the Existing Management Agreement is relying on a short term holdover clause to extend the term rather than a fixed term;
- the Company's investment mandate is to construct a portfolio of smaller listed and private companies. Such an endeavour requires considerable resources as the investment universe is typically under-researched, while the unlisted portion of the portfolio requires the design of bespoke investment instruments and individually negotiated shareholder rights. The longer tenor of the New Management Agreement, when compared to that of the holdover clause under the Existing Management Agreement, provides the necessary security and encouragement for the Manager to undertake the investment required to resource the investment function; and
- the Company's portfolio includes a significant number of illiquid and often private holdings, the realisation period for which is often multi-year. It is in the interests of shareholders to have a manager experienced in managing portfolios of assets with these characteristics and to lock in such manager to a long-term arrangement. The alternative of the portfolio being without a manager, or one without expertise in managing a diversified portfolio of minority holdings in smaller capitalised companies, could be value destructive to shareholders.

Shareholder approval is being sought for the New Management Agreement in accordance with the resolution contemplated by Item 4 of the Notice in accordance with ASX expectations as outlined in section 9 of ASX Guidance Note 26.

New Management Agreement is implemented

If the resolution contemplated by Item 4 of the Notice is passed, the Company and the Manager will:

- enter into the New Management Agreement with the term of the New Management Agreement to commence on 20 November 2026 (**Effective Date**), which includes the terms under which the parties agree to the mutual termination of the Existing Management Agreement from the Effective Date and a waiver to the three month notice period for termination of the Existing Management Agreement.

New Management Agreement is not implemented

If the resolution contemplated by Item 4 of the Notice is not approved by majority of eligible Shareholders voting, then the Company will consider all other available options and:

- it is likely that the Company will continue operating under the Existing Management Agreement with the Manager; and

  the Company will seek alternative management agreement arrangements.

Summary of terms of New Management Agreement and Comparison to Existing Management Agreement

A summary of the material terms of the New Management Agreement is set out in Schedule 1 to this Explanatory Memorandum. A table has also been prepared to summarise important points of comparison between the New Management Agreement

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and the Existing Management Agreement, see Schedule 2 to this Explanatory Memorandum.

Independent Expert Report - Advantages and Disadvantages Opinion

To provide the shareholders with an assessment of the New Management Agreement and to fully and fairly inform shareholders of the matters to be considered and enable shareholders to make a properly informed judgment on those matters, the Company has engaged Grant Samuel, a suitably qualified and experienced independent expert (**GS** or **Expert**), with the Expert opining on whether the advantages of the New Management Agreement to ACQ shareholders outweigh the disadvantages (see Annexure A) (**Advantages and Disadvantages Opinion**).

Independent Expert Report - recommendation

GS has considered whether ACQ shareholders would be better off if the New Agreement were implemented than if it were not. This assessment undertaken by GS has involved weighing the benefits associated with securing the continued services of Acorn on the proposed terms against the reduced flexibility and potential costs of the New Management Agreement.

Grant Samuel believes that the advantages of the New Management Agreement outweigh the disadvantages.

The primary advantage of the New Agreement is the greater certainty it provides regarding Acorn's continued appointment as investment manager. Acorn has demonstrated appropriate capabilities in managing listed and unlisted microcap investments and has delivered competitive investment returns over the longer term. The proposed five-year term is consistent with market practice and provides reasonable alignment with ACQ's long-term investment horizon. The New Management Agreement would also retain broadly competitive remuneration arrangements and introduce additional governance, reporting and contractual protections.

The primary disadvantage is that ACQ would be committed to retaining Acorn for a further five years, notwithstanding its weaker relative investment performance over the past three to five years. During the term of the New Management Agreement, ACQ would have limited flexibility to reconsider its appointment in response to continued underperformance or changing circumstances.

ASX Listing Rule 15.16

In accordance with ASX Listing Rule 15.16, the Company confirms, under the New Management Agreement:

- the Manager may only end the New Management Agreement if the Manager has given at least three months' notice;
- the term is not fixed for more than five years; and
- if the New Management Agreement is extended past 5 years, it will be ended on three months' notice after an ordinary resolution is passed to end it.

ASX Guidance Note 26

As a listed investment company, the Company is subject to ASX Guidance Note 26 (*Management Agreements*), which relevantly applies to the Company with regards to the entry into the New Management Agreement as follows:

- in the case of listed entities, entry into a management agreement while listed is subject to the general requirement under ASX Listing Rule 12.5 being ASX must maintain that an entity's structure and operations remain appropriate for a listed entity. The Company maintains that the structure and operations remain appropriate given this is the same structure and operations as when it was

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originally listed. Further, the main material differences are the terms as outlined in the comparison provided in Schedule 2 and the Manager is no longer a related party; and

- whilst not mandatory ASX does encourage listed entities who intend to enter into a new management agreement after listing to obtain shareholder approval for the new management agreement, where all material information about the management agreement has been included in the notice of meeting and the manager and its associates have been the subject of a voting exclusion statement, as a means of determining appropriateness.

In accordance with the above, the Directors are seeking shareholder approval for the New Management Agreement and a voting exclusion statement is provided in relation to the Manager or any associates of the Manager.

To comply with ASX's recommendation under section 8.2 of ASX GN 26 for good governance and transparency, and subject to this resolution (Item 4) being approved, the Company will upload an up to date version of the New Management Agreement or a summary of the New Management Agreement to the Company's website.

Chapter 2E – Related Party analysis

While the Manager does not control ACQ and is not controlled by a director of ACQ, it is noted that Australian Unity Group, a substantial shareholder of ACQ, was, until 26 January 2026, but is no longer, a major shareholder of the Manager. That being the case, the Directors have considered that the manager is not a related party of ACQ for the purposes of Chapter 2E of the Corporations Act.

Robert Brown, a director of ACQ who provides services to the Manager, is not considered an independent director of ACQ and has been excluded from the independent board working group which is negotiating the New Management Agreement.

Board recommendation

The directors unanimously recommend shareholders vote in favour of the approval of the New Management Agreement with any conflicted directors abstaining. Robert Brown, a director of the Company, provides paid services to the Manager and is not considered an independent director and is excluded from providing a recommendation.

Refer to the independent expert report on the advantages and disadvantages which are the factors the Board has considered when making this recommendation.

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Schedule 1 – Summary of key terms of the New Management Agreement

Term	Summary
Parties	The Company and Acorn Capital Limited (ABN 51 082 694 531) (**Manager**).
Term	The term of the New Management Agreement is a 5 year term from the Effective Date. The term may be terminated earlier in accordance with its terms, including under clauses 11.2, 11.3 and 11.4 of the New Management Agreement.
Duties	The Manager must: (a) keep proper books of account in relation to the Investment Portfolio, recording transactions by the Manager and provide information in relation to the Investment Portfolio to assist the Company (amongst other entities) in the preparation of reports required under any 'Relevant Law' (as defined in the Management Agreement); (b) exercise reasonable due diligence and vigilance and act in good faith and with the degree of care, diligence and skill that a reasonable person would exercise if they were in the Manager's position, in carrying out its functions, powers and duties under the Management Agreement; (c) account to the Company for any monetary benefits, fees or commissions received by the Manager or any related body corporate of the Manager (excluding the Company) in relation to the investment of the Investment Portfolio other than benefits in the nature of soft dollar receipts and 'Fees' (as defined in the Management Agreement); (d) act in good faith in determining any allocation of a 'Block-Booked Transaction' (as defined in the Management Agreement) to the Investment Portfolio before, during and after the transaction has been entered into by the Manager; (e) determine whether the Company should issue Shares or Options for the purpose of making additional investments in 'Australian Microcap Companies' and 'Permitted Foreign Companies' (each as defined in the Management Agreement) and provide recommendations to the Company of the recommended size of the issue; (f) assist the Board in determining the amount of or declaring any dividend or distribution (including a payment of a capital nature) to be paid by the Company; (g) assist the Company to manage its relations with holders of Securities and the public; (h) assist the Company to comply with its continuous disclosure obligations under section 674 of the Corporations Act and ASX Listing Rule 3.1 by providing information in relation to the performance of the 'Services' (as defined in the Management Agreement) by the Manager and preparing drafts of ASX announcements for approval by the Board; (i) value or procure the valuation of the Investment Portfolio at least once per month during the Term; and (j) to the extent not expressly provided for above, make written recommendations (together with reasonable supporting information and analysis) to the Board in respect of any matter which requires the approval of the Board. Although for the avoidance of doubt, the Board is under no obligation to act on any recommendation of the Manager in respect of a matter which requires Board approval,
Valuations	The Manager must arrange for calculation of the value of the Investment Portfolio at least monthly or at such increased frequency as may be agreed between the Manager and the Company.
Investment guidelines	The investment strategy comprises the investment instructions and investment objectives agreed between the Company and the Manager from time to time, which may only be amended by agreement in writing.

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The Management Agreement also sets out the investment objectives. Although not legally binding on the Manager, the Manager must have regard to the investment objectives in investing and managing the Investment Portfolio.

In summary, the investment objective is to provide the Company with exposure to listed and unlisted securities of Australian Microcap Companies.

The Management Agreement defines the term 'Australian Microcap Company' to mean 'a trust, managed investment scheme, body corporate or other entity where the value of all equity interests in the entity is less than the market capitalisation of the entity listed on ASX which has the 250th highest market capitalisation of all entities listed on ASX.'

Relevantly, the investment instructions:

(a) require the Manager to develop and manage a portfolio of investments in Australian Microcap Companies and Permitted Foreign Companies;

(b) permit the Manager to invest in equity or equity linked securities of 'Australian Microcap Companies' which are:

(i) Australian incorporated, formed or listed on ASX; or

(ii) which the Manager determines have an Australian Nexus;

(c) permit the Manager to invest in one or more unlisted Australian Microcap Companies if and only if the Manager is reasonably satisfied that certain requirements are satisfied in relation to each Australian Microcap Company in which the investment is proposed to be made;

(d) prohibit the Manager from entering into 'Derivative Contracts' (as defined in the Management Agreement);

(e) prohibit the Manager from leveraging the Investment Portfolio;

(f) prohibit the Manager from creating or allow to persist any short position (including any covered short position) in the Investment Portfolio; and

(g) require the disposal of securities of a company which has become a 'Large Company' (as defined in the Management Agreement) within 18 months after the date on which the company became a Large Company.

Permitted investments	The Manager is appointed to develop and manage a portfolio of investments in Microcap Companies which is, on average, at least 90% invested in Australian Microcap Companies (as defined in the New Management Agreement).
Limits on discretions / Powers of the Manager	Subject to the investment instructions of the Company and any express restrictions set out in the New Management Agreement, the Manager has the powers of a natural person to deal with the Investment Portfolio and to do all things and execute all documents necessary for the purpose of managing the Investment Portfolio. However, the Manager must not knowingly do anything which the Manager or Company is prohibited from doing by a 'Relevant Law' and must not, without the prior written consent of the Company: (h) engage in securities lending; (i) charge or encumber assets in the Investment Portfolio other than in the ordinary course; or (j) borrow money or incur any other liability by way of financial accommodation.
Delegations	The Manager must not delegate any of its discretionary management powers under the New Management Agreement, except to a related body corporate of the Manager.
Non-exclusivity	The Manager is permitted to perform similar investment and management services to the services performed for the Company for itself and other persons.
Management fee	In return for the performance of its duties, the Manager is entitled to be paid a management fee of 0.95% per annum (plus GST) of the Asset Value of the Investment Portfolio, calculated and accrued monthly and paid quarterly in arrears.
Performance fee	In addition, the Manager is entitled to receive an annual performance fee equal to 20% (plus GST) of the Portfolio's outperformance of the S&P/ASX Small Ordinaries Accumulation Index, accrued monthly and payable annually only where the performance fee account balance has increased, is at a new high (on a high watermark basis) and is

positive, after deducting a **Minimum Performance Fee Account Balance** of 50 basis points of Portfolio NAV for each Financial Year. The full mechanics and defined terms are set out in the Management Agreement.

Expenses

The Company is liable for and must pay, or reimburse the Manager for, all reasonable taxes, costs, charges and expenses properly incurred by the Manager in connection with the investment and management of the Investment Portfolio or the acquisition, disposal or maintenance of any investment of the Investment Portfolio, including Custodian, Clearing House and brokerage fees, but excluding taxes incurred by the Manager in respect of its own income and its in-house administration costs.

Termination

Termination by the Manager

The Manager may terminate the New Management Agreement at any time by giving the Company at least 3 months' written notice, provided that any termination by the Manager on notice to the Company under this provision cannot take effect on a date earlier than the end of the Term.

During or after the Term, the Manager may terminate the agreement at any time by written notice if:

(a) the Company ceases to be listed on ASX;

(b) if:

  (i) a receiver is appointed with respect to the assets and undertakings of the Company;

  (ii) the Company goes into liquidation;

  (iii) the Company ceases to carry on business;

  (iv) breaches any provision of the Management Agreement; or

(c) a person other than the Manager or an Associate of the Manager acquires a relevant interest in more than 50% of the Shares.

Termination by the Company

The Company may terminate the New Management Agreement by not less than 3 months' written notice to the Manager where:

(a) the Company believes on reasonable grounds that termination is necessary for the Board to comply with its duty to act in the best interests of shareholders; or

(b) shareholders in general meeting pass a resolution approving termination, having given the Manager a reasonable opportunity to state its case,

provided that any termination by the Company on notice to the Manager under this provision cannot take effect on a date earlier than the end of the Term.

The Company may terminate this agreement at any time by written notice to the Manager if a receiver is appointed with respect to the assets and undertakings of the Manager, the Manager goes into liquidation, ceases to carry on business, breaches any provision of the Management Agreement or the Manager sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Manager or of a beneficial interest in that main business or undertaking.

Company indemnity

The Company must indemnify the Manager against any direct loss or liability reasonably incurred by the Manager arising out of, or in connection with, and any direct costs, charges and expenses (including legal expenses) incurred in connection with, the Manager or any of its officers or agents properly acting under the New Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents, except insofar as any loss, liability, cost, charge or expense is caused by the negligence, fraud or dishonesty of the Manager or its officers or Supervised Agents (as defined in the New Management Agreement), or the Manager's material breach of the New Management Agreement. The indemnity does not extend to any Consequential Loss (as defined in the New Management Agreement) and the Company is not otherwise liable to the Manager under the New Management Agreement for any other loss or liability, and will only be liable for loss that is direct and foreseeable. This obligation continues after termination of the New Management Agreement.

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Manager indemnity	The Manager must indemnify the Company against any direct loss or liability reasonably incurred by the Company arising out of, or in connection with, and any direct costs, charges and expenses reasonably incurred by the Company in connection with: (i) any negligence, fraud or dishonesty of the Manager or its officers or Supervised Agents (as defined in the New Management Agreement); (ii) any negligent, fraudulent or dishonest act or omission of the Manager, its officers, employees or Supervised Agents; (iii) the Manager's material breach of the New Management Agreement; (iv) any claim arising from information supplied by the Manager that was misleading or inaccurate in breach of the Manager's disclosure obligations under the New Management Agreement; and (v) any statement made by the Manager in promotional activity concerning the Company's financial position, performance or net tangible asset value that is materially inconsistent with the Company's publicly disclosed information or otherwise misleading or deceptive. The indemnity does not extend to any Consequential Loss (as defined in the New Management Agreement) and the Manager is not otherwise liable to the Company under the New Management Agreement for any other loss or liability. This obligation continues after termination of the New Management Agreement.
Removal of the Manager	The Manager must deal with the Portfolio for a period of not less than 6 months from the effective date of termination of the New Management Agreement (extendable to 9 months by mutual written agreement if the nature and liquidity of the Portfolio warrants a longer period) in order to vest control of the Portfolio in the Company, during which time the Manager must also provide records, valuation materials and investee company contact information reasonably required by the Company or a successor manager, and cooperate with any successor manager appointed by the Company.
Management of potential conflicts	Under the New Management Agreement, nothing in the agreement restricts the Manager (or its Associates or clients) from dealing with the Company, the Manager or any holder of Securities; being interested in any contract or transaction with the Company, the Manager or any holder of Securities; acting in the same or similar capacity for any other body corporate or managed investment scheme; holding or dealing in Securities or interests in Securities; or co-investing with the Company. This is subject to a new requirement that the Manager must ensure that all of its directors, officers and employees who perform the Services have completed compliance training and are bound to the Company's insider trading policy and dealing restrictions, and must ensure that they understand the need to disclose to the Company any conflict of interest that is material.
Change of control	The Company may terminate if Manager sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Manager or of a beneficial interest in that main business or undertaking. The Manager may terminate if a person other than the Manager or an Associate of the Manager acquires a relevant interest in more than 50% of the Shares.
Manager liability	See the Manager indemnity section summarised above. The Manager is not liable for Consequential Loss.
Assignment	Neither the Company nor the Manager may assign its rights and obligations under the New Management Agreement without the prior written consent of the other party (not to be unreasonably withheld or delayed), except to a related body corporate of the assigning party upon 5 business days' written notice to the other party and subject to the related body corporate agreeing to be bound by the New Management Agreement.
Amendment	The New Management Agreement may be amended in writing by the parties. Material amendments (including to the fees, termination, indemnities and exclusivity provisions) require the approval of the Company's Shareholders by ordinary resolution, with the Manager and its Associates subject to a voting exclusion. The investment instructions in Part A of Schedule 2 to the New Management Agreement may be amended by agreement between an authorised person of the Company and an authorised person of the Manager, without Shareholder approval. Administrative amendments (such as to contact details, notice addresses and authorised signatory lists) may also be made without Shareholder approval. Where there is doubt as to whether an amendment is material, the Company's Board will determine the question and, if in doubt, will submit the amendment to Shareholders for approval.

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Related party transactions and conflicts	The Manager must not, without the Board's prior consent, enter into any off-market transaction involving the acquisition, disposal or transfer of any unlisted Portfolio asset from, to or with a related party of the Manager or any fund or account managed or advised by the Manager. The Manager must also ensure that all of its directors, officers and employees who perform the services under the New Management Agreement have completed compliance training and are bound to the Company's insider trading policy and dealing restrictions, and must ensure that they understand the need to disclose to the Company any conflict of interest that is material.
Use of name and public announcements	The Manager must not release, or purport to make, any public announcement, or publish any material, under the Company's name, without the Company's prior written consent. Any statement made by the Manager concerning the Company's financial position, performance or net tangible asset value (including in relation to returns generated for the Company, whether on the Manager's website or otherwise) must be made clearly in the Manager's own name, and must not be ascribed or attributed to the Company, without the Company's prior written consent.
Additional reporting	In addition to the reports specified in Schedule 3 to the New Management Agreement, the Company and the Manager have agreed to negotiate in good faith further reporting obligations to be provided by the Manager to the Company following execution of the New Management Agreement. Any additional reporting agreed will be recorded as an amendment to Schedule 3.

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Schedule 2 – Comparison table of Existing Management Agreement and New Management Agreement

Term	Existing Management Agreement	New Management Agreement
Parties	The Company and Acorn Capital Limited (ABN 51 082 694 531) (**Manager**).	No change.
Services	The Company has exclusively appointed the Manager to invest and manage all of the assets of the Company (including any controlled entity of the Company) from time to time, for and on behalf of the Company (Investment Portfolio). The Manager's duties include keeping proper books of account, exercising reasonable due diligence and vigilance, accounting to the Company for monetary benefits, determining share/option issue recommendations, assisting the Board with dividend determinations, assisting with shareholder and continuous disclosure matters, and valuing or procuring valuation of the Investment Portfolio at least once per month during the Term.	Minor amendments to comply with legislation and regulatory updates since the Existing Management Agreement was entered into in 2014.
Term	*Initial Term* 5 years commencing on the date on which the securities first commence trading on ASX on a deferred or normal settlement basis. *Renewal Term* The Manager may request that the Company call and arrange to hold a meeting of Shareholder to consider and, if appropriate, approve a resolution renewing the term of the Management Agreement for a further period of 7 years, with such 7 year period to commence on the date of the resolution.	*Initial Term* The term is a 5 year term from the Effective Date (**Term**), matching the length of the Existing Management Agreement's Initial Term. *Renewal Term* No equivalent Renewal Term. The New Management Agreement provides for a single 5 year Term, with no automatic extension. The Term may be terminated earlier under clauses 11.2, 11.3 and 11.4 of the New Management Agreement, or extended by written agreement between the parties.
Exclusivity	The Manager is permitted to perform similar investment and management services to those performed for the Company for itself and other persons (i.e. the arrangement is non-exclusive as to the Manager's other business).	No change.
Management fee	0.95% per annum (plus GST) of the Asset Value of the Investment Portfolio from time to time, calculated and accrued each month and paid semi-annually in arrears.	No change to the 0.95% per annum (plus GST) rate, save that the Management Fee is now calculated, accrued and paid quarterly in arrears (previously semi-annually in arrears).

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Performance fee	The Manager is entitled to receive a performance fee equal to 20% (plus GST) of the Investment Portfolio's outperformance of the S&P/ASX Small Ordinaries Accumulation Index, subject to satisfaction of certain tests (including a high watermark test). The full mechanics are set out in the Performance Fee section of Schedule 1 to this Explanatory Memorandum.	No change, save that: (i) the Minimum Performance Fee Account Balance (the retained balance deducted before any Performance Fee Payment is made) has been simplified to a single ongoing rate of 50 basis points of Portfolio NAV for each Financial Year; and (ii) the New Management Agreement now expressly confirms that the Performance Fee Account balance, Cumulative Performance Fee, High Watermark and Minimum Performance Fee Account Balance in effect immediately before the Effective Date carry over unchanged, with no reset, restatement or recalculation on commencement of the New Management Agreement.
Termination	*Termination by the Manager* The Manager may terminate the Existing Management Agreement by not less than 3 months' written notice to the Company, provided that termination cannot take effect earlier than the end of the Term. *Termination by the Company* The Company may terminate the Existing Management Agreement by not less than 3 months' written notice to the Manager where (a) the Company believes on reasonable grounds that termination is necessary for the Board to comply with its duty to act in the best interests of Shareholders; or (b) Shareholders in general meeting pass a resolution approving termination, having given the Manager a reasonable opportunity to state its case, provided any such termination cannot take effect earlier than the end of the Term. In addition, either party may terminate the Existing Management Agreement at any time by written notice where the other party defaults and the default is not remedied (within 20 business days for the Manager, or 10 business days for the Company) or on the occurrence of certain other prescribed events.	No change, other than the alignment of the breach remedy period, being 20 Business Days for both the Manager and the Company.
Amendment	No express amendment clause is summarised in the Prospectus. The investment instructions under the Existing Management Agreement may be amended from time to time by agreement in writing between the Company and the Manager.	Unlike the Existing Management Agreement, the New Management Agreement includes an express, tiered amendment mechanism. Material amendments (including to the fees, termination, indemnities and exclusivity provisions) require the approval of the

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		Company's Shareholders by ordinary resolution, with the Manager and its Associates subject to a voting exclusion. The investment instructions to the New Management Agreement, and administrative amendments (such as to contact details, notice addresses and authorised signatory lists), may be made by agreement between an authorised person of the Company and an authorised person of the Manager, without Shareholder approval. Where there is doubt as to whether an amendment is material, the Company's Board will determine the question and, if in doubt, will submit the amendment to Shareholders for approval.
Power and discretions	Subject to the investment instructions of the Company and any express restrictions set out in the Existing Management Agreement, the Manager has the powers of a natural person to deal with the Investment Portfolio and to do all things and execute all documents necessary to manage the Investment Portfolio, including appointing a broker to act on the Company's behalf (subject to reasonable monitoring of the broker by the Manager) and investing all or part of the Investment Portfolio alongside funds managed for other persons. However, the Manager must not knowingly do anything prohibited by a Relevant Law and, without the Company's prior written consent, must not: (a) delegate any of its discretionary management powers, except to a related body corporate of the Manager; (b) charge or encumber any asset in the Investment Portfolio (other than by lien in the ordinary course of business or by statutory charge); (c) engage in securities lending; or (d) borrow money or incur any other liability by way of financial accommodation.	No change.
Management of potential conflicts	The Manager must act in good faith in determining any allocation of a Block-Booked Transaction to the Investment Portfolio and may invest all or part of the Investment Portfolio alongside funds it manages on behalf of other persons.	In addition to the position under the Existing Management Agreement, the New Management Agreement includes a new restriction preventing the Manager, without the Board's prior consent, from entering into any off-market transaction involving the acquisition, disposal or transfer of an unlisted Portfolio asset from, to or with a related party of the Manager or any fund or account managed or advised by the Manager. The Manager must also ensure its relevant directors, officers and employees have completed compliance

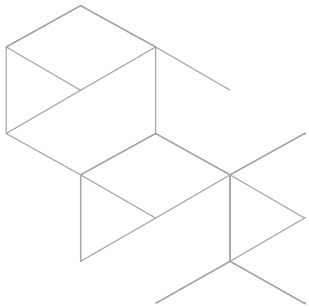
		training, are bound to the Company's insider trading policy and dealing restrictions, and understand the need to disclose material conflicts of interest to the Company.
Manager indemnity	The Existing Management Agreement does not include an express indemnity from the Manager in favour of the Company.	The New Management Agreement introduces a new indemnity from the Manager to the Company for loss arising from the Manager's negligence, fraud or dishonesty, material breach of the agreement, misleading information supplied by the Manager, and promotional statements concerning the Company's financial position, performance or net tangible asset value that are materially inconsistent with the Company's publicly disclosed information or otherwise misleading or deceptive.
Use of name and public announcements	The Existing Management Agreement does not include an express restriction on the Manager making public statements or announcements under the Company's name.	The New Management Agreement introduces a new restriction preventing the Manager from releasing, or purporting to make, any public announcement, or publishing any material, under the Company's name, without the Company's prior written consent, and requiring any Manager statement about the Company's financial position, performance or net tangible asset value to be made clearly in the Manager's own name (and not attributed to the Company) without the Company's prior written consent.
Additional reporting	The Existing Management Agreement does not include an equivalent mechanism for the Company and the Manager to agree additional reporting obligations.	The New Management Agreement introduces a new mechanism under which the Company and the Manager will negotiate in good faith to agree further reporting obligations to be provided by the Manager to the Company following execution.

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Annexure A – Independent Expert Report on Advantages and Disadvantages of the New Management Agreement

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20 October 2026

The Independent Directors
Acorn Capital Investment Fund Limited
Level 4, 2 Russell Street
Melbourne VIC 3000

Dear Independent Directors

Proposed New Management Agreement

1 Introduction

Acorn Capital Investment Fund Limited ("ASQ") is a listed investment company whose shares are traded on the Australian Securities Exchange ("ASX"). ACQ invests in listed and unlisted Australian microcap companies. As a closed-ended investment vehicle, ACQ shareholders buy and sell shares on the ASX, and do not have the ability to redeem their investment at net tangible asset ("NTA").

ACQ has no employees and its day-to-day functions and investment activities have been externally managed since inception by Acorn Capital Limited ("Acorn" or the "Manager") in accordance with the existing investment management agreement dated 11 March 2014 as amended ("Existing Agreement"). The Existing Agreement was renewed in 2018 with approval by ACQ shareholders for a further seven year term, which expired in November 2025. It has subsequently continued on a holdover basis. Under these arrangements, Acorn may terminate its appointment on not less than three months' notice, while ACQ's termination rights are more restricted.

The independent directors of ACQ propose that ACQ enter into a new investment management agreement with Acorn ("New Agreement"). The detailed terms of the New Agreement are set out in the notice of meeting and explanatory memorandum to be provided to ACQ shareholders ("Explanatory Memorandum"). In summary, the key terms are:

- a new fixed term of five years;
- retention of the existing base management fee of 0.95% per annum (plus GST), calculated and accrued monthly but payable quarterly rather than semi-annually in arrears;
- retention of the existing performance fee arrangements, comprising 20% of outperformance against the S&P/ASX Small Ordinaries Accumulation Index, including the cumulative high watermark, carry-forward of underperformance and minimum retained balance features. Existing performance fee balances and associated calculations would carry forward without crystallisation or reset;
- continuation of ACQ's existing investment mandate, together with additional reporting, compliance and governance obligations on Acorn, including quarterly compliance certifications, expanded notification requirements, business continuity planning and additional contractual protections for ACQ; and
- retention of the existing termination framework, subject to the new five year fixed term, together with more detailed arrangements for the transition of management responsibilities following termination.

The independent directors of ACQ have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report expressing an opinion as to whether the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages, and stating the reasons for that opinion. A

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copy of this report is to accompany the Explanatory Memorandum to be sent by ACQ to its shareholders prior to the ACQ 2026 Annual General Meeting, where a resolution dealing with the proposed New Agreement will be submitted to shareholders.

2 Opinion

In Grant Samuel's opinion, the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages.

3 Summary of Key Conclusions

The relevant question is whether ACQ shareholders would be better off if the New Agreement were implemented than if it were not. This assessment involves weighing the benefits associated with securing the continued services of Acorn on the proposed terms against the reduced flexibility and potential costs of the New Agreement.

Grant Samuel believes that the advantages of the New Agreement outweigh the disadvantages. Our evaluation of the New Agreement is set out in Section 5 of this report.

The primary advantage of the New Agreement is the greater certainty it provides regarding Acorn's continued appointment as investment manager. Acorn has demonstrated appropriate capabilities in managing listed and unlisted microcap investments and has delivered competitive investment returns over the longer term. The proposed five-year term is consistent with market practice and provides reasonable alignment with ACQ's long-term investment horizon. The New Agreement would also retain broadly competitive remuneration arrangements and introduce additional governance, reporting and contractual protections.

The primary disadvantage is that ACQ would be committed to retaining Acorn for a further five years, notwithstanding its weaker relative investment performance over the past three to five years. During the term of the New Agreement, ACQ would have limited flexibility to reconsider its appointment in response to continued underperformance or changing circumstances.

The key potential advantages of the New Agreement are:

- **greater certainty regarding the continued appointment of an established specialist investment manager**, particularly given Acorn's longstanding knowledge of ACQ's portfolio, experience managing listed and unlisted microcap investments and longer term investment performance in managing ACQ, resulting in reduced transition risk (relative to an alternative manager);
- **a term that is consistent with market practice and ACQ's investment horizon**, providing a more certain basis for the retention of specialist investment personnel and continued investment management activities;
- **continuation of broadly competitive remuneration arrangements**, including the existing base management fee of 0.95% per annum and performance fee arrangements incorporating a cumulative high-water mark and carry-forward of underperformance. Existing performance fee balances would also continue without crystallisation or reset; and
- **enhanced governance, reporting and contractual protections**, including additional compliance obligations, greater flexibility for ACQ to engage independent advisers and more detailed arrangements for transitioning management responsibilities following termination.

The key potential disadvantages of the New Agreement are:

- **a five-year commitment to Acorn notwithstanding weaker intermediate investment performance**, with limited ability to terminate its appointment during that period solely because of continued underperformance, changes in key personnel or shareholder dissatisfaction; and

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- **earlier payment of management fees**, with the payment frequency increasing from semi-annually to quarterly in arrears, although the financial impact of this change is expected to be relatively modest.

In assessing these matters, Grant Samuel has had particular regard to Acorn's historical investment performance and the alternatives available to ACQ. While ACQ has underperformed its stated benchmark over the past three and five years, it has generated competitive investment returns over longer periods, including since inception. Furthermore, Acorn has established specialist capabilities and experience managing ACQ's portfolio, particularly its unlisted investments.

The independent directors reviewed a range of alternative microcap investment managers, considering their capabilities (in particular, in relation to unlisted investments), historical performance and remuneration arrangements, and the review did not identify a clearly preferable alternative. Accordingly, while changing investment manager remains an option, no alternative microcap managers were identified that could deliver equivalent capabilities on competitive terms and without transition costs or risks.

ACQ's persistent discount to NTA is also a significant issue for shareholders. However, the discount is likely to reflect a range of factors beyond recent investment underperformance, including ACQ's relatively small market capitalisation and limited share trading liquidity, its exposure to listed microcap and unlisted investments, the associated liquidity and valuation uncertainties, market awareness and investor demand, and broader investor sentiment and risk appetite. While the New Agreement does not directly address the discount, there is no clear basis for concluding that a change of investment manager would result in its narrowing. Another potential alternative is the internalisation of the management function, however, given ACQ's relatively small scale, the ongoing costs of an internal management platform are expected to be significantly greater than the fees payable to an external manager, and such a transition would involve time and execution risk.

If the New Agreement is not approved, the Existing Agreement would continue on a holdover basis unless otherwise terminated. This would not result in the immediate replacement of Acorn but would preserve ACQ's flexibility to pursue an alternative investment manager, subject to the termination provisions of the Existing Agreement. However, continued holdover would provide less certainty regarding Acorn's longer-term appointment, particularly given its right to terminate on three months' notice, and would not give effect to the additional contractual protections negotiated under the New Agreement.

On balance, Grant Samuel considers that the benefits of securing the continued services of Acorn on broadly competitive terms, together with the additional contractual protections, outweigh the disadvantages associated with the proposed five-year commitment. While the New Agreement does not represent a fundamental change to the existing arrangements, it provides a commercially reasonable basis for continuing Acorn's appointment.

While Grant Samuel considers that the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages, this is inherently a judgement call balancing our assessment of the relative advantages and disadvantages of the New Agreement. ACQ shareholders may reasonably hold a different view. There is no guarantee that the Manager, irrespective of whether it is Acorn or another party, will achieve any particular investment return within ACQ's portfolio or that the future performance of ACQ's portfolio will match or exceed its past performance. It is open for ACQ shareholders to vote against the resolution.

Grant Samuel's evaluation of the New Agreement is set out in Section 6 of this report.

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual ACQ shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Memorandum issued by ACQ in relation to the New Agreement.

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Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the New Agreement, the responsibility for which lies with the independent directors of ACQ. In any event, the decision whether to vote for or against the New Agreement is a matter for individual shareholders, based on their own views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the New Agreement should consult their own professional adviser.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act 2001 (Cth). The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully

GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

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FINANCIAL SERVICES GUIDE
AND
INDEPENDENT EXPERT'S REPORT
FOR ACORN CAPITAL INVESTMENT FUND LIMITED
IN RELATION TO THE PROPOSED NEW MANAGEMENT AGREEMENT WITH ACORN CAPITAL LIMITED

GRANT SAMUEL & ASSOCIATES PTY LIMITED
ABN 28 050 036 372

20 OCTOBER 2026

GRANT SAMUEL

FINANCIAL SERVICES GUIDE

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The *Corporations Act, 2001* (Cath) ("Corporations Act") requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors, nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for ACQ in relation to a proposed new management agreement ("New Agreement") with its existing manager Acorn Capital Limited ("Acorn") ("the ACQ Report"), Grant Samuel will receive a fixed fee of $75,000 for the preparation of the Report (as stated in Section 7.3 of the ACQ Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the ACQ Report.

Grant Samuel is required to be independent of the Entity to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel is stated in Section 7.3 of the ACQ Report:

> ***" Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with ACQ or Acorn or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the New Agreement.***
>
> ***Grant Samuel commenced analysis for the purposes of this report in October 2026 prior to the announcement of the New Agreement. This work did not involve Grant Samuel participating in setting the terms of, or any negotiations leading to, the New Agreement.***
>
> ***Grant Samuel had no part in the formulation of the New Agreement. Its only role has been the preparation of this report.***
>
> ***Grant Samuel will receive a fixed fee of $75,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the New Agreement. Grant Samuel will receive no other benefit for the preparation of this report.***
>
> ***Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011"***

Grant Samuel has internal complaints-handling mechanisms and is a member of the Australian Financial Complaints Authority, No. 11929. If you have any concerns regarding the ACQ Report, please contact the Compliance Officer in writing at Level 20, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Australian Financial Complaints Authority at GPO Box 3 Melbourne VIC 3001 or 1800 931 678. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act.

Grant Samuel is only responsible for the ACQ Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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GRANT SAMUEL

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Appendix

A LIC Peer Benchmarking

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1 Terms of the New Agreement

Acorn Capital Investment Fund Limited ("ACQ" or the "Company") is a listed investment company whose shares are traded on the Australian Securities Exchange ("ASX"). ACQ invests in a portfolio of listed and unlisted microcap companies and has been managed by Acorn Capital Limited ("Acorn" or the "Manager") since its inception in 2014.

Acorn was appointed under a management agreement dated 11 March 2014, as amended in October 2018 ("Existing Agreement"). Following expiry of its fixed term in November 2025, the Existing Agreement has continued on a holdover basis.

ACQ now proposes to enter into a new management agreement with Acorn ("New Agreement"), subject to shareholder approval at the annual general meeting to be held on 19 November 2026. The New Agreement is expected to commence on 20 November 2026, with the Existing Agreement terminating simultaneously.

The terms of the New Agreement are set out in the notice of meeting and explanatory memorandum ("Explanatory Memorandum") to be sent to ACQ shareholders. In summary, the key terms are:

- a new fixed term of five years;
- retention of the existing base management fee of 0.95% per annum (plus GST), calculated and accrued monthly but payable quarterly rather than semi-annually in arrears;
- retention of the existing performance fee arrangements, comprising 20% of outperformance against the S&P/ASX Small Ordinaries Accumulation Index, including the cumulative high watermark, carry-forward of underperformance and minimum retained balance features. Existing performance fee balances and associated calculations would carry forward without crystallisation or reset;
- continuation of ACQ's existing investment mandate, together with additional reporting, compliance and governance obligations on Acorn, including quarterly compliance certifications, expanded notification requirements, business continuity planning and additional contractual protections for ACQ; and
- retention of the existing termination framework, subject to the new five year fixed term, together with more detailed arrangements for the transition of management responsibilities following termination.

The New Agreement is subject to approval by ACQ shareholders. At the 2026 ACQ annual general meeting, ACQ shareholders will be asked to consider the following resolution in order to approve and implement the New Agreement:

"That the Company be authorised to enter into a new management agreement with Acorn Capital Limited (ABN 51 082 694 531) (the Manager) on terms summarised in the Explanatory Memorandum, Schedules and Annexure and including any amendments that may be required by ASX."

If the resolution is approved, ACQ and Acorn intend to implement the New Agreement with effect from 20 November 2026. If the resolution is not approved, the Existing Agreement would continue on its current terms unless otherwise terminated, and ACQ would consider its available alternatives.

The terms of the New Agreement and Grant Samuel's evaluation of its advantages and disadvantages to ACQ shareholders are set out in Sections 5 and 6 of this report, respectively.

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2 Scope of the Report

2.1 Purpose of the Report

The New Agreement is subject to the approval of ACQ shareholders by ordinary resolution at the ACQ 2026 annual general meeting.

The New Agreement does not involve a change of control of ACQ and Acorn is not considered a related party of ACQ for the purposes of Chapter 2E of the *Corporations Act 2001* (Cth) ("Corporations Act"). Accordingly, there is no statutory requirement for an independent expert's report under Chapter 2E, nor is the report being prepared in connection with a control transaction.

Although there is no requirement in the present circumstances for an independent expert's report pursuant to the Corporations Act or the Australian Securities Exchange ("ASX") Listing Rules, the independent directors of ACQ have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the advantages to ACQ shareholders of the New Agreement outweigh the disadvantages and to state reasons for that opinion. A copy of the report will accompany the Explanatory Memorandum to be sent by ACQ to its shareholders prior to the meeting where they will vote on the resolution dealing with the New Agreement.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual ACQ shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Memorandum issued by ACQ in relation to the New Agreement.

Voting for or against the New Agreement is a matter for individual shareholders based on their views as to the net value of approving the New Agreement and the implications of not approving it more generally. Shareholders who are in doubt as to the action they should take in relation to the New Agreement should consult their own professional adviser. Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell their ACQ shares. This is an investment decision of which Grant Samuel does not express an opinion and is independent of a decision on whether to vote for or against the New Agreement. Shareholders should consult their own professional adviser in this regard.

2.2 Basis of Evaluation

The Australian Securities & Investments Commission ("ASIC") has issued Regulatory Guide 111 ("RG 111") which establishes guidelines in respect of independent expert's reports. RG 111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders (being the opinion required under Part 3 of Schedule 8).

For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. This involves a judgement on the part of the expert as to the overall commercial effect of the proposal, the circumstances that have led to the proposal and the alternatives available. If the advantages outweigh the disadvantages, the proposal would be in the best interests of shareholders.

RG 111 does not provide specific guidance on the form and content of reports prepared in respect of management agreements. In this context, we note the New Agreement is not a control transaction. Accordingly, Grant Samuel has evaluated the New Agreement by assessing the overall impact on the shareholders of ACQ and formed a judgement as to whether the expected advantages outweigh any

disadvantages that might result. By definition, if the advantages outweigh the disadvantages, shareholders are likely to be better off if the New Agreement is implemented than if it is not.

In forming its opinion, Grant Samuel has had regard to the general principles set out in RG 111, including the assessment of the advantages and disadvantages of a proposed transaction. Grant Samuel has also considered, by analogy, relevant matters identified in ASIC Regulatory Guide 76 *Related party transactions* ("RG 76"), notwithstanding that Acorn is not considered a related party of ACQ for the purposes of Chapter 2E of the Corporations Act.

The assessment involves consideration of the commercial consequences of entering into the New Agreement from the perspective of ACQ shareholders, including:

- the nature and terms of the Existing Agreement and the New Agreement;
- Acorn's historical investment performance, capabilities and suitability to continue managing ACQ;
- the proposed five year term, including the benefits of management continuity and the implications for ACQ;
- the proposed remuneration arrangements and other contractual rights and obligations;
- the availability and potential consequences of alternative management arrangements; and
- the implications for ACQ shareholders if the New Agreement is not approved.

Ultimately, the assessment involves a judgement as to the overall commercial effect of the New Agreement on ACQ shareholders. The relative importance of individual advantages and disadvantages cannot necessarily be quantified, and Grant Samuel has considered these matters collectively in forming its opinion.

2.3 Sources of Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Explanatory Memorandum (including earlier drafts);
- annual reports of ACQ for FY24[1] to FY26;
- press releases, public announcements, media and analyst presentation material and other public filings by ACQ including information available on its website;
- brokers' reports and recent press articles on ACQ and the listed investment company sector; and
- sharemarket data and other related information on management agreements.

Non Public Information provided by ACQ

- other confidential documents, board papers, presentations and working papers and third party reports prepared for the independent directors (including fee benchmarking analyses).

Grant Samuel has also held discussions with, and obtained information from, independent directors of ACQ, Acorn management and ACQ's advisers.

[1] FYXX is the financial year end 30 June 20XX (i.e. FY23 is the financial year end 30 June 2023).

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2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business, financial and other conditions and expectations prevailing at the date of this report. These conditions may change over time and, if they were to change materially, Grant Samuel's opinion could be different.

This report is also based upon financial and other information provided by the independent directors of ACQ and their advisers. Grant Samuel has considered and relied upon this information in forming its opinion. ACQ has represented in writing to Grant Samuel that to its knowledge the information provided by it was then, and is now, complete and not incorrect or misleading in any material respect. Grant Samuel has no reason to believe that any material information relative to its assessment has been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. Grant Samuel has not independently audited the financial statements, management accounts, investment performance calculations or other financial information provided by the independent directors of ACQ or Acorn. It has assumed that the financial information provided has been prepared on a reasonable and consistent basis, except where otherwise noted.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation. Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of ACQ. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Explanatory Memorandum sent by ACQ to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the New Agreement will be implemented in accordance with its terms; and
- the legal mechanisms to implement the New Agreement are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

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3 Profile of ACQ

3.1 Background

ACQ is an Australian listed investment company ("LIC") whose shares have been listed on the ASX since 2014 (ASX:ACQ). It invests in listed and unlisted Australian microcap companies, defined as companies smaller than the ASX's 250th largest company by market capitalisation. ACQ is a closed-ended investment fund that has been managed externally since inception by Acorn, a Melbourne-based specialist emerging companies investment manager. As at 30 September 2026, ACQ had net assets of $101.4 million[2].

3.2 Business Operations and Strategy

ACQ is externally managed by Acorn in accordance with the Existing Agreement and has no employees. ACQ's board of directors oversees the Company and the Manager. The terms of the Existing Agreement are set out in Section 5.2.1 of this report.

The investment strategy of ACQ is to invest in a portfolio of listed and unlisted microcap companies with performance measured relative to the S&P/ASX Small Ordinaries Accumulation Index ("Small Ordinaries Index"). It aims to deliver long term capital growth and income by applying a research-driven investment selection and portfolio construction process developed through its broader emerging companies investment activities.

Acorn describes the key features of ACQ's investment approach as:

- research-driven investment selection;
- diversification across industry sectors;
- flexibility across investment styles;
- a long-term investment horizon; and
- portfolio diversification intended to manage investment risk.

ACQ has historically demonstrated an ability to pay investors a fully franked stream of dividends, with a cash dividend yield (measured relative to ACQ's share price) as at 30 June 2026 of 7.1%.

As a closed-ended investment vehicle, ACQ has a fixed capital base, with shareholders buying and selling shares on the ASX. ACQ shareholders do not have the ability to redeem their investment at net tangible assets ("NTA"). Accordingly, ACQ shares may trade at a premium or discount to their underlying NTA.

3.2.1 Investment Guidelines

The Existing Agreement details a number of investment guidelines that Acorn must follow in its investment strategy. These guidelines and restrictions are split between listed investments and unlisted investments.

In relation to its listed investments, Acorn is generally required to:

- invest in companies meeting the specified microcap size threshold, measured by reference to the 250th-largest company listed on the ASX;
- invest in companies incorporated, formed or listed in Australia, or considered by the Manager to have a sufficiently close connection to Australia;
- limit investments in permitted foreign companies to 10% of total portfolio value, subject to the contractual requirements;

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[2] Calculated as ACQ's disclosed NTA after taxes including taxes on unrealised gains ($1.1247) multiplied by shares on issue (90,149,119).

- dispose of securities that exceed the specified size threshold (the 225th-largest company listed on the ASX) within 18 months, subject to the agreement;
- limit the value of a holding in any one company to 7.5% of total portfolio value; and
- not leverage the portfolio or establish short positions.

In relation to unlisted investments, the guidelines include requirements that:

- the company must be audited by a registered auditor, or be audited in the financial year in which ACQ invests in the company;
- the investment interest does not exceed 49.9% of the equity securities in the entity at the time of the investment; and
- various other governance requirements, such as the entity having a defined liquidity strategy.

3.2.2 Investment Portfolio

ACQ's investment portfolio comprises predominantly listed and unlisted equity investments in microcap companies. As at 30 September 2026, listed investments represented 73.1% of the investment portfolio, with unlisted investments reflecting 24.1% and the remaining 2.8% held in cash.

ACQ's portfolio typically comprises in between 60 to 100 positions, with ACQ holding 68 positions as at 30 September 2026. The top 10 largest holdings as at 30 September 2026 represented 38.6% of the portfolio and are set out below:

STOCK	PORTFOLIO WEIGHT (%)
Elenium Automation (unlisted)	5.4%
Midas Minerals	4.6%
Solstice Minerals	4.5%
Rox Resources	3.9%
Pantoro	3.8%
Aroa Biosurgery	3.8%
Vysarn	3.5%
Meteoric Resources	3.2%
Waratah Minerals	3.0%
Aurelia Metals	2.9%
Total	**38.6%**

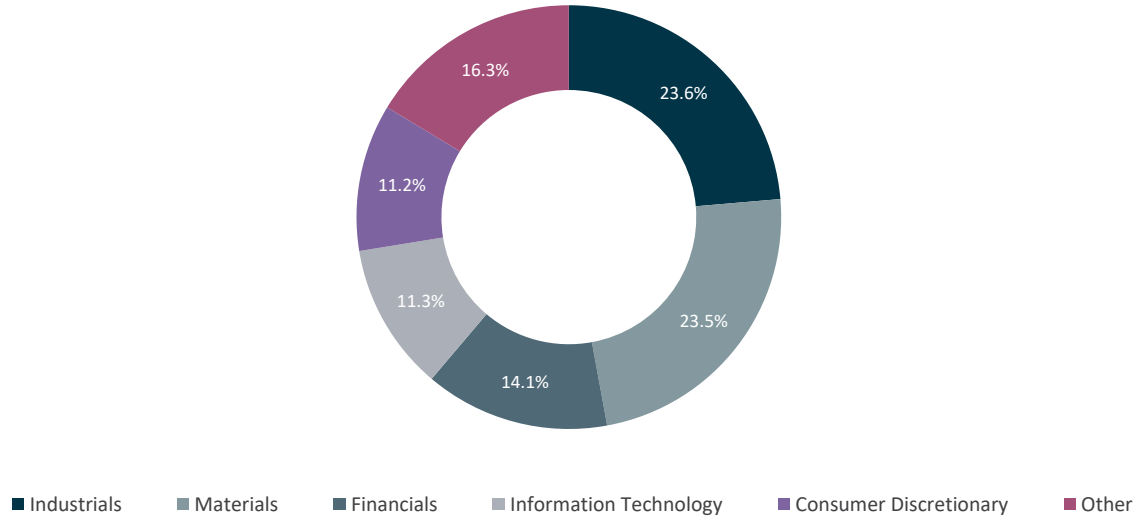
Source: ACQ

ACQ's portfolio is diversified across sectors, with its largest reported exposures being industrials and materials. ACQ's investment portfolio by sector as at 30 June 2026 is summarised below:

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ACQ – INVESTMENT PORTFOLIO BY SECTOR[3]



Source: ACQ

ACQ's portfolio is well diversified, however is relatively underweight the resources sector compared to its investment universe (ex-ASX 250 companies) which has a significant resources exposure.

3.2.3 Investment Portfolio Performance

As at 30 September 2026, ACQ's performance over recent periods is presented below[4]:

PERFORMANCE MEASURE	1 MONTH	3 MONTH	1 YEAR	3 YEAR %P.A.	5 YEAR %P.A.	7 YEAR %P.A.	10 YEAR %P.A.	SINCE INCEPTION %P.A.[5]
ACQ (pre tax, post fees, operating costs)[6]	-1.7%	1.1%	-6.8%	9.8%	0.2%	6.9%	7.8%	8.3%
ACQ (Pre fees, tax, operating costs)[7]	-1.5%	0.1%	-6.6%	11.1%	1.4%	9.0%	10.1%	10.8%
S&P/ASX Small Ordinaries Index[8]	-2.3%	-0.5%	-6.7%	10.4%	2.2%	5.0%	6.1%	6.7%
Acorn Capital Microcap Accumulation Index[9]	-3.1%	3.4%	-0.3%	14.6%	3.0%	8.3%	7.9%	8.1%

Source: ACQ

ACQ has performed strongly relative to its benchmark (Small Ordinaries Index) since inception in 2014 with outperformance over 7 and 10 year horizons, however, performance over an intermediate period has been

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3 Other comprises energy, consumer services, health care and consumer staples.

4 All figures are unaudited.

5 Inception represents 1 May 2014.

6 Calculated as the movement in NTA pre tax but post fees and operating costs. The calculation includes dividends paid and payable but has been grossed up for franking credits received by shareholders.

7 Return represents the pre fee, tax and operating cost performance of the underlying portfolio based on last prices, excluding fees and other accounting adjustments reflected in the calculation of NTA. This return is calculated by Acorn.

8 Source: Factset.

9 Source: Acorn. It is a proprietary index that measures the total returns, including reinvested dividends, of microcap companies listed on the ASX outside the 250 largest companies by market capitalisation.

mixed, with three and five year underperformance relative to the benchmark Small Ordinaries Index and the Acorn Capital Microcap Accumulation Index ("Microcap Index"). In recent years, ACQ performance has been mixed:

- ACQ's investment portfolio underperformed the Small Ordinaries Index in both FY23 and FY24, delivering returns of 4.1% and 2.9% respectively compared to index returns of 8.4% and 9.3%. The underperformance was largely driven by adverse stock selection within the financials, materials and industrials sectors in FY23 and the consumer discretionary and financials sectors in FY24. Microcap sector equity market conditions throughout FY23 and FY24 were challenging and impacted by significant tightening of interest rates, with the Microcap Index returning 2.1% and 5.3% across FY23 and FY24;
- investment returns in FY25 and FY26 were positive, with ACQ returns of 15.1% and 9.8% compared to the benchmark returns of 12.3% and 8.1% in FY25 and FY26 respectively. Relative outperformance to the Small Ordinaries Index was predominantly driven by positive stock selections within the industrials, resources and communication services sectors in FY25 and resources and communication sectors in FY26; and
- underperformance relative to the Microcap Index has generally been greater over the prior four financial years. This has largely been the result of certain idiosyncratic unlisted investments and the result of a relative underweighting of the ACQ portfolio to the resources sector, which is a prominent sector component of the Microcap Index.

3.3 Financial Performance

Historical Financial Performance

The historical financial performance of ACQ for FY23 to FY26 is summarised below:

ACQ – HISTORICAL FINANCIAL PERFORMANCE ($ MILLIONS)

	FY23 ACTUAL	FY24 ACTUAL	FY25 ACTUAL	FY26 ACTUAL
Gains/(losses) at fair value through profit or loss	5.1	2.6	14.5	9.5
Dividend and distribution income	0.5	0.8	0.8	0.9
Other income & foreign exchange gains/losses	0.1	0.3	0.2	0.2
Total income	**5.8**	**3.7**	**15.6**	**10.6**
Management & performance fees	1.0	0.9	0.9	1.1
Other expenses	0.7	0.5	1.2	0.8
Profit/(loss) before income tax	**4.1**	**2.4**	**13.5**	**8.8**
Income tax expense/(benefit)	1.1	0.6	3.8	2.5
Profit/(loss) after income tax	**3.0**	**1.8**	**9.7**	**6.3**
STATISTICS				
Total income growth	*n.m.*	*-36%*	*320%*	*-32%*
Profit before income tax growth	*n.m.*	*-42%*	*468%*	*-35%*

Source: ACQ and Grant Samuel analysis

ACQ's financial performance reflects the accounting treatment of its listed investments alongside recent portfolio performance:

- in accordance with the requirements of the Australian Accounting Standards, investments are measured at fair value through the profit and loss statement. Gains/losses at fair value represent the most significant revenue item for ACQ. Higher income from gains at fair value in FY25 and FY26

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relative to FY23 and FY24 mirror the improved performance of the portfolio in these periods (see Section 3.2.2).

- dividend and distribution income has grown at an average annual growth rate of 18% over the analysis period, highlighting lower exposure to unlisted markets (where dividends and distributions are typically lower relative to listed markets) and sector exposures (e.g. ACQ's financials exposure increased over FY24 and FY25, with health care exposure falling from FY24 to FY26).
- management fees have represented approximately 55% of total ACQ expenses over FY23 to FY26, with management fees remaining relatively stable over the period, reflecting the base management fee paid relative to the net asset value of the investment portfolio. No performance fees were paid over the period presented. This reflects the mechanics of the performance fee agreement, with the High Watermark[10] structure meaning that the FY25 and FY26 portfolio outperformance did not give rise to a performance fee in either period.

3.4 Dividends

ACQ's stated dividend policy is to target annual distributions of at least 5% of closing post-tax NTA for each financial year, franked to the highest extent possible, subject to sufficient distributable profits and cash flow. ACQ also operates a dividend reinvestment program.

ACQ's historical dividends and associated measures are summarised as follows.

ACQ DIVIDENDS ($ MILLIONS)

	FY23	FY24	FY25	FY26
Interim dividend per share	4.25	2.75	2.75	3.50
Final dividend per share	4.25	2.75	2.75	3.50
Total dividend per share	8.50	5.50	5.50	7.00
Basic earnings per share (cents per share)	3.51	2.01	10.84	6.96
Dividend payout ratio (Dividends declared/NPAT)	244%	276%	51%	101%
Dividend yield (Dividends per share/post tax NTA)	7.6%	5.2%	5.0%	6.3%
Amount of total dividend franked	100%	75%	35%	100%

Source: ACQ

ACQ's dividend yield represented between 5.0% and 7.6% of post-tax NTA over FY23 to FY26, consistent with its stated policy of targeting annual distributions of at least 5% of closing post-tax NTA. The extent of franking varied from 35% to 100% of dividends.

[10] The High Watermark structure reflects the requirement for the cumulative performance fee at the end of the relevant financial year to be greater than the cumulative performance fee at the end of any previous financial year in order for a performance fee to be paid to the Manager.

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3.5 Financial Position

The financial position of ACQ as at 30 June 2026 is summarised below:

ACQ - FINANCIAL POSITION ($ MILLIONS)

	AS AT 30 JUNE 2026 ACTUAL
Financial assets	99.1
Other assets	4.3
Total assets	**103.4**
Payables	1.0
Income tax payable	1.7
Net Assets	**100.7**
Equity attributable to ACQ shareholders	**100.7**
STATISTICS	
Shares on issue at period end (million)	*90.1*
NTA per share (pre tax)	*1.11*
NTA per share (post tax)	*1.12*

Source: ACQ and Grant Samuel analysis

Financial assets of $99.1 million represented most of ACQ's total assets of $103.4 million at 30 June 2026, consistent with its activities as a LIC. As at 30 June 2026, ACQ's financial assets include listed equities ($77.7 million), unlisted equities ($26.3 million) and derivatives and debt securities ($1.2 million). The Manager is required to value the portfolio at least once per month, with unlisted valuations approved by an investment valuation committee, which is chaired by an ACQ director. Acorn uses a range of valuation techniques for unlisted investments such as third party transaction, relative valuation techniques, income approach, option pricing, cost and other methodologies. These unlisted investment valuations are audited annually as part of the ACQ's financial year end audit. See Section 3.2 for a further breakdown of ACQ's portfolio and investment performance.

Other assets comprise cash and cash equivalents, deferred tax assets and receivables and prepayments.

ACQ does not have any interest bearing borrowings and has no debt facilities in place, consistent with the management agreement which stipulates the Manager must not borrow money. As at 30 June 2026, ACQ had cash and cash equivalents of $1.7 million.

3.6 Capital Structure and Ownership

Capital Structure

As at 30 September 2026, ACQ had 90,149,139 ordinary shares on issue.

Ownership

As at 31 July 2026 there were 1,759 registered shareholders in ACQ. The top 20 shareholders accounted for approximately 33.8% of the ordinary shares on issue, indicating a relatively retail investor heavy register. The register included institutional nominees, individual investors, private investment companies and foundations.

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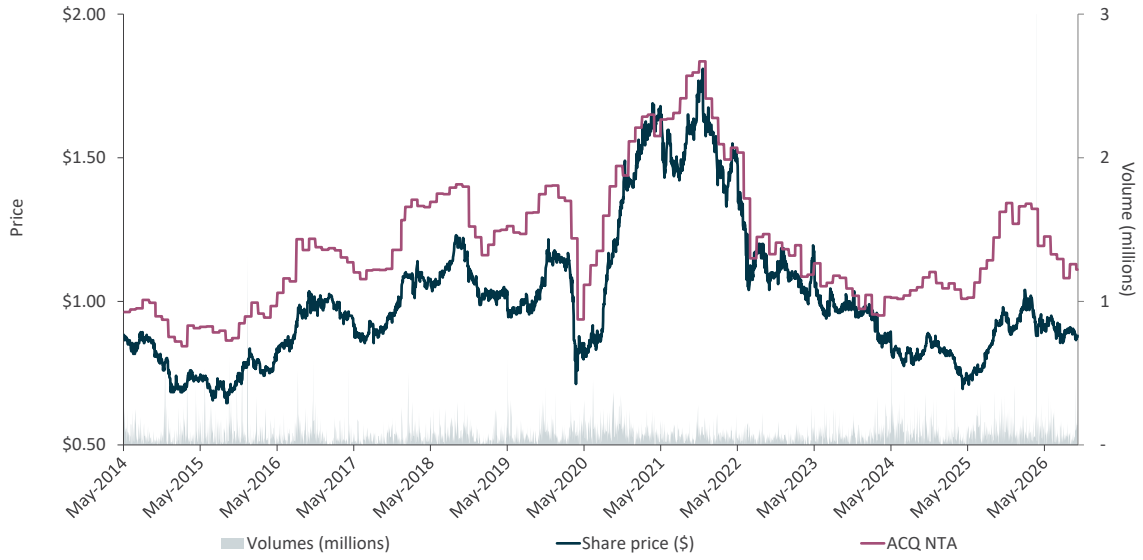
3.7 Share Price Performance

Share Price History

The following graph illustrates the movement in the ACQ share price and trading volumes since 1 May 2014:

ACQ – SHARE PRICE, NTA AND TRADING VOLUMES

MAY 2014 TO OCTOBER 2026



Source: IRESS, Grant Samuel Analysis

Shares in LICs can trade at a premium or discount to NTA, the level of which varies over time with many factors including the macroeconomic environment, interest rate settings, dividend yields, extent of marketing and communications and investor sentiment and risk appetite generally. Most LICs have traded at a discount to NTA in recent periods.

ACQ's share price has traded at a discount to NTA of approximately 16% since inception and in a price range of between $0.70-$1.25, albeit with significant divergence between June 2020 to November 2021, when it increased rapidly to close at an all-time high in November 2021 aided by a bull market, particularly for emerging companies. ACQ's discount to NTA also narrowed significantly during this period, with ACQ trading at or near NTA until early 2024.

A divergence between ACQ's share price and its NTA re-emerged in March 2024, widening to a discount of approximately 31% in April 2025, with the share price closing at a low of $0.70. ACQ's share price weakness and widening discount to NTA over this period were potentially explained by, amongst other factors, weaker investor sentiment across the LIC sector and ACQ's weaker dividend, which declined from 8.5 cents per share to 5.5 cents in FY24 and FY25 with lower dividend franking ratios of 75% and 35%. From April 2025, the share price increased to close at $1.04 on 27 January 2026 aided by ACQ's pre-tax NTA growing 32% from 30 April 2025 to 30 January 2026. The discount to NTA, however, remained significant over this period, ranging from approximately 22-34%.

ACQ's discount to NTA has reduced slightly in recent months, with an average discount to NTA since 1 July 2026 of 20.7%, lower than ACQ's average 2025 discount to NTA (27.0%) however wider than the average discount for specialist LICs (18.5% in August 2026, see Appendix A), potentially aided by an improved FY26 fully franked dividend (7.0 cents per share).

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ACQ's persistent discount to NTA may reflect a combination of factors, including its relatively small market capitalisation and limited share trading liquidity, exposure to listed microcap and unlisted investments, weaker relative investment performance over recent periods, market awareness and investor demand, and broader investor sentiment and risk appetite. In particular, the inclusion of unlisted investments may be less attractive to some investors given their illiquidity and reliance on valuations rather than observable market prices. The relative contribution of these factors cannot be determined with certainty (see further discussion Section 6.3.4) .

Liquidity

ACQ's shares are relatively illiquid, with average weekly volume over the 12 months to 7 October 2026 representing approximately 0.6% of shares on issue, or annual turnover of approximately 29%.

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4 Profile of Acorn

Grant Samuel understands that Acorn was established in 1998 as a specialist investment manager focused on emerging Australian companies. Acorn currently has nine investment professionals and six support staff. As at 30 June 2026, Acorn had approximately $670 million total assets under management across a range of investment strategies, providing investors with exposure to both listed and unlisted emerging companies.

Acorn's investment process is research-driven and focuses on bottom-up stock selection in a structured, methodical and thorough manner, seeking to exploit pricing inefficiencies that arise from a relative lack of research coverage of microcap companies. Acorn's investment team has an average of more than two decades of relevant experience, supported by strong corporate governance through Acorn's board and its internal compliance and legal functions.

Acorn's investment process incorporates Investment Committee approval for unlisted investments, portfolio risk oversight and a separate valuation process for unlisted holdings. ACQ also holds certain unlisted investments alongside other Acorn-managed funds. Acorn has established policies governing investment allocation and the management of potential conflicts between its funds and mandates. Acorn has considerable experience investing in unlisted businesses. Since 2009, it has undertaken 67 private investments across its managed funds and mandates, of which 45 have been realised.

Acorn's investment performance across its other funds and mandates has been mixed. Its Micro Opportunities Fund generated an annualised return of 9.8% after fees from inception in May 2020 to 30 June 2026, compared with 16.1% for its benchmark. In contrast, the NextGen Resources Fund generated an annualised return of 18.3% after fees from inception in September 2020 to 31 May 2026, compared with 15.7% for its benchmark. Acorn has also reported a gross realised IRR of 32.9% across 45 realised private investments since 2009. While these returns are not directly comparable given differences in investment mandates, benchmarks, measurement periods and the treatment of fees, differences in performance partly reflect the funds' differing investment mandates and sector exposures, particularly to resources, which have performed strongly over certain recent periods.

The investment team includes sector specialists across resources and energy, industrials, information technology, materials, consumer and healthcare sectors, together with dedicated private markets research and execution capability, providing depth of coverage across the full range of ASX industry sectors relevant to the microcap universe.

Acorn has demonstrated a strong ability to retain staff in recent years, with no key decision maker changes in the last three years, and many of the key decision makers having tenure at Acorn in excess of 10 years.

Acorn is owned by senior members of the investment team, with the balance owned by the founders and private investors. In January 2026, Australian Unity sold its shareholding in Acorn, with a new shareholder group entering the register.

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5 Overview of the agreements

5.1 Background to the New Agreement

On 11 March 2014, ACQ entered into a management agreement with Acorn in connection with ACQ's initial public offering. Under the terms of the Existing Agreement, Acorn was appointed as the exclusive investment manager of ACQ's portfolio, including assets held by controlled entities, for an initial term of five years.

The Existing Agreement entitled Acorn to request that ACQ put an ordinary resolution to shareholders to renew the term of the agreement. This right was exercised, with ACQ shareholders approving a further seven year term at the 2018 annual general meeting, with the renewed term expiring on 16 November 2025. Acorn has no further contractual right to require ACQ to seek shareholder approval for a further extension of the Existing Agreement.

Following expiry of the fixed term, the Existing Agreement has continued in force on a holdover basis. Either party may terminate on not less than three months' written notice, although ACQ's ability to terminate is restricted to specified circumstances, including where the ACQ Board considers on reasonable grounds that termination is necessary to discharge its duties to shareholders or where shareholders approve termination by resolution.

ACQ and Acorn propose to enter into the New Agreement under which Acorn would continue as investment manager for a further fixed term of five years, commencing on 20 November 2026, subject to shareholder approval at the 2026 annual general meeting. The New Agreement does not provide for any renewal or extension rights. The Existing Agreement would terminate simultaneously with commencement of the New Agreement.

5.2 Management Agreements

5.2.1 Existing Agreement

The Existing Agreement was entered into in March 2014 and amended and restated in October 2018. Its key terms are summarised as follows.

SUMMARY OF KEY TERMS OF EXISTING AGREEMENT

KEY TERM	DESCRIPTION
Agreement term	Initial term of five years from the Listing Date, subsequently renewed for a further seven years to 16 November 2025. The Existing Agreement now continues until terminated in accordance with its provisions.
Appointment and exclusivity	Acorn is appointed to invest and manage ACQ's portfolio, including assets held by controlled entities. Its appointment is exclusive, subject to specified exceptions, including where ACQ and Acorn agree to the appointment of another manager for particular assets.
Termination following expiry of the fixed term	Either party may terminate on not less than three months' written notice. ACQ may exercise this right only where the board considers on reasonable grounds that termination is necessary to discharge its duties to shareholders, or shareholders approve termination by resolution after Acorn has had a reasonable opportunity to present its case.
Other termination rights	The Existing Agreement provides for termination in specified circumstances, including insolvency, cessation of business, certain breaches not remedied within the applicable period and other prescribed events affecting either party.
Management fee	0.95% per annum (excluding GST) of the Asset Value of the Portfolio[11] at each month-end, calculated and accrued monthly and payable semi-annually in arrears.

[11] Asset Value of the Portfolio is the market value of the assets of the portfolio at the end of the period less the amount of the liabilities of ACQ at the end of the period, excluding any liability for Performance Fees.

Performance fee	20.0% (excluding GST) of the portfolio's outperformance of the S&P/ASX Small Ordinaries Accumulation Index, calculated monthly by reference to Portfolio NAV[12]. Monthly amounts are accumulated in a Performance Fee Account, with annual payments subject to specified tests, including a high watermark and a minimum retained balance. Negative amounts are carried forward. The agreement also provides for interest adjustments and permits payment in cash or, subject to applicable requirements, in ACQ shares.
Expenses	ACQ is responsible for certain costs properly incurred in connection with the investment, management, acquisition, disposal and maintenance of the portfolio, including custody and brokerage costs. Ordinary in-house administration costs of Acorn, including salaries, rent and research expenses, are excluded from reimbursement.
Investment guidelines	ACQ's investment mandate is focused on listed and unlisted securities of Australian microcap companies, as defined in the Existing Agreement and Section 3.2.1 of this report. The investment guidelines include restrictions on permitted investments, derivatives, leverage and short positions.
Valuation and reporting	Acorn is required to value or arrange the valuation of the portfolio at least monthly and provide regular portfolio reporting to ACQ. The Existing Agreement also prescribes valuation methodologies and reporting requirements. Listed investments are valued by reference to the last bid price. Unlisted investments are valued on a monthly basis using methods that in the opinion of the Manager best approximate their fair value. These methods are formally reviewed by the Manager semi-annually. The board retains the right to require any valuation of an unlisted investment to be independently reviewed.
Conflicts of interest	The Existing Agreement permits Acorn to undertake certain other investment management activities and transactions involving itself or its associates, subject to contractual obligations, including disclosure of relevant interests.

Source: ACQ; Existing Agreement, as amended and restated in October 2018.

This summary should be read in conjunction with the more detailed terms of the Existing Agreement contained in Section 4 and Schedules 1 and 2 of the Explanatory Memorandum.

5.2.2 New Agreement

ACQ and Acorn propose to enter into the New Agreement, under which Acorn would continue to provide investment management services to ACQ for a further fixed term of five years.

The Existing Agreement would terminate simultaneously with commencement of the New Agreement, with both parties waiving the three month termination notice requirement. The New Agreement provides for the continuation of existing accrued performance fee balances and associated calculations without reset.

The key terms of the New Agreement are summarised as follows.

SUMMARY OF KEY TERMS OF NEW AGREEMENT

KEY TERM	DESCRIPTION
Agreement term	Fixed term of five years commencing on 20 November 2026. Following expiry of the fixed term, the New Agreement would continue on a holdover basis unless terminated in accordance with its provisions. The New Agreement does not provide for any renewal or extension rights.
Appointment and exclusivity	Acorn would continue as the exclusive investment manager of ACQ's portfolio, including assets held by controlled entities. The New Agreement expressly preserves ACQ's ability to engage independent advisers, consultants and experts, including to review Acorn's performance or advise on discount management, marketing and shareholder engagement.
Management fee	The existing base management fee of 0.95% per annum (excluding GST) of the Asset Value of the Portfolio would be retained. The fee would continue to be calculated and accrued monthly, but would be payable quarterly rather than semi-annually in arrears.

[12] Portfolio NAV means the market value of the assets of the portfolio reduced by any accrued but unpaid operating expenses of ACQ, except for Performance Fee accruals and provisions for tax.

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Performance fee	The existing performance fee of 20% (excluding GST) of the portfolio's outperformance of the S&P/ASX Small Ordinaries Accumulation Index would be retained. Performance fees would continue to be accumulated monthly in a Performance Fee Account, with payments subject to specified conditions, including a cumulative high watermark, the carry-forward of underperformance and a minimum retained balance of 50 basis points of portfolio NAV. The New Agreement expressly provides for the continuation of existing balances and calculations without reset.
Expenses	ACQ would continue to bear certain costs properly incurred in connection with the investment and management of its portfolio, including transaction, brokerage and custody expenses. Acorn's ordinary in house administration costs, including salaries, premises and research expenses, would remain excluded from reimbursement.
Investment guidelines	ACQ's existing investment mandate is retained, focused on listed and unlisted securities of Australian microcap companies. The investment guidelines include restrictions on permitted investments, portfolio concentration, derivative contracts, leverage and short positions.
Valuation and reporting	Acorn would continue to be responsible for arranging valuations of ACQ's investment portfolio at least monthly and providing regular portfolio reporting. The New Agreement introduces quarterly compliance certifications, enhanced notification obligations and requirements relating to business continuity planning and testing.
Conflicts of interest	Acorn would remain permitted to manage other investment portfolios and undertake coinvestments alongside ACQ. However, the New Agreement introduces a requirement for ACQ's prior consent to specified off-market transactions involving unlisted portfolio investments and Acorn's related parties or other Acorn managed funds. Additional compliance and conflict disclosure obligations would also apply.
Indemnities	The New Agreement expands the circumstances in which Acorn indemnifies ACQ, including losses arising from material contractual breaches and specified misleading or inaccurate information.
Termination during the fixed term	ACQ may terminate before expiry of the fixed term in specified circumstances, including Acorn's insolvency, cessation of business, certain contractual breaches that are not remedied and specified changes affecting Acorn's business. Ordinary termination following a shareholder resolution cannot take effect before expiry of the fixed term. Acorn may terminate in specified circumstances affecting ACQ, including insolvency, delisting, certain contractual breaches or a change of control involving an acquisition of more than 50% of ACQ's shares.
Termination following expiry of the fixed term	Following expiry of the fixed term, either party may terminate on not less than three months' written notice. ACQ may exercise this right where the Board reasonably considers termination necessary to discharge its duties to shareholders or where shareholders approve termination by resolution.
Termination consequences and transition	Following termination, Acorn would be required to assist with transferring management responsibilities for at least six months, extendable to nine months by mutual agreement. The arrangements include obligations to provide specified portfolio records, valuation materials and information concerning unlisted investments, and to cooperate with a successor manager. Management fees would continue to accrue during the transition period.
Naming rights	Following termination or expiry, ACQ would be required to use its best endeavours to cease using Acorn's name and branding and change its registered company name and ASX code, with the associated costs borne by ACQ.

Source: ACQ; New Agreement dated 19 October 2026; Grant Samuel analysis.

ACQ shareholders should refer to Section 4 and Schedules 1 and 2 of the Explanatory Memorandum for more detailed information in relation to the New Agreement.

5.2.3 Summary of changes

The New Agreement would continue Acorn's appointment as investment manager of ACQ on substantially the remuneration arrangements and investment mandate as the Existing Agreement. The key proposed changes relate to the duration of Acorn's appointment, the timing of management fee payments and additional governance and contractual protections.

SUMMARY OF KEY CHANGES TO THE MANAGEMENT ARRANGEMENTS

KEY TERM	DESCRIPTION
Agreement term	The Existing Agreement currently continues on a holdover basis following expiry of its fixed term in November 2025. The New Agreement would provide Acorn with a further fixed term of five years, commencing on 20 November 2026.
Management fee payment frequency	The existing base management fee of 0.95% per annum would be retained, but payment frequency would change from semi-annually to quarterly in arrears.
Performance fee transition	The New Agreement expressly provides for the rollover of existing Performance Fee Account balances, the cumulative high watermark and carried-forward underperformance without crystallisation or reset. The minimum retained balance would continue at 50 basis points of portfolio NAV.
Governance, reporting and compliance	The New Agreement introduces additional obligations on Acorn, including quarterly compliance certifications, expanded notification requirements, business continuity planning and manager warranties.
Termination and transition arrangements	The New Agreement retains substantially the same termination rights, subject to the new five year fixed term. It also introduces more detailed transition obligations, including a minimum six month transition period (extendable to nine months by agreement), including provision of specified portfolio information and cooperation with a successor manager.
Non-exclusivity	The New Agreement includes a carve out such that the ACQ Board under the New Agreement has the right to engage advisers, consultants or experts independently of the Manager, including to review the Manager's performance or to provide discount management, marketing or shareholder engagement advice.
Other contractual provisions	The New Agreement provides for a range of additional contractual rights and obligations including: • requirement for ACQ shareholder approval on any proposed material amendments, • new indemnities regarding loss arising from Acorn negligence; • consent requirements for the Manager when publishing any material under ACQ's name; and • additional reporting obligations provided from the Manager to ACQ.

Source: ACQ.

Overall, the New Agreement retains the existing investment management framework while providing greater certainty regarding Acorn's appointment and introducing additional reporting, governance and contractual protections.

The implications of these proposed changes for ACQ shareholders are considered in Section 6.

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6 Evaluation of the New Agreement

6.1 Summary

In Grant Samuel's opinion, the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages. While the New Agreement does not represent a fundamental change to the existing arrangements, it provides a commercially reasonable basis for securing the continued services of Acorn on broadly competitive terms, with additional protections for ACQ shareholders.

The proposed New Agreement would continue Acorn's appointment as investment manager of ACQ for a further fixed term of five years. The existing investment mandate and remuneration arrangements would remain substantially unchanged, while the New Agreement would introduce additional governance, reporting and contractual protections.

The primary advantage of the New Agreement is the greater certainty it provides regarding the continued appointment of an established specialist investment manager. Acorn has demonstrated appropriate capabilities in managing listed and unlisted microcap investments and has delivered competitive investment returns over the longer term, notwithstanding weaker relative performance over the past three to five years. The proposed five year term is consistent with market practice and provides reasonable alignment with ACQ's long-term investment horizon. The existing remuneration arrangements also appear broadly competitive, while the New Agreement would strengthen ACQ's contractual protections without increasing the headline management or performance fee rates. Importantly, the New Agreement also preserves existing performance fee balances, including the cumulative high-water mark and carried-forward underperformance, without crystallisation or reset, thereby maintaining existing protections for shareholders.

The primary disadvantage is the commitment to retain Acorn for a further five years, during which ACQ would have limited ability to reconsider its appointment in response to continued investment underperformance or changing circumstances. However, the independent directors' review of alternative investment managers did not identify a clearly preferable alternative in terms of investment capabilities, historical performance or remuneration arrangements. While no formal approaches were made to alternative managers, there is no evidence that replacing Acorn would deliver superior outcomes for shareholders.

ACQ's persistent discount to NTA is also a significant issue for shareholders. Currently, most LICs are trading at a discount to NTA, potentially reflecting weak macroeconomic conditions, tightening of interest rates and general market risk appetite. However, for ACQ, the discount is likely to also reflect a range of factors, including ACQ's relatively small size, its illiquid share trading, lack of brand awareness and recent investment underperformance. While the New Agreement does not directly address the discount, there is no clear basis for concluding that a change of investment manager would result in its narrowing.

While Grant Samuel considers that the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages, this assessment necessarily involves judgement. Individual ACQ shareholders may reasonably place different weight on Acorn's weaker intermediate investment performance and ACQ's persistent discount to NTA. However, future investment performance is inherently uncertain, whether the portfolio is managed by Acorn or another investment manager, and there is no assurance that a change of manager would deliver superior investment returns or result in a narrowing of the discount to NTA.

The basis of our evaluation is outlined in Section 2.2 of this report.

6.2 Key matters considered

6.2.1 Investment performance and track record

Acorn's historical performance is relevant to its suitability to continue managing ACQ. In general, a demonstrated track record of satisfactory investment performance provides greater support for committing to an investment manager over an extended period. Conversely, sustained underperformance may increase the importance of preserving flexibility to review or replace the investment manager.

As set out in Section 3.2.3 of this report, ACQ has generated competitive investment returns over the longer term, although relative performance has varied considerably over shorter periods. Over the period since inception to 30 September 2026, ACQ generated an NTA-based return of 8.3% per annum after fees and operating costs, compared with 6.7% per annum for the Small Ordinaries Index. ACQ also outperformed this benchmark over the seven and ten year periods. However, ACQ underperformed over the three and five year periods, including by approximately 2.0 percentage points per annum over five years.

The benchmark comparison should be considered in the context of ACQ's investment mandate. ACQ invests in listed and unlisted microcap companies, many of which are substantially smaller than the companies represented in the Small Ordinaries Index. As at 30 September 2026, only 17.1% of ACQ's listed holdings, by value, were constituents of that index.

The Microcap Index provides an additional reference point, with approximately 86.6% of ACQ's listed holdings, by value, included in the index as at 30 September 2026. ACQ's relative performance against this index has been less favourable over recent periods. In particular, the underlying portfolio, before fees, underperformed the Microcap Index over the three and five-year periods, although it outperformed over seven years and since inception. Differences in portfolio composition, including ACQ's unlisted investments, sector exposures and individual investment weightings, should be considered when comparing these returns.

Acorn has attributed the weaker relative performance over recent periods to a combination of sector exposures and individual investment outcomes rather than any sustained issues. In FY24, underperformance was principally associated with stock selection in financials, healthcare and consumer discretionary businesses, including a significant investment write-down. ACQ's portfolio subsequently outperformed both indices in FY25. In FY26, the portfolio returned 9.8% before fees, compared with 19.4% for the Microcap Index. Acorn attributed the shortfall principally to stock selection in financials, healthcare and energy, together with the portfolio's relative exposure to resources and lower returns from unlisted investments. These explanations suggest that recent underperformance reflects both portfolio positioning and individual investment outcomes.

Overall, Acorn's historical investment performance provides a reasonable basis for continuing its appointment, having regard to its long term investment performance and the specialist nature of ACQ's investment mandate. However, the weaker performance over the past three to five years is a relevant consideration in assessing the commitment involved in the proposed five year term.

6.2.2 Manager capability, stability and governance

The experience, resources and stability of an investment manager are relevant to its ability to implement an investment mandate and manage an investment portfolio effectively.

Acorn is an established specialist investment manager, founded in 1998, with approximately $670 million in funds under management as at 30 June 2026. Its investment activities encompass listed and unlisted Australian microcap companies, including developing businesses and companies across the resources, energy and industrial sectors. Acorn manages ACQ's investment strategy alongside other institutional

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mandates and funds, with investment research, portfolio management and related infrastructure shared across its broader business. This provides ACQ with access to specialist investment management resources and systems that would be relatively costly to replicate independently at its current scale.

Acorn currently employs a team of ten investment professionals with sector-specific responsibilities. The team includes several senior investment personnel who have been with Acorn for more than ten years. Investment decisions are supported by established processes, including Investment Committee approval for unlisted investments, portfolio risk oversight and a separate valuation process for unlisted holdings.

Acorn's experience in unlisted investments is particularly relevant. Since 2009, it has undertaken 67 private investments across its managed funds and mandates, of which 45 have been realised. Managing these investments requires ongoing assessment of their operating performance, funding requirements, valuation and potential realisation opportunities, as well as maintaining relationships with investee companies. Acorn's longstanding involvement with ACQ's portfolio provides familiarity with these investments and their particular circumstances. A change of manager would require a successor to develop this knowledge and establish its own relationships with relevant investee companies.

Acorn's investment process is supported by established investment committees, risk management procedures and a relatively stable team of experienced investment professionals. While these arrangements reduce reliance on individual personnel, the continued availability of suitably qualified staff remains important to the effective management of ACQ's portfolio.

In Grant Samuel's view, Acorn has demonstrated that it possesses the experience, resources and capabilities required to manage ACQ's investment portfolio. The continuation of these capabilities, particularly in relation to unlisted investments, is a positive consideration in assessing the New Agreement.

6.2.3 Investment strategy

The New Agreement is not expected to materially change ACQ's investment mandate or investment strategy. Accordingly, the proposed arrangements would not materially alter the range of investments available to ACQ or the investment risks associated with its portfolio and ACQ would continue to invest in listed and unlisted Australian microcap companies.

The continuation of ACQ's existing investment strategy provides consistency for shareholders and avoids the potential disruption associated with a change in investment approach.

6.2.4 Share price, discount to NTA and liquidity

ACQ's shares have historically traded at a discount to NTA, with an average discount to pre-tax NTA of approximately 16.2% since inception to. However, the discount has varied considerably, with ACQ briefly trading at a premium to NTA as recently as February 2024 before the discount widened to more than 30% at times during 2025 and 2026. As at 30 September 2026, ACQ's pre-tax NTA was approximately $1.11 per share, compared with a share price of $0.88, implying a discount of approximately 20.8%.

ACQ's discount to NTA since the fund's inception in May 2014 is set out below.

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ACQ TRADING TO NTA SINCE INCEPTION



Source: IRESS, ACQ

ACQ's discount to NTA has generally been wider than that observed for a number of comparable listed investment companies. Based on August 2026 research from Ord Minnett, the median discounts for selected small capitalisation and specialist LIC peer groups were approximately 10.8% and 18.5%, respectively. However, discounts vary considerably across individual LICs, reflecting differences in investment mandates, portfolio composition, performance, liquidity and investor demand.

A number of factors may contribute to ACQ's discount to NTA, including its relatively small market capitalisation, illiquid share trading and exposure to microcap and unlisted investments. The latter may be less attractive to some investors given their illiquidity and, in the case of unlisted investments, the reliance on valuations for unlisted investments rather than observable market prices. Other factors, including investment performance, distributions, investor awareness and broader market conditions, may also influence the discount.

The discount is relevant to ACQ shareholders because it limits the value they may realise through a sale of their shares relative to the underlying NTA. However, the discount does not necessarily indicate that ACQ's investment portfolio is underperforming or that a change of investment manager would result in a lower discount. The relationship between investment performance and the discount is complex, and the relative importance of the factors contributing to ACQ's discount cannot be determined with certainty.

The New Agreement does not directly address ACQ's discount to NTA. It would continue the existing investment management arrangements and introduce additional governance and reporting obligations, including greater flexibility for ACQ to obtain independent advice on matters such as discount management and shareholder engagement. However, the New Agreement does not commit Acorn to specific initiatives or expenditure intended to narrow the discount. Any additional marketing and shareholder engagement arrangements are proposed to be negotiated separately and are not part of the New Agreement.

Accordingly, while the New Agreement would provide greater certainty regarding the continuation of ACQ's existing investment management arrangements, there is no basis to conclude that its implementation would, of itself, result in a material narrowing of the discount to NTA. The persistent discount remains a relevant consideration for shareholders, but its existence does not, in isolation, establish that alternative management arrangements would produce a better outcome.

6.2.5 Base management fee and payment frequency

The New Agreement would retain the base management fee of 0.95% per annum (plus GST) of the Asset Value of ACQ's portfolio, calculated and accrued monthly. However, the payment frequency would change from semi-annually to quarterly in arrears.

In assessing the proposed fee, Grant Samuel has had regard to management fees and management expense ratios reported by broadly comparable listed investment companies, particularly those investing in small and microcap companies and unlisted securities. The following table summarises the management expense ratios reported for selected groups of listed investment companies.

BASE MANAGEMENT FEE BENCHMARKING ANALYSIS[13]

PEER GROUP	NUMBER	AVERAGE BASE MANAGEMENT FEE	MEDIAN BASE MANAGEMENT FEE	RANGE
Small capitalisation LICs	13	1.17%	1.11%	0.70-1.90%
Specialist LICs – private exposure	5	1.20%	1.25%	0.75-1.75%
Specialist LICs – alternative/private equity strategies	9	1.34%	1.25%	0.88-2.17%
ACQ	**0.95%**			

Source: Grant Samuel analysis based on Ord Minnett August 2026 LIC Performance Review and sector update

See Appendix A for further analysis of LIC management fees and trading.

ACQ's base management fee of 0.95% per annum is below the average and median reported rates for each of the selected peer groups. However, the comparability of these measures is subject to limitations, including differences in investment mandates, portfolio sizes, exposure to unlisted securities, management structures and the services provided by their investment managers. Furthermore, the reported expense ratios may include costs that are not reflected in ACQ's contractual base management fee, while differences in performance fee arrangements and expense recoveries may affect the total costs borne by shareholders.

Accordingly, the benchmarking provides a broad indication of the competitiveness of ACQ's management fee rather than a direct like-for-like comparison.

ACQ incurred management fee expenses of approximately $855,000 in FY24, $900,000 in FY25 and $1,079,000 in FY26. The increase in annual management fees reflects changes in the portfolio value on which the fee is calculated, with the contractual rate remaining unchanged at 0.95% per annum. No performance fee expense was recognised during these periods.

The proposed change in payment frequency would result in Acorn receiving management fees earlier than under the Existing Agreement. While the annual fee rate would remain unchanged, quarterly payments would provide a modest cash flow benefit to Acorn and reduce the period for which ACQ retains the associated cash. However, management fees under a number of comparable externally managed listed investment companies are payable monthly in arrears and so the proposed quarterly payment frequency would remain less frequent than that observed under many comparable arrangements. The financial impact of this change is expected to be relatively modest.

Overall, ACQ's base management fee of 0.95% per annum appears broadly competitive relative to management costs reported by comparable listed investment companies. The primary change is the earlier payment of management fees, which is expected to have a relatively modest impact on ACQ and is competitive relative to other comparable LIC management arrangements.

[13] Data as at 18 September 2026. Statistics exclude ACQ.

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6.2.6 Performance fee and overall remuneration

The New Agreement proposes to retain the existing performance fee structure, under which Acorn is entitled to a fee equal to 20% of the portfolio's outperformance of the S&P/ASX Small Ordinaries Accumulation Index, subject to specified conditions.

Performance fees are calculated monthly and accumulated in a Performance Fee Account, which may have a positive or negative balance and accrues interest at the Reserve Bank of Australia's cash rate. Performance fees are payable annually only where specified conditions are satisfied, including a positive change in the Performance Fee Account, and increase in the cumulative performance fee above its previous high watermark and a positive cumulative performance fee balance. In addition, a minimum balance equivalent to 50 basis points of portfolio NAV is retained in the account and remains subject to subsequent investment performance.

These arrangements provide a degree of protection to ACQ shareholders. In particular, the cumulative high watermark and carry-forward of underperformance may defer or prevent performance fee payments notwithstanding positive returns in an individual period. The minimum retained balance also remains exposed to subsequent underperformance. No performance fees were paid to Acorn in FY24, FY25 or FY26.

Performance fee benchmarking of broadly comparable listed investment companies indicates that a headline performance fee rate of 20% is common among those that charge performance fees. However, the structures vary in terms of benchmarks, high watermarks, the treatment of underperformance and payment conditions. In this context, ACQ's cumulative high watermark, indefinite carry-forward of underperformance and minimum retained balance represent meaningful protections for shareholders relative to arrangements without equivalent provisions.

Overall, the existing performance fee arrangements appear broadly consistent with market practice in terms of the headline rate, while incorporating additional mechanisms that restrict the circumstances in which performance fees become payable.

6.2.7 Transition arrangements and treatment of accrued fees

The New Agreement would replace the Existing Agreement, providing for continuity of Acorn's appointment as investment manager. Accordingly, the treatment of accrued performance fees and associated balances is relevant to assessing the financial implications for ACQ shareholders.

The New Agreement expressly provides for the continuation of these arrangements without crystallisation or reset. That is, the existing Performance Fee Account balance, cumulative performance fee and high watermark will carry forward unchanged. No amounts will be crystallised, reset or recalculated solely as a consequence of entering into the New Agreement.

These provisions are important because they preserve the cumulative performance fee arrangements, including the requirement for Acorn to recover historical underperformance before further performance fees become payable. They also avoid the potential for accrued performance fees to become payable, or accumulated underperformance to be extinguished, as a consequence of replacing the Existing Agreement.

The continuation of these arrangements is favourable to ACQ shareholders compared with entering into a new management agreement that did not preserve the existing performance fee balances and calculations.

6.2.8 Term and termination rights

Proposed five-year term

The New Agreement provides for a fixed term of five years, commencing on 20 November 2026.

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A five year term is consistent with market practice for externally managed listed investment companies. It is also the maximum fixed term permitted under ASX Listing Rule 15.16 without an ASX waiver.

The proposed term is also consistent with the long term nature of ACQ's investment strategy, which has an investment horizon of approximately seven years. In particular, ACQ's investments in listed and unlisted microcap companies may require extended periods to develop and realise their potential value. A five-year term provides a closer alignment with this investment horizon than a shorter appointment, while remaining within the maximum period ordinarily permitted under the ASX Listing Rules.

The proposed term would provide greater certainty to both ACQ and Acorn regarding the continuation of the management arrangements. From ACQ's perspective, this would provide greater certainty regarding the continued availability of Acorn's specialist investment management services and knowledge of ACQ's portfolio. For Acorn, greater security of tenure would provide a more certain basis for retaining investment personnel and committing resources over the longer term.

A longer-term appointment also provides a more certain basis for retaining specialist investment personnel, undertaking research and managing investments with extended holding periods. These considerations are particularly relevant to ACQ's unlisted portfolio, where investments may require ongoing management over several years before realisation.

A fixed-term appointment does to a degree reduce ACQ's ability to reconsider or change its management arrangements during that period. In particular, ACQ would not be entitled to terminate the New Agreement during the five-year term solely because of sustained investment underperformance, the departure of key investment personnel, the availability of alternative management arrangements or a shareholder resolution seeking a change of manager. These terms are consistent with market practice and align with the termination arrangements under the fixed term of the Existing Agreement. However, this does not remove Acorn's incentives to deliver satisfactory investment performance or its accountability to ACQ shareholders. Acorn would remain subject to the financial incentives provided by its performance fee arrangements, ongoing Board oversight and pressure from shareholders to address sustained underperformance or a significant discount to NTA. Any change of manager would remain subject to the agreement's termination provisions and could involve costs and disruption.

Termination rights

The New Agreement would preserve ACQ's ability to terminate Acorn's appointment during the fixed term in specified circumstances, including insolvency, cessation of business, certain changes affecting Acorn's business and contractual breaches that remain unremedied for 20 business days following written notice. Acorn would have corresponding termination rights in certain circumstances affecting ACQ, together with rights arising from ACQ's delisting or a change of control involving more than 50% of its shares.

However, ACQ would not be entitled to terminate the New Agreement before expiry of the fixed term solely because of sustained investment underperformance, the departure of key investment personnel or shareholder dissatisfaction with the management arrangements. These restrictions are substantially consistent with those applying during the fixed term of the Existing Agreement and therefore do not represent a material change to the underlying termination rights.

Following expiry of the fixed term, either party may terminate the New Agreement on not less than three months' written notice. However, ACQ's right to terminate is restricted to circumstances where the Board reasonably considers termination necessary to act in shareholders' best interests or shareholders approve termination by resolution. These arrangements are substantially consistent with the Existing Agreement.

The New Agreement does not provide for an express early termination fee or payment of management fees for the remaining fixed term. However, Acorn would remain entitled to accrued fees and expenses, and accumulated performance fees may become payable on termination, subject to the applicable

payment conditions. In addition, Acorn would continue to receive management fees during the required transition period of at least six months, extendable to nine months by agreement.

The requirement to continue paying management fees during the transition period may increase the costs associated with replacing Acorn, particularly if ACQ incurs overlapping fees while establishing alternative management arrangements. However, these payments relate to Acorn's continuing responsibility for managing the portfolio and assisting with the transfer of management responsibilities, rather than a separate termination fee. The transition arrangements are particularly relevant given ACQ's material unlisted portfolio and the potential complexity of transferring management responsibilities to a successor. While the requirement may add to the cost of changing managers, it does not prevent ACQ from appointing a replacement and is unlikely, of itself, to represent a significant impediment to doing so.

The termination provisions therefore provide protection against specified defaults but do not give ACQ a general right to replace Acorn during the fixed term. Although Acorn would remain subject to Board oversight, shareholder scrutiny and the financial incentives provided by its performance fee arrangements, these mechanisms do not provide an alternative to the contractual right to terminate its appointment.

Overall assessment

The proposed five year term is consistent with market practice and the maximum fixed term ordinarily permitted under the ASX Listing Rules. It also provides a reasonable alignment with ACQ's long term investment horizon and greater certainty regarding the continued availability of Acorn's specialist investment management capabilities. These considerations support the commercial rationale for the proposed term. However, the five-year commitment reduces ACQ's flexibility to reconsider or change its management arrangements during that period, including in response to sustained underperformance. On balance, having regard to Acorn's established capabilities, historical investment performance and the nature of ACQ's investment portfolio, Grant Samuel considers the proposed term to be commercially reasonable, notwithstanding the associated restrictions on ACQ's flexibility.

6.2.9 Other contractual changes

In addition to the matters discussed above, the New Agreement introduces a number of changes to Acorn's contractual obligations and the governance arrangements associated with its appointment.

The key changes are:

- **exclusivity**: the New Agreement expressly preserves ACQ's ability to engage independent advisers, consultants and experts, including to review Acorn's performance or advise on discount management, marketing and shareholder engagement. Acorn would remain the exclusive investment manager, but these provisions provide greater clarity regarding ACQ's ability to obtain advice independently of Acorn;
- **reporting and compliance**: the New Agreement introduces quarterly compliance certifications, expanded notification requirements and additional business continuity obligations. These changes provide ACQ with greater information regarding Acorn's compliance, operations and matters that could affect its ability to manage the portfolio;
- **conflicts of interest and indemnities**: the New Agreement requires ACQ's prior consent for certain off-market transactions involving unlisted portfolio investments and Acorn's related parties or other managed funds. It also expands Acorn's existing indemnity obligations in favour of ACQ, including in relation to misleading information and certain promotional statements, although liability remains subject to contractual limitations; and
- **transition arrangements**: the New Agreement introduces more detailed obligations for Acorn to assist with the transfer of management responsibilities following termination. These include a minimum six

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month transition period, extendable to nine months by mutual agreement, together with requirements to provide relevant portfolio records, valuation information and investee company contact details, and to cooperate with a successor manager. These provisions provide greater certainty regarding the transition process, particularly given ACQ's material unlisted investment portfolio. However, certain proprietary and confidential information is excluded.

The New Agreement also retains a number of existing provisions, including Acorn's termination right following a change of control of ACQ and the requirement for ACQ to cease using Acorn's name and branding following termination. These provisions may have commercial consequences, particularly in the event of a change of manager, but do not represent material changes from the Existing Agreement.

Overall, the additional reporting, governance and contractual protections represent improvements relative to the Existing Agreement, strengthening ACQ's oversight of Acorn and providing greater clarity regarding the parties' respective obligations.

6.2.10 Alternatives considered

In assessing the New Agreement, Grant Samuel has also considered alternative courses of action available to ACQ. They include the appointment of alternative investment manager, internalisation of the investment management functions and the potential winding up of ACQ and realisation of its investment portfolio.

The independent directors have also considered each of these alternatives in recommending the New Agreement.

The potential implications of these alternatives are summarised as follows.

Appointment of alternative investment manager

ACQ could seek to appoint another external investment manager, potentially with different investment capabilities, remuneration arrangements or contractual terms. This would provide an opportunity to review the existing management arrangements and could result in improved investment performance or lower management costs. However, there is no certainty that a replacement manager would deliver better outcomes for shareholders.

The availability of a suitable replacement manager is an important consideration given ACQ's specialist investment mandate and material portfolio of unlisted investments. In considering this alternative, the independent directors reviewed a potential universe of investment managers with broadly comparable investment strategies, comprising nine managers with listed and unlisted investment capabilities and seven primarily focused on listed small and microcap securities. The review considered their investment capabilities, historical performance, investment strategies and suitability to manage ACQ's existing portfolio.

While a number of established managers have demonstrated strong investment performance, their investment mandates and capabilities vary considerably. In particular, several identified managers with strong track records were primarily focused on listed securities and have limited experience managing unlisted investments. Other managers have relevant unlisted investment capabilities, although their investment strategies, scale and operating structures differ from those of Acorn. Certain managers also operate their own investment vehicles, potentially limiting their willingness to accept an external mandate of ACQ's size.

Historical investment performance among the managers reviewed has also varied. While some have generated returns exceeding those achieved by ACQ, others have experienced periods of substantial underperformance. Comparisons are complicated by differences in investment mandates, portfolio composition, reporting periods and the treatment of fees and expenses. Accordingly, the historical

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performance of alternative managers does not provide a clear basis for concluding that a replacement manager would deliver superior investment outcomes.

The potential cost of appointing another manager is also relevant. As discussed in Section 6.3.5, ACQ's existing base management fee of 0.95% per annum is below the average and median fees reported for the selected peer groups. While the terms on which individual managers might accept ACQ's mandate have not been established, there is no evidence that a replacement manager would offer lower fees or more favourable overall remuneration arrangements.

A change of manager would also have implications for the existing performance fee arrangements. Termination of the Existing Agreement could result in accumulated performance fees becoming payable, subject to the applicable payment conditions. Furthermore, the existing cumulative high watermark and carried-forward underperformance would not automatically transfer to a replacement manager. Unless equivalent protections were negotiated, a new performance fee arrangement could commence with a reset of these balances, potentially allowing performance fees to be earned without first recovering historical underperformance under Acorn's management.

There would also be transition costs and potential disruption associated with replacing Acorn, particularly given its longstanding knowledge of ACQ's portfolio and relationships with unlisted investee companies. Certain investments are held alongside other Acorn-managed funds, which may further complicate the transfer of management responsibilities, although a change of manager would not necessarily require the disposal of those investments.

Following its review, the independent directors proceeded with negotiating the New Agreement with Acorn rather than seeking to appoint a replacement manager. No formal approaches were made to alternative managers and no alternative proposals have been obtained. Accordingly, while the review provides a reasonable basis for assessing the potential manager universe, it does not establish the terms on which a replacement manager could be appointed.

On balance, the specialist nature of ACQ's portfolio, Acorn's established capabilities, its historical investment performance, the existing fee arrangements and the potential costs and disruption associated with replacement provide reasonable grounds for continuing with Acorn. While the appointment of another manager remains a potential alternative, there is insufficient evidence to conclude that it would deliver a superior outcome for ACQ shareholders.

Internalisation of investment management

ACQ could seek to internalise its investment management function, replacing Acorn with investment personnel and supporting infrastructure employed or engaged directly by ACQ. This would provide ACQ with greater control over investment management activities and potentially improve the alignment of management incentives with shareholder interests. It would also eliminate the external management and performance fee arrangements, although these savings would need to be considered against the costs of establishing and operating an internal management function.

Internalisation would require ACQ to recruit an appropriately qualified investment team, including personnel with experience managing listed and unlisted microcap investments, and establish or procure the necessary investment management, compliance, administrative and reporting systems. ACQ would also need to make appropriate arrangements for executive management, financial reporting and other corporate functions currently supported by Acorn.

These requirements would involve substantial fixed costs and implementation risks. Given ACQ's relatively modest scale, the cost of establishing and maintaining a dedicated investment management function is likely to exceed the remuneration currently paid to Acorn, particularly given the specialist personnel required to manage the unlisted portfolio.

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Internalisation would also involve a transition period during which ACQ would need to establish the necessary capabilities while continuing to manage its existing investments. The associated costs and implementation risks are likely to make internalisation a less attractive alternative at ACQ's scale.

Winding up ACQ and realisation of the investment portfolio

An alternative would be to wind up ACQ, realise its underlying investments and return the net proceeds to shareholders.

Given ACQ's persistent discount to NTA, an orderly realisation of the portfolio could potentially allow shareholders to recover greater value than would be available through the sale of their shares on ASX. However, the amount ultimately distributed to shareholders is not equivalent to NTA and would depend on the realisable value of the portfolio, the costs and timing of realisation, taxation consequences and the expenses associated with winding up ACQ.

A material proportion of ACQ's investments are in relatively illiquid listed microcap companies and unlisted businesses. The disposal of substantial holdings in listed microcap companies may place downward pressure on market prices, particularly where trading liquidity is limited. Realisation of unlisted investments could be more difficult, given the absence of readily available buyers, potential restrictions on transfers and the need to negotiate transactions with other shareholders or third parties. In some cases, realisation may take several years or require the acceptance of a discount to carrying value.

The realisation of investments could also give rise to taxation liabilities and other costs, while shareholders may receive proceeds over an extended period rather than in a single distribution. Consequently, the amount ultimately returned to shareholders may be materially less than ACQ's reported pre-tax NTA.

The independent directors have considered the potential winding up of ACQ and realisation of its investment portfolio but are not proposing to pursue this alternative, having regard to the likely costs, extended realisation timeframe and uncertainty regarding the proceeds ultimately available for distribution. No detailed realisation plan or estimate of net proceeds available for distribution has been prepared. Accordingly, while winding up ACQ represents a potential means of addressing the discount to NTA, there is insufficient evidence to conclude that it would produce a superior outcome for shareholders.

Overall assessment of alternatives considered

The alternatives considered each have potential merits, but also involve material costs, risks or uncertainties. In particular, the specialist nature of ACQ's investment mandate and its material unlisted portfolio present practical challenges for replacing Acorn or internalising investment management, while winding up ACQ would involve uncertain realisation proceeds and potentially extended timeframes.

None of these alternatives has been developed into a proposal with sufficiently established terms or financial outcomes to demonstrate that it would provide a superior outcome to the continuation of Acorn's appointment under the New Agreement. However, their relative merits may change over time, particularly in response to ACQ's investment performance, share price discount to NTA and prevailing market conditions.

6.2.11 Position if the New Agreement is not implemented

In the event that the New Agreement is not implemented, there are a number of possible alternatives available to ACQ, including but not limited to:

- negotiation of a revised investment management agreement with the Manager under revised terms;
- pursuit of other management proposals; or
- a winding up of the fund.

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This may occur for a number of reasons including, but not limited to, lack of approval by ACQ shareholders.

If the New Agreement is not approved, the Existing Agreement would continue on its current terms unless terminated in accordance with its provisions. This would allow ACQ's existing investment management arrangements to continue without immediate disruption, but would not provide certainty regarding Acorn's longer-term appointment. Continued holdover may also make it more difficult for Acorn to commit resources to specialist investment personnel and other longer-term initiatives, particularly given the nature of ACQ's investment strategy and the extended investment horizons associated with its unlisted investments. ACQ would also remain exposed to the possibility of Acorn terminating its appointment on relatively short notice, potentially requiring the appointment of a replacement manager and the associated transition of management responsibilities.

The absence of greater certainty regarding ACQ's future management arrangements may also contribute to ongoing uncertainty among shareholders and prospective investors. Given ACQ's persistent discount to NTA, a failure to approve the New Agreement could place further pressure on its share price if investors perceive an increased risk of management disruption or uncertainty regarding the Company's future direction. However, the extent of any such impact is difficult to predict, and the discount to NTA is influenced by a range of factors beyond the management arrangements.

Rejection of the New Agreement would preserve the opportunity for ACQ to negotiate alternative terms with Acorn or pursue other management arrangements, including those discussed in Section 6.3.10. However, no alternative proposal has been developed to a stage where its commercial terms or implementation timetable are established. Accordingly, rejection would not itself result in a change of manager, realisation of the investment portfolio or winding up of ACQ, but would leave the future management arrangements less certain.

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6.3 Advantages of the New Agreement

The following table summarises Grant Samuel's assessment of the key potential advantages of the New Agreement to ACQ shareholders.

SUMMARY OF KEY ADVANTAGES OF THE NEW AGREEMENT

POTENTIAL ADVANTAGE	ASSESSMENT
Greater certainty over the continued appointment of an established investment manager	The New Agreement would provide ACQ with greater certainty regarding Acorn's continued appointment. Acorn has managed ACQ since its inception and has demonstrated relevant capabilities and competitive long term investment performance, notwithstanding weaker returns over certain recent and intermediate periods. Its experience and knowledge of ACQ's portfolio are particularly relevant given the specialist nature of its listed and unlisted investments. The proposed five-year term is consistent with market practice and provides reasonable alignment with ACQ's long term investment horizon. It would also provide a more certain basis for retaining specialist investment personnel and committing resources to the management of ACQ's portfolio.
Continuation of broadly competitive remuneration arrangements	The New Agreement would retain the existing base management fee of 0.95% per annum and the performance fee of 20% of outperformance against the Small Ordinaries Index. Grant Samuel's benchmarking indicates that the base management fee is broadly competitive relative to fees and management costs reported by comparable listed investment companies. The performance fee of 20% of outperformance is also broadly consistent with rates charged by comparable investment managers, although ACQ's arrangements include additional protections for shareholders, including a cumulative high watermark, the carry forward of underperformance, and a minimum retained balance. In particular, it secures the continued provision of Acorn's investment management services without an increase in headline fees, while avoiding potential financial consequences that could arise if ACQ terminated the Existing Agreement and pursued alternative management arrangements.
Preservation of existing performance fee balances and associated protections	The New Agreement expressly provides for the continuation of existing performance fee balances, the cumulative high watermark and carried-forward underperformance without crystallisation or reset. This avoids potentially adverse financial consequences arising solely from replacing the Existing Agreement and preserves the requirement for Acorn to recover historical underperformance before further performance fees become payable. It is also favourable relative to alternative management arrangements that could involve payment of accumulated performance fees on termination and the commencement of new performance fee arrangements without equivalent carried-forward protections.
Enhanced governance and contractual protections	The New Agreement introduces additional governance and compliance protections including: • preservation of ACQ's ability to engage independent advisers; • additional reporting and compliance obligations, including quarterly compliance certifications, expanded notification requirements and business continuity arrangements; • new protections relating to certain transactions involving Acorn's related parties and other managed funds; • expanding Acorn's indemnity obligations; • material amendments to the New Agreement requiring ACQ shareholder approval; and • more detailed obligations for the Manager to assist with the transfer of management responsibilities following termination, including the provision of portfolio records, valuation information and investee company contact details, and cooperation with a successor manager. Clearer timeframes for transferring management responsibilities are prescribed. These changes strengthen ACQ's oversight of Acorn and provide additional contractual protections.

Source: Grant Samuel analysis.

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6.4 Disadvantages of the New Agreement

The following table summarises Grant Samuel's assessment of the key potential disadvantages of the New Agreement to ACQ shareholders.

SUMMARY OF KEY DISADVANTAGES OF THE NEW AGREEMENT

POTENTIAL DISADVANTAGES	ASSESSMENT
Five year commitment to Acorn notwithstanding weaker intermediate investment performance	The New Agreement would commit ACQ to retaining Acorn as investment manager for a further five years, notwithstanding its weaker relative investment performance over the past three to five years (relative to the benchmark). While Acorn has delivered competitive investment returns over the longer term, there is no certainty that its relative performance will improve. During the fixed term, ACQ would not be entitled to terminate Acorn's appointment solely because of continued investment underperformance, the departure of key personnel or shareholder dissatisfaction with ACQ's discount to NTA. This reduces ACQ's ability to reconsider its management arrangements should performance deteriorate or more attractive alternatives become available. However this disadvantage needs to be considered in the context of the available alternatives. The independent directors undertook a review of the potential universe of alternative investment managers, considering their investment strategies, capabilities, historical performance and fee structures. The review did not identify an alternative offering a clearly superior combination of investment capabilities, performance and remuneration arrangements, particularly given ACQ's material unlisted portfolio and Acorn's established knowledge of those investments. Nevertheless, no formal approaches were made to alternative managers, and their willingness to manage ACQ or the terms on which they might do so have not been established. Accordingly, while the proposed five year term limits ACQ's flexibility to respond to continued underperformance, there is no presently identified alternative manager that provides a demonstrably superior outcome for shareholders. In this respect, consideration must also be given to Acorn's established capabilities, competitive longer term investment performance and the commercial rationale for the proposed term.
Earlier payment of management fees	The New Agreement would change the payment frequency of the base management fee from semi-annually to quarterly in arrears. While the annual fee rate would remain unchanged at 0.95%, Acorn would receive payments earlier, reducing the period for which ACQ retains the associated cash. However, the financial impact to ACQ would be relatively modest and a higher payment frequency is not uncommon in comparable LIC management agreements.
Continuation of certain existing contractual limitations	The New Agreement would retain certain provisions that may affect ACQ's flexibility or impose costs if it subsequently seeks to change its management arrangements. These include: • Acorn's termination right following a change of control of ACQ; • the potential payment of accumulated performance fees on termination (subject to the existing payment conditions); • management fees during the transition period; and • requirements for ACQ to cease using Acorn's name and branding. The New Agreement also does not introduce a specific right to terminate Acorn's appointment for sustained investment underperformance or the departure of key investment personnel. While these matters are relevant to the overall commercial implications of the New Agreement, most of these provisions already exist under the Existing Agreement and therefore do not represent significant incremental disadvantages.

Source: Grant Samuel analysis.

6.5 Conclusion

In Grant Samuel's opinion, after considering the issues set out in this report and in the absence of any other information, the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages.

The New Agreement would provide greater certainty regarding the continued appointment of Acorn, an established specialist investment manager with relevant capabilities and competitive long-term investment performance. The proposed five-year term is consistent with market practice and provides reasonable alignment with ACQ's long-term investment horizon. The New Agreement would also retain broadly

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competitive remuneration arrangements and introduce additional governance, reporting and contractual protections.

The principal disadvantage is that ACQ would be committed to retaining Acorn for a further five years, notwithstanding weaker investment performance over the past three to five years. During this period, ACQ would have limited flexibility to reconsider its management arrangements in response to continued underperformance or changing circumstances. The New Agreement also does not directly address ACQ's persistent discount to NTA, although this is likely to reflect a range of factors beyond the performance of the investment manager.

However, Acorn has demonstrated appropriate capabilities to manage ACQ's specialist investment portfolio and there is no clearly preferable alternative manager identified in terms of investment capabilities, historical performance or remuneration arrangements. Furthermore, rejection of the New Agreement would result in the continuation of the Existing Agreement on a holdover basis, without the greater management certainty or additional contractual protections provided by the New Agreement.

On balance, Grant Samuel considers that the benefits of securing the continued services of Acorn on broadly competitive terms, together with the additional protections negotiated under the New Agreement, outweigh the disadvantages associated with the proposed five-year commitment. Accordingly, Grant Samuel considers that ACQ shareholders would be better off if the New Agreement were implemented than if it were not.

However, before forming a view on whether to vote in favour of or against the New Agreement, it is strongly recommended that ACQ shareholders:

- have regard to all of the information set out in this report before deciding whether to vote in favour of or against the New Agreement;
- consult their own professional advisers; and
- consider their own specific circumstances.

While Grant Samuel considers that the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages, this is inherently a judgement call balancing our assessment of the relative advantages and disadvantages of the New Agreement. ACQ shareholders may reasonably hold a different view. There is no guarantee that the Manager, irrespective of whether it is Acorn or another party, will achieve any particular investment return within ACQ's portfolio or that the future performance of ACQ's portfolio will match or exceed its past performance.

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7 Qualifications, Declarations and Consents

7.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 600 public independent expert and appraisal reports.

The person responsible for preparing this report on behalf of Grant Samuel is Celeste Oakley BEcLLB CFA. Celeste has a significant number of years of experience in relevant corporate advisory matters. James Wheatley BBus (Hons) and Matthew Davies BCom (Hons) CFA assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

7.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the advantages of the New Agreement to ACQ shareholders outweigh the disadvantages. Grant Samuel expressly disclaims any liability to any ACQ shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Grant Samuel has had no involvement in the preparation of the Explanatory Memorandum issued by ACQ and has not verified or approved any of the contents of the Explanatory Memorandum. Grant Samuel does not accept any responsibility for the contents of the Explanatory Memorandum (except for this report).

7.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with ACQ or Acorn or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the New Agreement.

Grant Samuel commenced analysis for the purposes of this report in October 2026 prior to the announcement of the New Agreement. This work did not involve Grant Samuel participating in setting the terms of, or any negotiations leading to, the New Agreement.

Grant Samuel had no part in the formulation of the New Agreement. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of $75,000 (inclusive of database charges) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the New Agreement. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

7.4 Declarations

ACQ has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any

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conduct involving gross negligence or wilful misconduct by Grant Samuel. ACQ has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by ACQ are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to ACQ and its advisers. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

7.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Explanatory Memorandum to be sent to shareholders of ACQ. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

7.6 Other

The accompanying letter dated 20 October 2026 and the Appendix form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED

20 October 2026



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APPENDIX A

LIC BENCHMARKING ANALYSIS

Grant Samuel has considered comparable LIC peers. The table below summarises their trading relative to NTA and management fees:

ASX LISTED LIC TRADING AND FEE ANALYSIS

LIC	TICKER	LIC EXPOSURE	PREMIUM/(DISCOUNT) TO NTA		MANAGEMENT FEES
			AUGUST 2026	1 YEAR AVERAGE	
ACQ	*ACQ*	*Crossover*[1]	*18.8%*	*22.6%*	*0.95%*
ECP Emerging Growth	ECP	Small Capitalisation	-28.4%	-24.6%	1.11%
Naos Small Cap Opportunities	NSC	Small Capitalisation	-5.9%	-18.9%	1.25%
Glennon Small Companies	GC1	Small Capitalisation	-42.3%	-39.3%	1.00%
Mirrabooka Investments	MIR	Small Capitalisation	-7.3%	-6.9%	0.70%
Naos Emerging Opportunities	NCC	Small Capitalisation	-19.6%	-19.9%	1.25%
NGE Capital	NGE	Small Capitalisation	-20.8%	-20.0%	1.90%
Ophir High Conviction	OPH	Small Capitalisation	-12.5%	-9.9%	1.23%
Ryder Capital	RYD	Small Capitalisation	-4.6%	-9.5%	1.25%
Salter Brothers Emerging	SB2	Small Capitalisation	-27.3%	-27.1%	1.50%
Spheria Emerging Companies	SEC	Small Capitalisation	2.1%	3.6%	1.00%
WAM Capital Limited	WAM	Small Capitalisation	-2.0%	21.5%	1.00%
WAM Research Ltd	WAX	Small Capitalisation	12.1%	28.1%	1.00%
WAM Microcap Ltd	WMI	Small Capitalisation	15.8%	14.2%	1.00%
Average (Small Capitalisation LICs)[2]			**-10.8%**	**-8.4%**	**1.17%**
Bailador Technology Investments	BTI	Specialist- Private	-42.0%	-40.1%	1.75%
Lowell Resource Fund	LRT	Specialist- Alternatives	-20.9%	-16.1%	2.17%
Lion Selection Group	LSX	Specialist- Private	-18.3%	-12.6%	1.50%
NAOS ex-50 Opportunities	NAC	Specialist- Alternatives	-17.8%	-13.9%	1.75%
Pengana Private Equity	PE1	Specialist- Private	-17.6%	-11.3%	1.25%
Regal Investment Fund	RF1	Specialist- Alternatives	2.0%	-6.1%	1.50%
Sandon Capital Ltd	SNC	Specialist- Alternatives	-10.1%	-3.5%	1.25%
Tribeca Global Resources	TGF	Specialist- Alternatives	-23.4%	-26.0%	1.50%
Thorney Technologies Ltd	TEK	Specialist- Private	-51.6%	-52.6%	0.75%
Thorney Opportunities Ltd	TOP	Specialist- Private	-38.3%	-38.1%	0.75%
WAM Active Ltd	WAA	Specialist- Alternatives	5.0%	0.3%	1.00%
WAM Strategic Value Ltd	WAR	Specialist- Alternatives	-8.7%	-11.8%	1.00%
WAM Alternative Assets	WMA	Specialist- Alternatives	-16.7%	-14.8%	1.00%
WAM Income Maximiser	WMX	Specialist- Alternatives	-0.7%	-0.8%	0.88%
Average (Specialist LICs)[1]			**-18.5%**	**-17.7%**	**1.29%**

Source: Ord Minnett August 2026 LIC Performance Review and sector update, Grant Samuel analysis

When reviewing this data the following should be noted:

- Grant Samuel has included relevant small capitalisation focused LICs, alongside specialist and alternative LICs. Other traditional and large capitalisation focused LICs have not been included in the analysis; and
- the data is presented relative to August 2026 NTA figures, with market data sourced as at 18 September 2026.

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1 Crossover refers to ACQ's small capitalisation focus across both listed and unlisted markets.
2 Averages exclude ACQ.

Annexure B – Voting form

[*The remainder of this page is intentionally left blank. The annexure begins on the next page*.]

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ACORN CAPITAL INVESTMENT FUND

ACN 167 595 897

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

ACQ
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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Acorn Capital Investment Fund Limited Annual General Meeting

The Acorn Capital Investment Fund Limited Annual General Meeting will be held on Thursday, 19 November 2026 at 10.00am (Melbourne time). You are encouraged to participate in the meeting using the following options:

MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your proxy appointment to be effective it must be received by 10:00am (Melbourne time) on Tuesday, 17 November 2026.

ATTENDING THE MEETING IN PERSON

The meeting will be held at:
West Tower Suite of the Sofitel Melbourne on Collins, 25 Collins Street, Melbourne VIC 3000

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

ACORN CAPITAL INVESTMENT FUND

ACN 167 595 897

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

ACQ

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by **10:00am (Melbourne time) Tuesday, 17 November 2026.**

Voting Form

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How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

VOTE DIRECTLY

Voting 100% of your holding: Mark either the For, Against or Abstain box opposite each item of business. Your vote will be invalid on an item if you do not mark any box OR you mark more than one box for that item.
Voting a portion of your holding: Indicate a portion of your voting rights by inserting the number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.
Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.
Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Form: XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I N D

Voting Form

Please mark ☒ to indicate your directions

Step 1 Indicate How Your Vote Will Be Cast *Select one option only*

XX

At the Annual General Meeting of Acorn Capital Investment Fund Limited to be held at the West Tower Suite of the Sofitel Melbourne on Collins, 25 Collins Street, Melbourne VIC 3000 on Thursday, 19 November 2026 at 10:00am (Melbourne time) and at any adjournment or postponement of that meeting, I/We being member/s of Acorn Capital Investment Fund Limited direct the following:

A Vote Directly ☐ Record my/our votes strictly in accordance with directions in Step 2.

***PLEASE NOTE:** A Direct Vote will take priority over the appointment of a Proxy. For a valid Direct Vote to be recorded you must mark FOR, AGAINST, or ABSTAIN on each item.*

OR

B Appoint a proxy to vote on your behalf

I/We hereby appoint:

☐ **Chairperson of the Meeting** **OR** _____

***PLEASE NOTE:** Leave this box blank if you have selected the Chairperson of the Meeting. Do not insert your own name(s).*

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit).

Chairperson authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairperson of the Meeting as my/our proxy (or the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention in step 2) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairperson.

Important Note: If the Chairperson of the Meeting is (or becomes) your proxy you can direct the Chairperson to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you have appointed a proxy and you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority. If you are directly voting and you mark the **Abstain** box for an item, it will be treated as though no vote has been cast on that item and no vote will be counted in computing the required majority.

		For	Against	Abstain
Item 2	Remuneration Report	☐	☐	☐
Item 3	Re-election of Clark Morgan	☐	☐	☐
Item 4	Approval to enter into a new management agreement with Acorn Capital Limited	☐	☐	☐

The Chairperson of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

Mobile Number _____

Email Address _____

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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ACORN CAPITAL
INVESTMENT FUND
ACN 167 595 897

ACQRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN VIC 3030

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Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Acorn Capital Investment Fund Limited. Unfortunately, our correspondence has been returned to us marked “Unknown at the current address”. For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors’ report and auditor’s report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

> Securityholder Reference Number (SRN);
> ASX trading code;
> Name of company in which security is held;
> Old address; and
> New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Acorn Capital Investment Fund Limited