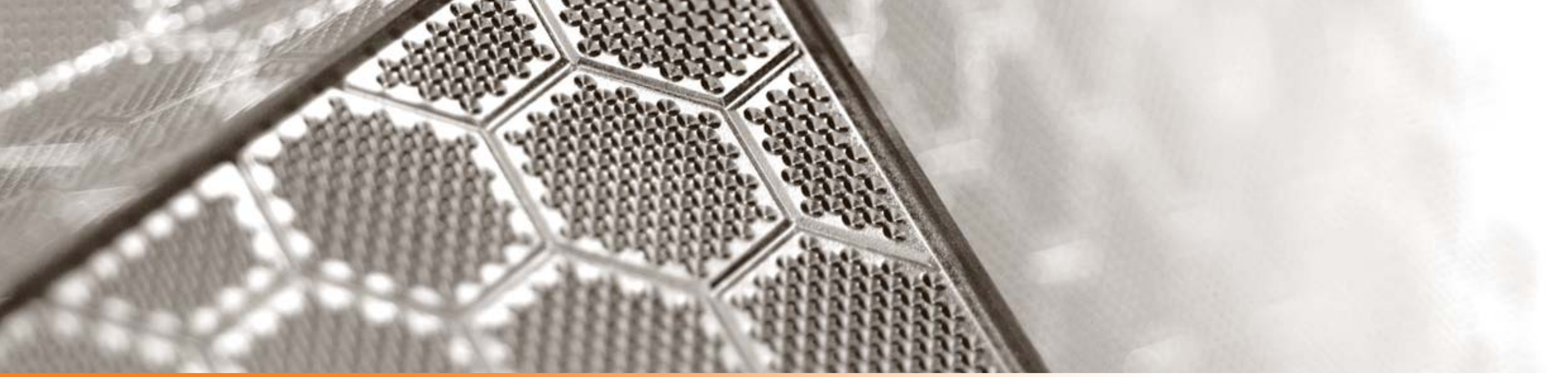


Acorn Capital Microcap Trust

Fund Update – 31 May 2009

Australian Unity

Acorn Capital specialises in the microcap sector of the Australian stockmarket. Their stock picking skills have delivered returns above benchmark since the Fund's inception in 2001.

Fund features

- A small company investment focused on the Australian microcap sector
- Access to one of Australia's few specialist microcap managers, Acorn Capital
- A proven track record of successful microcap investment.

Investment objective

The Fund aims to provide investors with capital growth over the long term.

Investment strategy

The Fund primarily invests in microcap securities. Microcaps are defined as those listed companies that lie outside the largest 250 (by market capitalisation) on the Australian Securities Exchange (ASX).

Investment style

A specialist microcap manager, Acorn Capital, uses an experienced team of analysts, combined with a disciplined investment process to focus on stock selection in an under researched sector of the market.

A rigorous quantitative and qualitative investment process, with an emphasis on company management and relative valuation, enables Acorn Capital to look at over 1,800 microcaps and narrow the investment universe down to a portfolio of 65 to 80 stocks that can add value and provide unique diversification.

The Fund exploits the mis-pricing of stocks that arises from the information gap about microcaps to identify those stocks that offer potential long-term capital growth.

Performance as at 31 May 2009

Retail Fund	1 mth %	3 mths %	6 mths %	1 year %	2 years % pa	3 years % pa	5 years % pa	Since Inception* % pa
Acorn Microcap Trust	10.38	40.22	44.08	(34.63)	(22.44)	(5.50)	7.07	11.32
Acorn Capital/AGSM Microcap Accumulation Index	10.60	42.61	39.38	(35.59)	(27.04)	(8.25)	2.60	7.79
Active Return	**(0.22)**	**(2.39)**	**4.70**	**0.96**	**4.60**	**2.75**	**4.47**	**3.53**
S&P/ASX Small Ordinaries Accumulation Index	7.45	34.43	24.54	(38.53)	(25.72)	(6.97)	5.32	9.23
S&P/ASX100 Accumulation Index	0.99	14.60	3.76	(27.83)	(17.75)	(4.11)	6.72	8.40

Wholesale Fund	1 mth %	3 mths %	6 mths %	1 year %	2 years % pa	3 years % pa	5 years % pa	Since Inception* % pa
Acorn Capital Wholesale Microcap Trust	10.61	41.02	45.30	(35.08)	(22.36)	(5.06)	7.86	13.14
Acorn Capital/AGSM Microcap Accumulation Index	10.60	42.61	39.38	(35.59)	(27.04)	(8.25)	2.60	6.14
Active Return	**0.01**	**(1.59)**	**5.92**	**0.51**	**4.68**	**3.19**	**5.26**	**7.00**
S&P/ASX Small Ordinaries Accumulation Index	7.45	34.43	24.54	(38.53)	(25.72)	(6.97)	5.32	5.86
S&P/ASX100 Accumulation Index	0.99	14.60	3.76	(27.83)	(17.75)	(4.11)	6.72	6.14

Returns are calculated after fees and expenses (excluding any entry fees) and assume the reinvestment of distributions.
Past performance is not a reliable indicator of future performance.
* Inception date for performance calculations is 31 December 2002 for Retail and 27 February 2001 for Wholesale.

Largest portfolio holdings#

Stock	GIC Sector	Actual %
Extract Resources	Energy	6.21
IMF (Australia)	Financials - ex AREITs	5.10
Pharmaxis	Health Care	4.97
Resolute Mining	Materials - Resources	3.55
The Reject Shop	Consumer Discretionary	3.40
Aspen Group	Financials - AREITs	3.00
Indophil Resources	Materials - Resources	2.85
Tassal Group	Consumer Staples	2.82
Mermaid Marine	Industrials	2.78
Peplin	Health Care	2.37

Sector allocation

Sector	Trust weight %
Materials	24.15
Industrials	13.72
Energy	13.02
Healthcare	9.25
Consumer discretionary	8.39
Financials - ex LPTs	8.09
Financials - property trusts	5.86
Information technology	5.62
Cash	4.20
Telecommunication services	3.36
Consumer staples	2.81
Utilities	1.53
Total	**100.00**

Asset allocation#

Asset class	Actual %
Australian equities	95.80
Cash	4.20
Total	**100.00**

Retail risk/return

	1 Year	3 Years	5 Years
Standard deviation(1) (% p.a.)	41.51	29.47	25.25
Risk reward(2)	(0.83)	(0.19)	0.28
Active Return(3) (% p.a.)	**0.96**	**2.75**	**4.47**
Tracking error(4) (% p.a.)	11.63	9.02	8.29
Information ratio(5)	0.08	0.30	0.54
Consistency(6) (%)	58.33	50.00	51.67

Wholesale risk/return

	1 Year	3 Years	5 Years
Standard deviation(1) (% p.a.)	42.15	29.89	25.59
Risk reward(2)	(0.83)	(0.17)	0.31
Active Return(3) (% p.a.)	**0.51**	**3.19**	**5.26**
Tracking error(4) (% p.a.)	11.90	9.17	8.43
Information ratio(5)	0.04	0.35	0.62
Consistency(6) (%)	58.33	55.56	56.67

Best and worst contributors to relative performance#

Best contributors	Actual %
Sphere Investments	0.57
Indophil Resources	0.41
Pharmaxis	0.37
Ausmelt	0.34
Tassal Group	0.33

Worst contributors	Actual %
GUD. Holdings	(0.55)
St Barbara	(0.54)
Aspen Group	(0.52)
Resolute Mining	(0.47)
The Reject Shop	(0.38)

The Australian Unity Acorn Microcap Trust invests in its wholesale equivalent, the Acorn Capital Wholesale Microcap Trust and will therefore have the same portfolio holdings.

(1) Annualised standard deviation of the Fund's monthly returns. A measure of the variability of returns.

(2) Return divided by standard deviation. A measure of the return earned per unit of risk taken.

(3) Return earned by the Fund less the benchmark return (the Acorn Capital/AGSM Mircrocap Accumulation Index). A measure of the value added relative to the benchmark returns.

(4) The annualised standard deviation of the monthly excess returns. A measure of the variability of the Fund's returns relative to the benchmark returns.

(5) The excess return divided by the tracking error. A measure of the value added per unit of risk taken relative to the benchmark.

(6) The number of positive excess monthly return periods as a percentage of the total periods. A measure of the consistency of outperformance.

Acorn Capital Microcap Trust

Fund Update – 31 May 2009

Fund snapshot

	Australian Unity Acorn Microcap Trust	Australian Unity Wholesale Acorn Microcap Trust
APIR Code	AUS0115AU	AUS0108AU
Inception date	31 December 2002	27 February 2001
Fund size (net asset value)	$7.30m	$139.25m
Minimim initial investment	$1,000	25,000*
Entry/contribution fee	up to 4.10%	nil
Exit/withdrawal fee	nil	nil
Management costs	2.50% pa	1.65% pa
Buy/Sell spread	Buy: 0.05% Sell: Nil	Buy: 0.15% Sell: 0.05%
Income distributions	annually	annually
Adviser commission - initial remuneration	4.40%	nil
Adviser commission - service remuneration	0.44%	nil

* Lower minimum may apply if investing through an IDPS/Masterfund.

Rating summary

Research house	Current rating
S & P	★★★★
Lonsec	Investment Grade
Van Eyk	Please refer to Van Eyk

Sector in review

The sharemarket recovery continued in May, but the breadth narrowed as half of the GICS sectors posted a loss for the month. Materials (6.63%) and Energy (6.56%) were the standout sectors in May, buoyed by rising commodity prices and investors' increased appetite for risk. The other positive sectors were Information Technology (+2.11%), Industrials (+2.01%) and Financials (+0.99%). All of the defensive sectors declined in May, led by Healthcare (-6.95%) and Telecommunications (-6.22%).

As measured by Acorn Capital/AGSM Microcap Index, the microcap sector returned +10.74% for the month of May. Materials Resources and Telecommunications were the best performing microcap sectors, returning +20.73% and +16.03% respectively. Consumer Staples and Utilities were the worst performing microcap sectors, returning -3.48% and +0.23% respectively.

Microcaps outperformed both the Small cap market as well as Large caps (ASX100), which returned +7.45% and +0.99% respectively during May.

Fund in review

The Acorn Capital Wholesale Microcap Trust outperformed the benchmark by 0.01% for the month, while the Acorn Microcap Trust performed marginally under the benchmark by 0.22%.

Major contributors to performance for the month included the portfolio's exposures to Sphere Investments (+0.57%), Indophil Resources (+0.41%) and Pharmaxis (+0.37%). Detractors from performance for the month included GUD Holdings (-0.55%), St Barbara (-0.54%) and Aspen Group (-0.52%).

Outlook

The sharemarket established a major cyclical low in March 2009 and since then investor sentiment has become more positive, as evidenced by the resumption of inflows into equity funds and the strong participation in capital raisings. The Government seems to have done enough to stabilise the financial system, and this is starting to be reflected in the economic data, which suggests we are closer to the end of recession than the beginning. Both the housing and retail sectors have responded positively to the massive monetary and fiscal stimulus, and should make up for continued weakness in business investment and exports.

Acorn Capital Microcap Trust
Fund Update – 31 May 2009

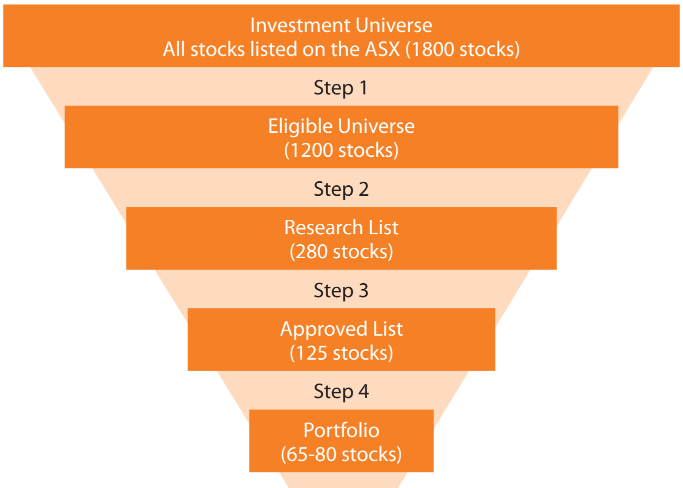
Our microcap investment process

We have chosen Acorn Capital as the Fund's investment manager. Established in 1998, Acorn Capital is Australia's only microcap specialist manager focused solely on the microcap sector of the Australian sharemarket.

The microcap sector is characterised by its large population, comparatively low liquidity as evidenced by low turnover, and a high bid-ask spread. The key characteristic however, is size, with the average stock in the sector being less than 1/5th of the market capitalisation of the average All Ordinaries' company. Acorn Capital's investment philosophy targets the management of microcap portfolios in a way that:

- is founded on structured, fundamental investment analysis;
- makes full use of the Acorn Capital research team's business and financial markets experience;
- is professionally and academically rigorous.

Acorn Capital's approach to portfolio construction includes the following steps:



Step 1 - exclude suspended companies and companies with a market capitalisation of less than $5 million.

Step 2 - initial screen: quantitative and subjective analysis creates the Research list.

Step 3 - investment research with emphasis on company management and relative valuation creates the Approved list.

Step 4 - portfolio construction aimed at minimising market impact creates the Fund Portfolio.

Steps 1 to 3 reduce the population of over 1800 stocks to between 120 and 150 approved investments. The portfolio construction phase involves the selection of between 65 and 80 securities for the Fund Portfolio from the Approved List.

Trading and execution are important to the successful investment management of microcap portfolios. On the basis of its research, Acorn Capital has adopted a trading strategy designed to minimise market impact.

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