

Fund Update

30 June 2016



ACORN CAPITAL

Acorn Capital Microcap Fund /Acorn Capital Microcap Fund - Retail

Acorn Capital specialises in the microcap sector of the Australian stock market.

The Acorn Capital Microcap Fund (Fund) invests in microcap stocks that Acorn Capital believes will generate long-term investment returns for investors. The Acorn Capital Microcap Fund - Retail (Retail Fund) gains its exposure by investing in the Fund.

By identifying and exploiting mispricing in the microcap sector, the Fund has outperformed its benchmark over the long term.

Performance as at 30 June 2016

	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Since inception ¹ % p.a.
Total Retail Fund Return	-0.74	9.50	13.72	4.91	-2.26	4.46	1.86	7.64
Benchmark ² return	-0.87	6.19	10.04	8.73	-1.24	5.34	1.58	6.61
Active Return	0.13	3.31	3.68	-3.82	-1.02	-0.88	0.28	1.03
Total Fund Return	-0.67	9.82	14.91	5.90	-1.34	5.48	2.70	9.52
Benchmark ³ return	-0.87	6.19	10.04	8.73	-1.24	5.34	1.58	5.87
Active Return	0.20	3.63	4.87	-2.83	-0.10	0.14	1.12	3.65

Total Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

¹ Inception date for performance calculations is 31 December 2002 for the Retail Fund and 28 February 2001 for the Fund. The Retail Fund is closed to new investors.

^{2,3} Benchmark is the Acorn Capital/SIRCA Microcap Accumulation Index. SIRCA is the Securities Industry Research Centre of Asia Pacific.

Fund commentary

June saw the portfolio generate a return of -0.74% versus the Benchmark return of -0.87%.

The Resources (+4.8%) and Healthcare (+2.8%) sectors were the strongest performers while the Utilities (-31.1%) and Telecommunications (-8.7%) sectors were the poorest performers.

Orocobre (+5.5%) and Galaxy (6.5%) were again strong contributors to portfolio performance in June, while Vimy Resources (+6.3%) and St Barbara (+12.2%) also made significant contributions. Vimy Resources announced a significant resource upgrade of its Mulga Rock Uranium project while St Barbara was driven higher by a rising gold price.

3P Learning (-31.9%) performed poorly in June after releasing a very weak trading update, impacted by weak sales in its home markets of Australia and New Zealand. Sundance Energy (-39.4%) digested an \$80M capital raise over the month of June. As is often the case when a company completes a large capital raising the share price can be volatile in the shorter term as investors reposition their exposures within their portfolios. While we remain comfortable with Sundance Energy in the portfolio we have exited 3P Learning and replaced it with a capital light, global business which has a much greater competitive advantage within its industry and whose growth prospects have much greater visibility.

Of the 12 economic sectors the fund invests in, outperformance was generated in 5 sectors.

Commentary courtesy of Acorn Capital Limited ABN 51 082 694 531, AFS Licence No. 227605

Top 10 portfolio holdings for June 2016

Stock	Portfolio %
Vimy Resources	7.51
HUB24	6.38
Galaxy Resources	5.22
Orocobre	5.20
Servcorp	3.14
Finders Resources	2.61
Perseus Mining	2.31
Somnomed	2.29
oOh!media	2.15
Generation Healthcare REIT	2.14

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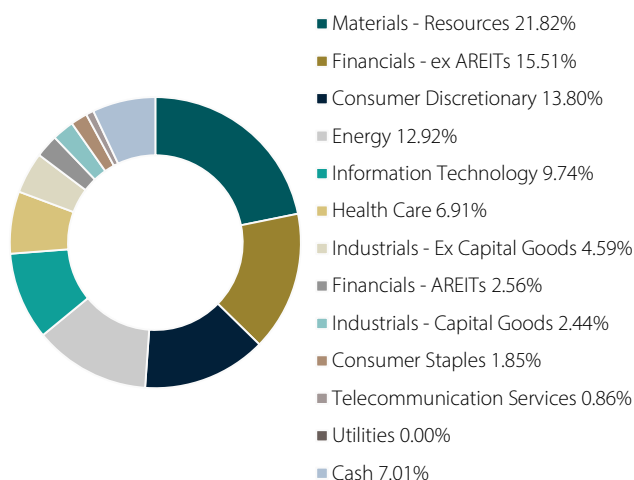
Adviser Services

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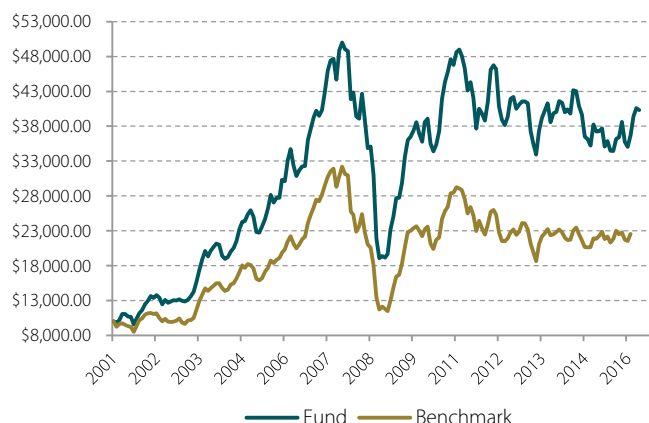
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Portfolio sector exposure for June 2016

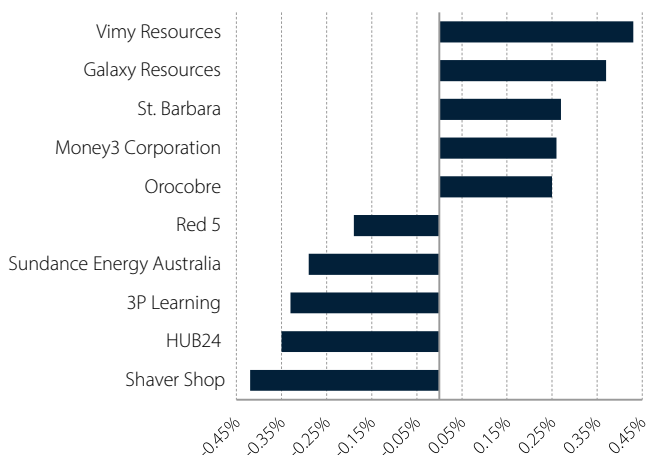


Returns⁴ based on \$10,000 investment since inception⁵



This example assumes a notional investment of \$10,000. It uses entry to exit prices in its calculation, and assumes the reinvestment of distributions credited over the period.
⁴Total Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is a not a reliable indicator of future performance.
⁵Inception date for performance calculations is 28 February 2001 for the Fund. Retail Fund return is not included due to a different inception date.

Best and worst contributors to portfolio performance for June 2016



Fund snapshot

	Retail Fund ⁶	Fund
APIR Code	AUS0115AU	AUS0108AU
Inception date	31 Dec 2002	28 Feb 2001
Fund size (net asset value)	\$2.93m	\$33.89m
Minimum initial investment	NA	\$5,000 ⁷
Management Fees	2.5255% p.a.	1.6596% p.a.
Estimated Recoverable Expenses	0.1045% of net asset value of the Retail Fund for each financial year ending 30 June.	0.1045% of net asset value of the Fund for each financial year ending 30 June.
Buy/Sell spread	0.20%/0.20%	
Distributions	Annually	
Advice fee	Available	

⁶The Retail Fund is closed to new investors.

⁷ Lower minimum may apply if investing through an IDPS/ Masterfund.

Important Information

Units in Acorn Capital Microcap Fund and Acorn Capital Microcap Fund – Retail are issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No. 234454. The Retail Fund is closed to new investors. The information in this document is general information only and does not take into account the financial objectives, situation or needs of any particular investor. In deciding whether to acquire, hold or dispose of the Fund you should obtain a copy of the Fund's current Product Disclosure Statement (PDS) and consider whether the product is appropriate for you. A copy of the Fund's PDS is available at australianunityinvestments.com.au or by calling our Investor Services team on 13 29 39. Information on the Retail Fund can be obtained from our website or by calling our Investor Services at 13 29 39. Investment decisions should not be made upon the basis of its past performance or distribution rate, since each of these can vary. The information provided in the document is current at the time of publication.