

Fund Update

30 September 2017



ACORN CAPITAL

Acorn Capital Microcap Fund

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.

Performance as at 30 September 2017

	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	4.20	6.47	-4.45	0.68	-0.49	-0.65	-2.09	7.32
Benchmark ² return	2.79	8.46	3.71	7.34	4.05	1.70	-1.02	7.10
Active Return	1.41	-1.99	-8.15	-6.67	-4.54	-2.35	-1.06	0.22
Total Fund Return	4.31	6.77	-3.69	1.55	0.42	0.30	-1.33	9.16
Benchmark ³ return	2.79	8.46	3.71	7.34	4.05	1.70	-1.02	6.36
Active Return	1.52	-1.69	-7.40	-5.79	-3.63	-1.40	-0.30	2.80

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

In September, the Fund returned +4.31% versus the microcap benchmark return of +2.79%. The Microcap sector outperformed both the All Ordinaries Accumulation Index and the Small Ordinaries Accumulation Index which returned +0.05% and +1.31% respectively in September.

Materials – Resources (+11.70%), Industrials – Capital Goods (+10.97%) and Telco Services (+5.94%) sector portfolios were the strongest performers in September while Utilities (-11.54%) and Industrials – ex Capital Goods (-1.05%) sector portfolios were the weakest performers.

Kidman Resources Ltd (+36.4%) and HUB24 Ltd (+19.9%) together added 2.45% to portfolio performance in September. This was followed by Galaxy Resources Ltd (+36.8%), Redhill Education Ltd (+17.8%) and TPI Enterprises Ltd (+21.3%) which in combination added another 1.32% to performance in September.

Zipmoney Ltd (-11.3%) and Freedom Insurance Group Ltd (-11.4%) contributed negatively, together subtracting 0.43% to performance in September. Other detractors included Genex Power Ltd (-12.2%), Sunstone Metals Ltd (-15.8%) and Mod Resources Ltd (-14.9%), which in aggregate subtracted 0.48% from the portfolio performance in September.

Of the 12 economic sectors the Fund invests in, outperformance was generated in 10 sectors.

Top 10 portfolio holdings for September 2017

Stock	Portfolio %
HUB24	5.87
Kidman Resources	5.08
Somnomed	3.19
Fiducian Resources	3.00
Vimy Resources	2.61
Redhill Education	2.49
AMA Group	2.49
Citadel	2.44
TPI Enterprises	2.31
Red River Resources	2.19

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

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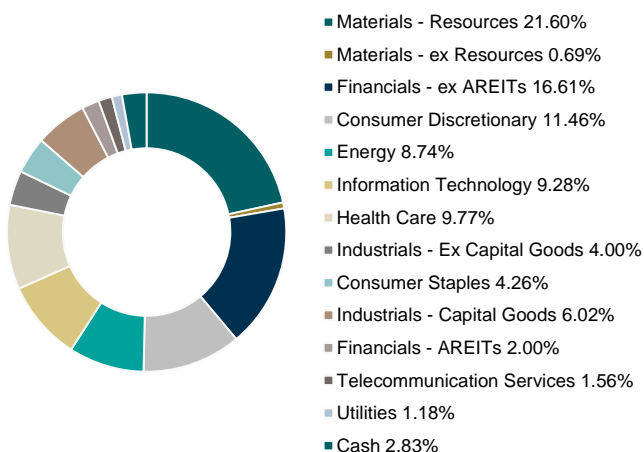
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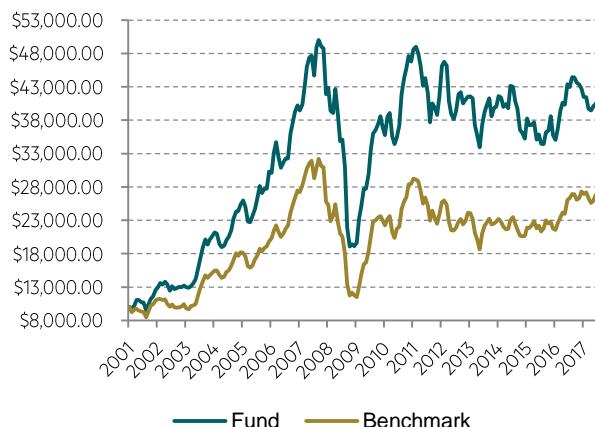


Acorn Capital Microcap Fund

Portfolio sector exposure for September 2017



Returns⁴ based on \$10,000 investment since inception⁵

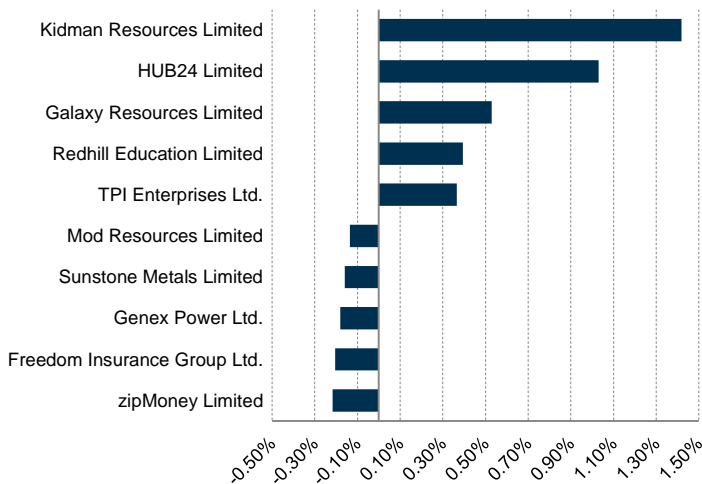


This example assumes a notional investment of \$10,000. It uses entry to exit prices in its calculation, and assumes the reinvestment of distributions credited over the period.

⁴Total Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is 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 for September 2017



Fund snapshot

	Retail Fund ⁶	Fund
APIR Code	AUS0115AU	AUS0108AU
Inception date	31 Dec 2002	28 Feb 2001
Fund size (net asset value)	\$2.76m	\$22.63m
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.

⁷Lower 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 australianunity.com.au/wealth 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.