DEEP VALUE MICROCAP FUND UPDATE, AUGUST 2010 PERFORMANCE UPDATE

Dear Investor,

Markets and Economy

As I was in midst of writing this report, the ABS published Australia's GPD numbers for the last quarter of FY10. Australia's economy grew at an impressive seasonally adjusted 1.2% (annualized run rate of 5% per annum). Contextually, mature economies experience growth rates of between 2-3%. Not only is our 12 month rate above that growth band, but that high rate of growth is occurring at the initial phase of an economic recovery. We note that Australia is facing a flurry of planned CAPEX investment buoyed by a mining sector that is facing a combination of increased tonnage and higher prices. The ABS is forecasting 24% growth in CAPEX investment for FY11 to $123B that is $23B AUD above what was invested in FY10. That figure alone will add 2% to Australia's GDP before factoring the multiplier effects of spending. To put it simply, we expect Australia to be a stand out stellar economy in comparison to its international peers. Australia continues to face what I call, "the right place, right time, right products" combination.

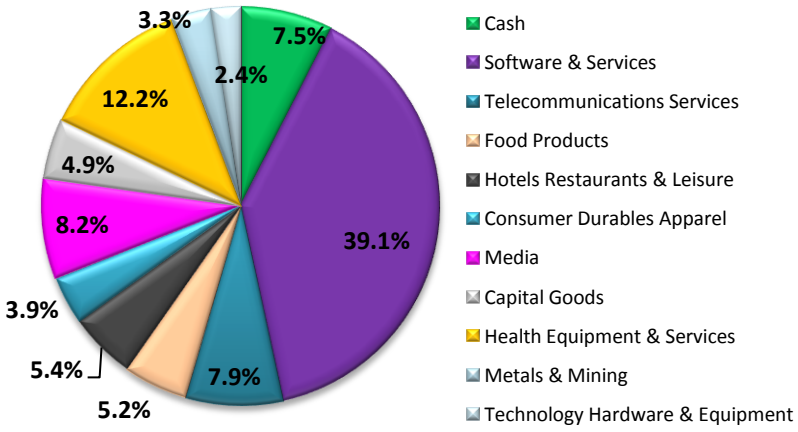
We reiterate our Macroeconomic view; We continue to expect the Australian economy to surprise on the upside for FY11. Australia's growth will be underpinned by its concentrated export exposure to the very region of the world that is driving the world economic recovery, namely the developing economies of Asia and in particular China and India.

Microequities Deep Value Microcap Fund returned a negative -1.72% versus the All Ordinaries Accumulation Index Negative -0.71% in August; this brings the total return net of fees to 93.32% for the Fund compared to 50.9% for the All Ordinaries Accumulation Index since inception in March 2009.

The reporting season provided us with a set of numbers that by and large matched our expectations. With some of the large weighted positions of the fund delivering very strong EPS growth. More importantly, the FY11 outlook for our Fund is particularly promising. Our largest weighted constituents are facing strong double digit growth in earnings.

The Deep Value Microcap Fund's cash position increased from 3.9% to 7.51% in part, due to the sale of our position in Centrebet International Limited (ASX:CIL). The sale of the wagering and gaming company provided a 16.1% total return to the Fund (annualized return at 20%), and follows our decision to decrease the number of constituents in the Fund, maintaining our concentrated deep value approach.

Written by Carlos Gil, Chief Investment Officer.



*Deep Value Portfolio as of 31st of August 2010

Latest Unit Price	
$1.8772	
Latest Fund Performance as at 31/08/2010	
1 Month	-1.72%
3 Month	+5.16%
6 Month	-0.03%
12 Month	+23.12%
Since Inception	+93.32%
(Net of Fees, including distributions)	