

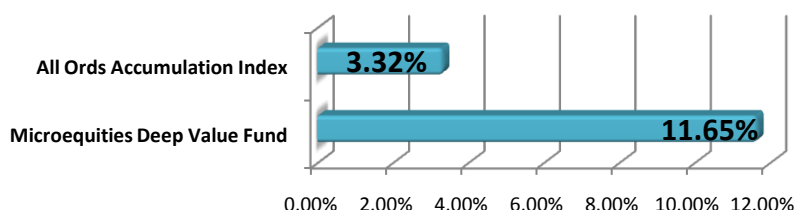
DEEP VALUE MICROCAP FUND UPDATE, DECEMBER 2010 PERFORMANCE UPDATE

Dear Investor,

**REVIEW OF 2010 PERFORMANCE**

Watching equity markets over the short term can be a perplexing exercise. Often, market movements can have no correlation with economic and company fundamentals. The reasons for this incongruity is complex, but is largely attributed to the fact that over the short term, markets are driven by liquidity, sentiment, and capital flows which may or may not attune correctly to fundamentals. 2010 was such a year. Despite the All Ords facing prospective EPS growth of +10% for FY11, the market performance has been subdued. Our Deep Value Microcap Fund however, delivered a healthy double digit return (net of fees).

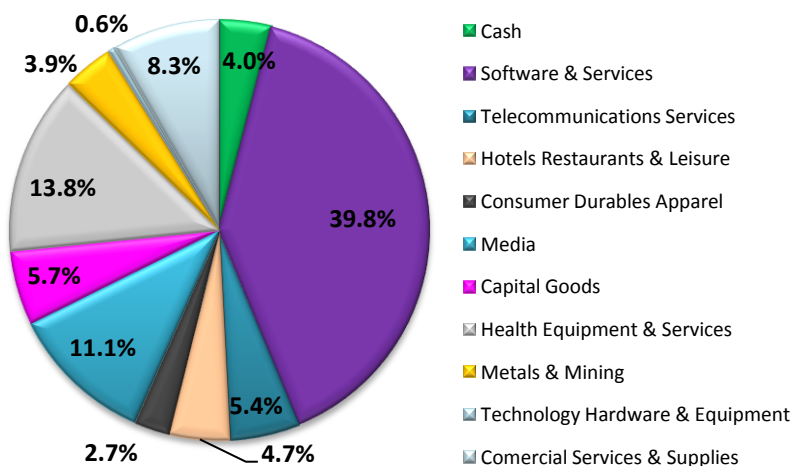
**2010 Total Net Return (net of fees)**



**Microequities Deep Value Microcap Fund returned a positive 4.83% versus the All Ordinaries Accumulation Index positive 3.82% in December; this brings the total return net of fees to 111.71% for the Fund compared to 66.93% for the All Ordinaries Accumulation Index since inception in March 2009.**

Our Deep Value Microcap Fund finished the year on a positive note. The strong performance during the month was driven by price appreciations in some of the companies that had recently underperformed. During the past six months the composition of our Deep Value fund has been attuned to maximise exposure to growth. This growth realignment however has not been done at the expense of our value doctrine. Our recent additions to our portfolio have all been acquired at a heavy discount to our appraised value of those companies. We are excited by the prospects of our portfolio going into 2011. We expect strong revenue and earnings growth, particularly from our heavily weighted top 5 positions which account for 48% of the total Fund.

*Written by Carlos Gil, Chief Investment Officer.*



| Latest Unit Price                        |                 |
|--|-----------------|
|  | <b>\$2.0661</b> |
| Latest Fund Performance as at 31/12/2010 |                 |
| 1 Month                                  | <b>+4.83%</b>   |
| 3 Month                                  | <b>+1.32%</b>   |
| 6 Month                                  | <b>+14.65%</b>  |
| 12 Month                                 | <b>+11.65%</b>  |
| Since Inception                          | <b>+111.71%</b> |
| (Net of Fees, including distributions)   |                 |

\*Deep Value Portfolio as of 31<sup>st</sup> of December 2010