

DEEP VALUE MICROCAP FUND UPDATE, JANUARY 2012 PERFORMANCE UPDATE

Dear Investor,

**Markets and economy**

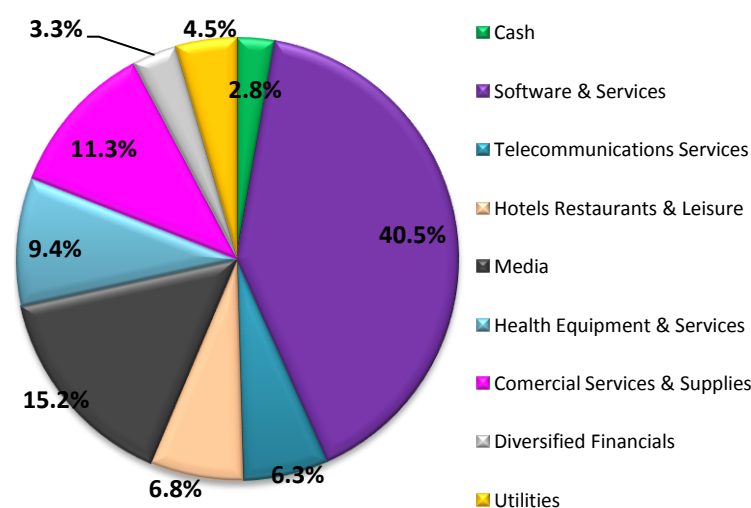
We start the year with economic regions facing disparate growth scenarios and differing economic conditions. Europe and specifically Southern Europe (France, Spain, Italy and Portugal) face imminent recessions with Italy, Portugal and Spain likely to endure particularly deep ones. The UK will go into either a mild recession or experience anemic growth. Whilst Germany's export dominated economy means its economy has the best outlook out of the troubled region. The US economy is undergoing a sustained improvement in demand conditions for both consumer as well as durable goods. Whilst unemployment is starting to fall, it has been a slow fall due to the depressed state of housing and construction. In fact if construction activity were at average historical levels, the US economy would be enjoying boom like conditions. Still, the US will be a positive and significant contributor to world economic growth for 2012 with a GDP growth rate of 2.2%-2.6% (above its last decade average of 1.8%).

Lastly to Asia, by far the most important region for Australia's economic prospects. We expect the region's growth to moderate though still be the engine of world economic growth. China should deliver stellar GDP growth within the 7-8% range and will continue to underpin favorable conditions for our commodities. India, which is facing high inflation and a number of reform challenges, should still post healthy growth +6.0%. Overall, we expect the Asian region to register strong growth of between +6.0-6.5% and continue to be the main driver of world economic growth in 2012, as it was last year.

**Microequities Deep Value Microcap Fund returned a positive +3.55% versus the All Ordinaries Accumulation Index positive +5.23% in January; this brings the total return net of fees to 113.59% for the Fund compared to 55.55% for the All Ords Accumulation since inception in March 2009.**

The past month saw one of the best market starts to a new year. No actions were taken by our Fund during the last month, we are after all a buy and hold Fund, and our investors should expect little rotation. We do however keep actively engaged in following and tracking businesses outside of our portfolio. We are seeing abundant potential investment opportunities outside of our portfolio as result of continued dislocation in market pricing conditions. This is a very much fertile territory for the long term based, value focused investor.

*Written by Carlos Gil, Chief Investment Officer.*



Latest Unit Price			
<b>\$1.8843</b>			
Latest Fund Performance as at January 31, 2012			
	FUND	AOAI*	OP*
1 Month	+3.55%	+5.23%	-1.68%
3 Month	+3.58%	+0.01%	+3.57%
6 Month	+3.20%	-1.56%	+4.75%
12 Month	-0.78%	-6.86%	+6.09%
2 yrs comp pa	+4.80%	+1.12%	+3.67%
Inception	+113.59%	+55.55%	+58.05%
(Returns are calculated after all fees and expenses and reinvestment of distributions. Inception of Fund March 2009) *AOAI: All Ordinaries Accumulation Index. *OP: Out-performance.			
<b>Past performance is not indicative of future performance.</b>			

\*Deep Value Portfolio as of 31<sup>st</sup> of January 2012