

DEEP VALUE MICROCAP FUND UPDATE, JUNE 2010 PERFORMANCE UPDATE

Dear Investor,

Markets and Economy

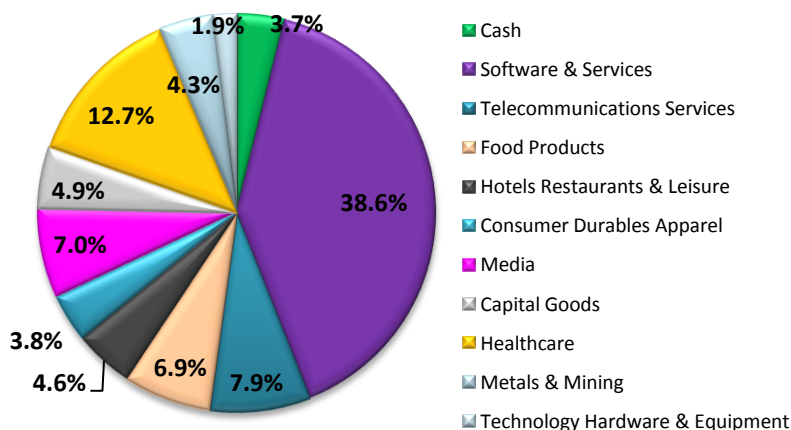
Financial markets continue to ponder whether the threat of European economic stagnation will derail the world’s economic recovery into a double dip recession or whether the recovery story remains intact. We appreciate the cultural nexus with Europe and even to an extent, its overstated residence in the psyche of markets. However, investment decisions aren’t made on emotional influences. They are made, or should be made, on rational appraisal and analysis of prevailing data and its probable future implications. In this context we remain firmly grounded in the view, that’s whilst Europe is likely to enter a period of substantial below average economic growth, the drivers of the current world economic growth, i.e. the emerging economies of Asia (China, India and other South East Asian economies) will continue to achieve strong economic growth over the short to medium term thus securing a world economic recovery.

At the domestic level, we are timidly encouraged by the recent developments in Canberra pointing to amplifying the terms of reference in negotiating an outcome for the proposed Resource Super Profits Tax (RSPT). The proposed tax has had a palpable effect on new investment in mining assets. We note that certainty on tax, a key variable in the economic viability of any project is an absolute prelude to any investment decisions. We hope the government understands this basic premise of investing.

Microequities Deep Value Microcap Fund returned a positive +0.45% versus the All Ordinaries Index negative -2.89% in June; this brings the total return net of fees to 84.66% for the Fund compared to 38.99% for the All Ordinaries since inception in March 2009.

Whilst the fund provided a modest net return for the month, it posted a significant outperformance in a challenging month. Various companies within our portfolio have recently provided updated guidance indicating improved operating performances. Additionally a number of other companies in our portfolio have reaffirmed previously stated guidance. Our portfolio contains some quality growing businesses and we remain undeterred by the recent market volatility. The fundamentals of our investment businesses remain sound. On that market volatility, it is interesting to note that since the Fund’s inception, the four months in which the All Ordinaries has achieved a negative return, our Deep Value Microcap Fund has out-performed the benchmark index on each of those four occasions. For a fund that is purportedly in a riskier asset class, our deep value approach has so far withstood market forces better than the large cap counterparts.

Written by Carlos Gil, Chief Investment Officer.



Latest Unit Price	
	\$1.8466
Latest Fund Performance as at 30/06/2010	
1 Month	+0.45%
3 Month	-8.18%
6 Month	-2.62%
12 Month	+58.59%
Since Inception	+84.66%
	(Net of Fees)

*Deep Value Portfolio as of 30th of June 2010