

DEEP VALUE MICROCAP FUND UPDATE, NOVEMBER 2010 PERFORMANCE UPDATE

Dear Investor,

Markets and Economy

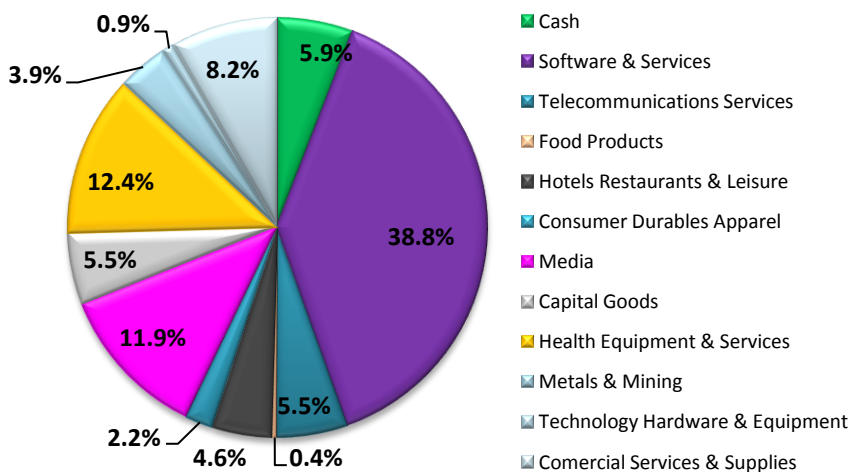
The joint European Union/IMF 100+ Billion Euro bailout of the Republic of Ireland has shifted the focus on world financial markets. During the month we saw promising economic data out of the US with a large drop in new unemployment benefit claims (the lowest number of claims since August 2008) suggesting the world’s biggest economy might have recorded employment growth during the month of November. Europe also showed a significant improvement in the November Economic Sentiment Indicator. But the markets short term attention has been drawn to speculation that Portugal and Spain will be the next to seek a bail out. Spain is particularly worrisome; unlike Greece, Ireland or Portugal, it carries a significant weight in its contribution to the Euro zones GDP (around 9%) however a large part of the country’s sovereign debt is held by its domestic banks. Wholesale funding for banks can be a fickle sentiment driven market, and the weight of perception is often as important as technical fundamental realities. Whether Spain or other nations require a bailout, the key fundamental question for equity investors is how will this affect economic growth and corporate earnings? Both are unlikely to have an impact, namely because of one last resort solutions that is available to the ECB; quantitative easing. As unpalatable as that solution may be, it certainly will have less collateral damage as the alternative, an EC member sovereign debt default.

Microequities Deep Value Microcap Fund returned a negative 2.88% versus the All Ordinaries Accumulation Index negative 0.70% in November; this brings the total return net of fees to 102.21% for the Fund compared to 60.79% for the All Ordinaries.

Our Deep Value Microcap Fund endured a second month of underperformance relative to the All Ordinaries Accumulation Index. The company we discussed last month, which has endured a poor first quarter operational result, updated the market at its AGM signaling a return to profitability for first half of FY11. Despite the improved operating outlook, the company’s share price continued to decline during the month, affecting our Fund’s performance.

Our Fund’s composition is made up of high quality businesses with strong growth prospects. We remain of the view that our portfolio is considerably undervalued and will over the medium term capture a reappraisal by the market of its constituents.

Written by Carlos Gil, Chief Investment Officer.



Latest Unit Price	
	\$1.9661
Latest Fund Performance as at 30/11/2010	
1 Month	-2.88%
3 Month	+4.74%
6 Month	+10.00%
12 Month	+7.52%
Since Inception	+102.21%
(Net of Fees, including distributions)	

*Deep Value Portfolio as of 30th of November 2010