

# CAPTURING VALUE

INFORMATION MEMORANDUM



DEEP VALUE MICROCAP FUND

ISSUED 1 JULY 2010

**TRUSTEE & MANAGER**

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# FUND SUMMARY

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## ABOUT THE FUND

The Fund invests in profitable, growing, undervalued Microcap companies listed on the ASX

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## SUMMARY OF PERFORMANCE (As at 30th June 2010)

Since Inception (6th March 2009)

**+84.66%**

12 Months

**+58.59%**

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## ASSET MANAGER



## CUSTODIAN



## INVESTMENT STYLE

Deep value, highly selective approach

Specialised Microcap asset class, in-house research

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## MINIMUM INVESTMENT

Minimum investment

**\$50,000**

Applications and Redemptions

**Monthly**

Recommended Investment Term

**3-5 Years**

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## DISTRIBUTIONS

Yearly

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## FEES

Management fee is 1.8% pa. Performance fee is 20% of the outperformance subject to a 'high watermark' and 'hurdle'.

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# IMPORTANT INFORMATION

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Microequities Asset Management Pty Ltd ABN 96 134 984 768 (also referred to in this Information Memorandum as “Microequities Asset Management”, “the Trustee”, “the Manager”, “us”, “we” and “our”) is the trustee and investment manager of the Microequities Deep Value Microcap Fund (“the Fund”) ABN 20 869 753 103. Microequities Asset Management is the issuer of this Information Memorandum and of units in the Fund. This Information Memorandum should be read in its entirety before making a decision to invest in the Fund.

This Information Memorandum (“IM”) is dated 1st of July 2010. It replaces the IM dated 16th of February 2009 and will expire on the date determined by Microequities Asset Management at its sole and unfettered discretion. An investment in the Fund is subject to the terms of the Fund’s Trust Deed (“Trust Deed”) dated 16th of February 2009. The IM is not a comprehensive statement of the Trust Deed or of all of the terms applicable to an investment in the Fund. A copy of the Fund’s Trust Deed can be obtained by contacting Microequities Asset Management. An investment in the Fund is an application for units in the Fund based on this Information Memorandum. No units in the Fund will be issued on the basis of this Information Memorandum after the date that the Information Memorandum expires.

Information in this IM is subject to change from time to time. If it is not materially adverse information this may be updated by us. We intend to issue a supplementary or replacement IM when any changes are made.

Unless otherwise determined by Microequities Asset Management at its sole and unfettered discretion, an application for units in the Fund is limited to investors that are wholesale clients and sophisticated investors (“Wholesale Clients”) within the meaning of Section 761G(7) and Section 761GA(7) of the Corporations Act 2001 (“Corporations Act”) and other qualifying investors (See section Who can invest in the Fund? Pg 15).

This Information Memorandum is not a Product Disclosure Statement for the purposes of Part 7.9 of the Corporations Act. The level of disclosure in this IM is less than that of a Product Disclosure Statement, prospectus or similar disclosure document. A copy of this IM does not need to be and has not been lodged with the Australian Securities and Investments Commission (“ASIC”).

The information in this IM is general advice and does not constitute personal advice. In preparing this IM, Microequities Asset Management has not taken into account the investment objectives, financial situation or particular needs of individual investors. Microequities Asset Management strongly recommends that potential investors read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the material contained in this IM.

Investors should consider whether an investment in the Fund is appropriate for their investment objectives, financial situation and needs. None of Microequities Asset Management, Microequities Pty Ltd, or their members, directors, employees, consultants, appointed investment managers (if any), advisers or agents guarantee the repayment of capital invested in the Fund, the payment of income from the Fund or the performance of the Fund or an investment in the Fund generally. As with any investment there are inherent risks in investing in the Fund, including the risk that the investment in the Fund is speculative, that the investment may result in a reduction in the capital value of the investment, loss of income and returns that are less than expected or delays in repayment of capital. Please refer to section on Risks of Investing pg 8.

All amounts in this IM are given in Australian dollars. Fees and costs in this IM are disclosed inclusive of the net effect of Goods and Services Tax (GST) if applicable and any Reduced Input Tax Credits (RITC).

Applications for investment in the Fund may only be made on the application form attached to or accompanied by this Information Memorandum.



# THE DEEP VALUE MICROCAP FUND

The Microequities Deep Value Microcap Fund launched in March 2009 is an open-ended unregistered Managed Investment Scheme designed for the Australian wholesale market. Microequities have established this Fund to provide investors with an investment vehicle that will seek to invest in identified undervalued Microcap companies. The objective of this Fund is to identify undervalued Microcap companies, invest in them and through a medium to long term commitment attempt to deliver superior investment returns.

The Fund invests primarily in ASX listed Microcap securities, which are at the time of initial investment generally below a market capitalisation of A\$250 million. The Fund may at times invest in companies with a higher market capitalisation but these will be limited to no more than 20% of the assets of the Fund.

At times the Fund may invest in pre-IPO securities that are due to be listed on the ASX within 3-6 months and that company has lodged a prospectus with ASIC, these will also be limited to no more than 10% of the assets of the Fund. The Fund will be limited to investing no more than 20% of the Fund's assets in any one security or company. The Fund will make investments with a medium to long term time horizon of between 12 months to 3-5 years in the companies it selects to invest in.

The Fund will not speculate in derivatives. It will be permitted to hold other securities that are directly associated with a particular investment such as options granted with a specific company issue etc. The Fund will not engage in short selling or stock lending.

## HISTORICAL PERFORMANCE OF THE FUND

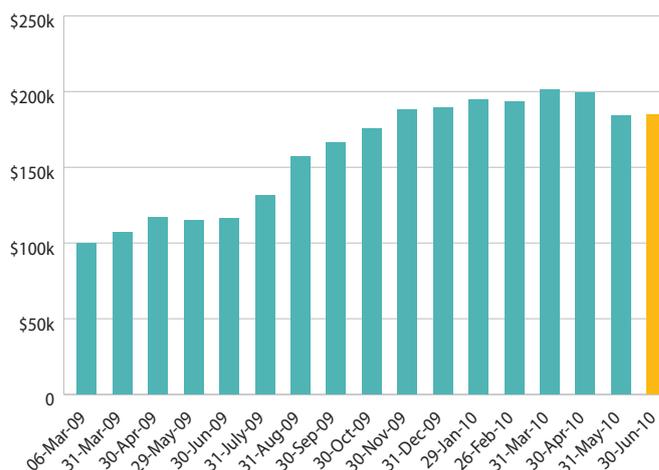
### Summary of Performance\* (As at 30/06/2010)

Since Inception (6th March 2009)	+84.66%
12 months	+58.59%

Performance figures above include a distribution payable to investors in the Fund at 30th June, 2010.

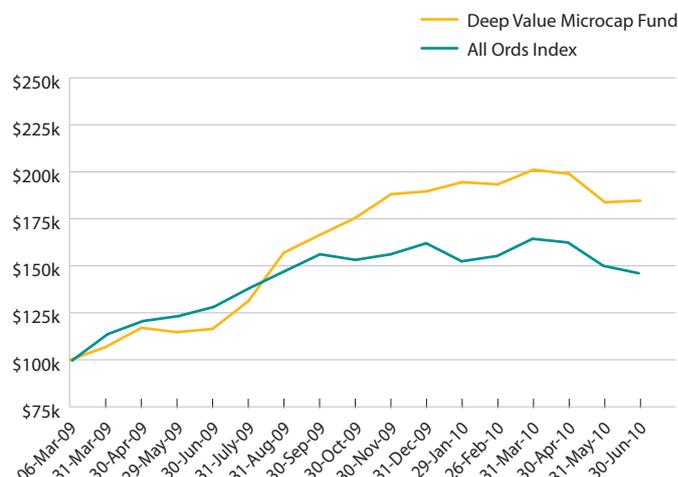
## DEEP VALUE MICROCAP FUND VALUE OF \$100,000 INVESTED AT INCEPTION

As at June 30th 2010



## DEEP VALUE MICROCAP FUND VS. ALL ORDS ACCUMULATION INDEX

As at June 30th 2010



**\*Disclaimer & Warning:** The performance figures presented in this document are for the past performance of The Deep Value Microcap Fund. Past performance is not a reliable indicator of future performance. Microequities do not guarantee the performance of the fund, the return of an investor's capital nor any specific rate of return.

# THE DEEP VALUE MICROCAP FUND

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The Microequities Deep Value Microcap Fund has been operating since March 6th 2009. A complete month by month performance table is available at the website [microequities.com.au](http://microequities.com.au)

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## INVESTOR PROFILE

The Fund offers the unique opportunity for wholesale and high net-worth investors to diversify their equity portfolios, to include exposure to the Microcap asset class. In a well diversified investment portfolio investors may consider exposure to Microcap companies, complementing a longer term growth, and yield portfolio. Your own personal circumstances will affect your decision and individual strategy details will differ depending on these circumstances. We encourage investors to talk to a financial adviser before making an investment decision.

In our view an investor in the Fund has already made an asset allocation decision and does not require further exposure to cash. In line with this view, the cash holding of the Fund is expected to be between 1-20% of the assets of the Fund. Microequities Asset Management may however, at its discretion, decide to hold up to 80% of the Fund portfolio in cash.

## WHAT IS A MICROCAP?

A Microcap is generally defined as a company whose market capitalisation (market value) is relatively small (generally defined as below A\$250 million). Whilst an individual Microcap company's market value is relatively small, they make up a large component of total Australian Securities Exchange (ASX) participants.

## WHY MICROCAPS?

Due to their relatively small market capitalisation, investment banks and stock brokers do not allocate the necessary resources to analyse or provide research coverage on Microcap companies. This lack of professional investor coverage can provide investment opportunities in highly undervalued securities that may have been overlooked. Many Microcaps face higher growth rates than larger companies. Often, the reason for a superior growth rate will be due to a company specific happening such as a new product or service, expansion into new markets, increased market size or other company specific events that are unrelated to the economic cycle. These company specific events can provide some Microcap companies with growth in challenging economic conditions. The Microcap investment universe may offer many incoherent valuations because a lack of institutional and professional investor following. Capturing these anomalies in valuation is an integral part of the Microequities Deep Value Microcap Fund.

## MICROCAPS ARE NOT START-UPS

Microcaps are small companies, in most cases these companies are not start up companies but rather companies with a track record. Many Microcap companies can in fact eventually become small, mid and large cap companies. Microcap companies in a number of cases have highly recognisable brand names and products and can be market leaders in their field.

There are many reasons why companies are Microcaps or small and they can include:

- the relatively small domestic market for their product and have not entered the exporting arena;
- they might be largely family dominated companies;
- they might have previously been part of a larger company;
- their pace of growth might be managed (rapid growth can be harder to manage)

in many cases, they might have been even smaller in size a few years ago and have grown rapidly but still remain under the A\$250 million arbitrary market cap guide for Microcaps (i.e. they were A\$20 million market cap 3 years ago and now they are A\$60 million)

# THE DEEP VALUE MICROCAP FUND

## ABOUT THE FUND MANAGER

Microequities Asset Management Pty Ltd is a subsidiary of Microequities Pty Ltd (“Microequities”) holder of Australian Financial Services Licence (AFSL) number 287526.

Microequities was established in 2005 to research Microcap companies and is possibly the only investment research house in Australia solely focused on researching Microcap companies. During this time Microequities has become a provider of in depth investment analysis on Australian Microcaps.

Microequities experience, method, process and knowledge of Australian Microcaps place it in a unique position to invest in these companies. Other fund managers might manage a Microcap fund as part of a wide array of managed investment products, for us, it's our core product. Our space is Microcaps, our competency is in this asset class, our experience and skill set lie within the Microcap space.

Microequities Asset Management will be utilising predominately in-house research from our investment research team. Microequities is unique in that we have established investment research and valuation capabilities in-house. Unlike many investment managers with limited resources dedicated to the research of Microcaps, they have to either outsource this function or purchase reports on a needs basis.

The research capabilities and expertise have been developed specifically for analysing the Microcap asset class. They include various valuation models that are applied depending on the type of business and in many cases can be a combination of several models.

Microequities was established in 2005 to research Microcap companies and is possibly the only investment research house in Australia solely focused on researching Microcap companies.

We have developed an intricate and process driven methodology to identify value and assess the investment potential of Microcap companies. Microcaps are the sole investment universe and we are dedicated to this asset class. Microequities' research team is broken up into sector specialisations including Telecommunications Media Technology, Industrial, Retail, Services etc.

## >>> KEY BENEFITS OF THE FUND <<<

- ✓ Exposure to a specialised asset class
- ✓ Opportunity to invest in under-researched Microcap stocks
- ✓ Access to capital market opportunities via participation in private placements and capital raisings
- ✓ Higher long term growth profile than large cap funds
- ✓ Manager with extensive experience in the Microcap sector
- ✓ Value investing philosophy
- ✓ In-house research expertise and capability
- ✓ Bottom-up investment research based experience
- ✓ Early access to potential high growth companies
- ✓ Performance based incentive for the Manager
- ✓ Distributions may carry imputation tax credits
- ✓ Stocks generally held for longer than 12 months thus delivering CGT benefits to Unitholder

# INVESTMENT PRINCIPLES

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“To us, at the heart of the investment decision lies the value question. Investments in undervalued companies generally have a better possibility of long term outperformance.”

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## INVESTMENT PHILOSOPHY

### VALUE

Value is at the heart of our investment philosophy. We investigate and research the Microcap space because generally Microcap companies present the most compelling value propositions. Value investing is the buying of securities at significantly less than their intrinsic value. Our investment approach aims to identify those securities that are trading below their intrinsic value while offering exposure to growth opportunities. Securities may trade below or above their intrinsic value for many reasons due to a multitude of factors including but not limited to; economic outlook; general market sentiment; company size; lack of analysis; outside of major benchmark indices; etc. Investments should generally be made with a medium to long term time horizon of between 18 months to 3-4 years in companies selected for investment as prices are likely to revert to their intrinsic value through the course of an investment cycle.

### GROWTH

As important as value is, growth is a vital driver of capital returns. Without growth, value is undermined. Therefore not only are undervalued companies sought, but companies that are likely to grow and grow at faster rates than the rest of the market. The Microcap universe presents a wide array of growth companies some of which, because of their relatively smaller size, possess a more attractive growth profile.

## INVESTMENT IN PROFITABLE COMPANIES

We do not speculate on loss making businesses. In order to value a business (company) the business needs to be generating positive earnings. Microequities don't research loss making businesses, and the Fund does not invest in companies that do not have a historically positive EBITDA (Earnings Before Net Interest, Depreciation and Amortisation).

## LONG TERM INVESTMENT HORIZON

Good things take time. In the Microcap space our experience has been that it takes time for the market to recognise value. The time horizon of investment is therefore a medium to long term one. The Fund seeks equity investments as a de facto business partnership. The Fund does not trade in and out of positions; it looks for long term superior gains by way of long term investments. The experience is that this philosophy provides superior long term returns. Microequities suggest that investors adopt a minimum of 3-5 year time horizon for their investment in this Fund. The Fund aims to provide capital growth and some income.

## INVESTMENT APPROACH

### PROFILE OF COMPANIES THE FUND WILL INVEST IN

There exists information asymmetry in the market for Microcap securities. Information asymmetry arises when one party has more or better quality information than the other. Stock broking firms and investment banks generally produce research material for their clients in order to generate commissions from trading volume. They tend to cover mainly the largest 200-400 stocks listed on the exchange as these tend to have the largest daily volume of trading activity. There are approximately 2200 companies listed on the ASX and most of these would not have been considered for research by brokers or other research firms, hence there may exist opportunities to profit from intrinsically undervalued companies in the remaining 1800-2000 or so un-researched companies.

Additionally, many index fund managers tend to structure their portfolios to track or follow specific indices. These indices would cover the top few hundred stocks or a particular sector.

This can suggest that the index fund managers are investing in both well performing companies and poor performing companies simply to imitate the particular index.

Microequities are a fundamental deep value investor focused on growing companies with a performance track record and an undervalued share price. We use a bottom-up approach to investing. Fundamental analysis of companies is undertaken using various models and key indicators to value companies before consideration of inclusion for investment by the Fund.

# INVESTMENT PRINCIPLES

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We conduct research that includes information gathering from customers, suppliers and competitors. As part of the investment process we conduct face to face meetings with company's senior management to gain valuable insights into the operations of the company's business units, strategy and plans. We will only invest the Fund in businesses that we understand and that have a historical track record of earnings.

The list below is a sample and is in no way exhaustive of some of the factors that may be looked at and taken into consideration when considering an investment by the Fund;

As each company is unique not all factors below will be suitable for taking into consideration for the purposes of a valuation model of the company.

- ✓ Companies with a well established business model
- ✓ Companies generally should be at least 2 years or longer EBITDA profitable
- ✓ Companies with low manageable debt or no debt are preferred
- ✓ High cash flow generating businesses
- ✓ Companies with high earnings visibility and disclosure
- ✓ Companies with a predictable future earnings stream
- ✓ Companies in a growing sector
- ✓ Companies that have a growth catalyst division, product or service
- ✓ Companies with a highly competitive advantage or brand name
- ✓ Companies with a stable management and track record for delivering value to shareholders
- ✓ Companies where management has a significant stake
- ✓ Companies with a reputable board of directors

The approach to investment necessitates a medium to long term perspective and only under such an investment time horizon do investors capture superior capital generation. The investment performance of companies invested in is regularly reviewed. We are in close contact with senior executives and management of those companies and their investment case is re-examined. Companies that have not yet met our investment criteria are also monitored. The world is a dynamic place and investment cases do change.



## SOCIAL AND ETHICAL CONSIDERATIONS

Microequities regard the subject of ethical investing as highly complex and understand there are often contradictions and conflicting beliefs that are a constant element of the capitalist system. Microequities are unable to assess the individual beliefs and values of each investor in the Fund. Our investment decisions are primarily based on economic factors. We do not take labour standards or environmental, social or ethical considerations into account when making investment decisions. However, such issues may financially affect an investment and any financial effect would influence Microequities' investment decisions.

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Microequities approach aims to identify those securities that are trading below their intrinsic value while offering exposure to growth opportunities.

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# INVESTMENT RISKS

Risk Profile	
High	
Medium-High	
Medium	
Medium-Low	
Low	

A Microcap fund such as this one is considered as having a high risk profile

## RISKS OF INVESTING

No investment is without some degree of risk. Risk can be explained as the probability that an investment's actual return will be different than expected. This includes the possibility of losing some or all of the original investment. You will need to determine how much risk you are able, or willing to tolerate. A Microcap fund such as this one is considered as having a high risk profile.

The purpose of this section is to inform investors of the types of risks that may apply to an investment in the Fund. Prior to making a decision to invest in the Fund, an investor should consider the risk factors which may apply to the investor's investment in the Fund.

The performance of the Fund or the return of capital is not guaranteed. The value of an investment in the Fund will go up and down with the value of the Fund's assets. Equity markets are inherently volatile. Investors are cautioned that such volatility may produce significant variations in application and redemption prices within relatively short periods of time, notwithstanding the performance of the Fund over the longer term. An investor may receive a capital return less than the amount invested in the Fund and there is no guarantee that income distributions will be made from any income derived from the investment of the assets of the Fund. The value of your investment is reflected in the value of your Units. Unit prices will rise and fall depending upon the value of the underlying assets.

## INVESTMENT RISK VS RETURN RELATIONSHIP

It is commonly accepted that there is a relationship between the level of return generated by an investment, and its level of risk. Put simply, the greater the expected return from an investment, the greater the expected risk. This is known as the 'risk return trade-off'.

Below is an illustration of some of the types of investment classes and their relationship between risk and return, for you to consider.



# INVESTMENT RISKS

The following is not intended to be an exhaustive list of the risk factors to which the Fund is exposed. Before deciding to invest in the Fund, prospective investors should read this entire IM and seek professional advice from their professional adviser.

## GENERAL RISKS

**Market Risk:** Market risk is the risk that prices of all listed securities fall. Markets are subject to a host of factors, including economic conditions, government regulations, market sentiment, local and international political events and environmental and technological issues. Market risk may have different impacts on each investment.

**Inflation Risk:** Inflation risk is the risk that the prices of goods and services will rise faster than the value of the investments.

**Sector Risk:** Sector risk is the risk a particular sector that may be subject to sector wide problems of demand/supply imbalances due to certain events or shocks.

**Company Specific Risk:** An investment in a company may be affected by unexpected changes in that company's operations (Such as changes in management, loss of a significant customer or contract) and business environment.

**Microcap Company Risk:** Shares in Microcap companies may trade less frequently and in smaller volumes and may experience greater price volatility than larger companies. In times of heightened market volatility Microcap companies could face an illiquid securities market, thereby limiting the ability of the Fund Manager to disinvest out of positions. Microcap companies may also have more limited operating histories, markets, product lines or financial resources than larger companies. They may also depend heavily on key personnel.

**Unlisted Company Risk:** Unlisted investments are not as liquid as investments in a listed company. Investments in unlisted companies carry a heightened risk due to lack of transparency in management, directors and operations. In addition, unforeseen factors may prevent an unlisted company from listing on an exchange.

**Interest Rate Risk:** Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets. Interest rates may directly or indirectly affect a company's cost of borrowings.

**Currency Risk:** Some companies may have significant operations in other countries, and if currencies change in value relative to the Australian dollar, the value of the investment may change.

**Liquidity Risk:** This is the risk that an investment in a company may not be easily converted into cash with little or no loss of capital and minimum delay. The market for Microcap companies generally has less liquidity than higher larger capitalised companies. Securities of Microcap companies in particular may from time to time become illiquid.

## FUND SPECIFIC RISKS

**Fund Risk:** Risks particular to the Fund include that the Fund could terminate, Microequities Asset Management could be replaced as Manager and Microequities Asset Management's Investment professionals could change. There is also a risk that investing via the Fund may give different results as opposed to investing directly due to income or capital gains accrued in the Fund and the consequences of contributions and redemptions by other investors.

**Liquidity Risk:** If the Fund has a low cash balance, or had problems selling its listed investments, access to cash could be delayed. Similarly, if there is an interruption of regular trading on the ASX or for a particular asset of the Fund, there may be delays in processing redemption requests.

**Low Cash Position:** If the Fund has a low cash balance this could hamper or delay the the ability of the Fund to pay distributions to investors.

**Volatility Risk:** Volatility in the prices of the underlying assets of the Fund can result in fluctuations in the unit price and/or amounts distributed to Unit Holders.

**Investment Selection Risk:** Some investments chosen will not perform as well as other investments in terms of capital return or income.

**Political & Legal Risks:** Value of the Fund's assets may be affected by uncertainties including political and economic developments and changes in laws and regulations in Australia or overseas relating to managed funds.

**Currency Risk:** The Fund will be denominated in Australian dollars which may appreciate or depreciate against an investor's base currency of investment.

**Taxation Change Risk:** Any change in taxation policy may impact the distributions to unit holders, as well as, the taxation treatment of those distributions.

**Significant Redemptions Risk:** A risk exists that a significant number of requests for redemption of Units in the Fund will be received. In such an event, it may not be possible to liquidate some of the Fund's investments at the time that such redemptions are requested, or it may be possible to do so only at prices which do not reflect the true value of such investments, resulting in an adverse effect on the return to Investors.

**Force majeure events:** Events, including acts of God, fire, flood, earthquakes, war, acts of terrorism, and labour strikes may adversely affect the normal operations of financial markets and the Fund.

# FEES AND CHARGES

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## CONTRIBUTION (ENTRY) FEES

Subject to prevailing Australian legislation, most fund managers charge an entry fee as a percentage of the amount invested. This fee is deducted from the value of the initial investment so that the investor would ordinarily receive fewer units in the fund. It is common for the entry fees to be disbursed as a commission to licensed advisers who introduce investors to the fund. The licensed advisor may rebate part or this entire entry fee to the investor in the form of additional units at the licensed advisor's discretion. In line with market practice, Microequities Asset Management has set the entry fee at a maximum of 2%. Additional investments in the Fund will also be subject to the 2% entry fee.

An investor who applies directly to the Fund will also be charged a 2% entry fee; however Microequities Asset Management reserves the right (subject to prevailing Australian legislation) to rebate up to 100% of the fee in the form of additional units at our discretion.

## ADVISOR COMMISSIONS

In addition to the contribution fee described previously (which may be fully rebated to the investor at the discretion of the advisor) we may pay (subject to prevailing Australian legislation) licensed advisors a trailing commission of up to a maximum 0.25% per annum. The trailing commission is paid out of Microequities Asset Managements' management fee. You may agree to pay your adviser a fee for any financial advice that they provide to you. However, these are separate to any fees we may charge in respect of your investment in the Fund.

Any commissions (both contribution and trailing) paid to licensed financial advisors would be subject to compliance with prevailing Australian legislation.

## INVESTMENT MANAGEMENT FEES

The investment management fee payable to Microequities Asset Management for managing the Fund is 1.8% per annum of the net asset value of the Fund calculated monthly and payable by the Fund within 14 days of the end of each month. If there is a change in the investment management fee, Microequities will give at least 30 days notice in writing to investors.

Microequities Asset Management reserves the right to charge a lesser amount to certain clients. In particular, we may charge or rebate management fees individually negotiated with investors.

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No entry fee to Investors who apply for units in the Fund directly through Microequities Asset Management

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## ADMINISTRATION EXPENSES

The Fund's Trust Deed entitles Microequities Asset Management to be reimbursed out of the Fund's assets for expenses properly incurred in operating the Fund (together with any GST on such expenses). Such expenses include, registry fees, legal expenses, and stationery, postage, and insurance and compliance costs. Microequities Asset Management has set a maximum that these fees should not exceed 0.20% per annum of net asset value of the Fund.

Transaction costs (such as custodian fees, brokerage, government taxes, duties and levies, bank charges, accounting, Tax consulting, auditing and account transaction charges) are paid out of the Fund's assets monthly. Occasionally, abnormal costs may be paid out of the Fund. Such costs may include the costs of holding unit holders' meetings or effecting changes to the Trust Deed of the Fund or terminating the Fund.

Microequities Asset Management will not be reimbursed from the Fund for any expenses that it incurs which are directly attributable to Microequities' own business, such as overheads or internal salary expenses.

# FEES AND CHARGES

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## RELATED PARTY TRANSACTIONS

In the execution of transactions, Microequities Asset Management deals with professional organisations that may include Microequities Pty Ltd or its associated companies. All transactions are conducted on arm's length terms. These organisations may receive commissions or fees at prevailing market rates for the execution of transactions. Any conflict of interest or potential conflict of interest is managed in accordance with Microequities' Conflict of Interest Policy.

## EXIT FEES

Microcaps are a specialised class of investment that requires a specific type of entry and exit timeline. Microequities Asset Management considers that investors in the Fund should be prepared to commit to being an investor in the Fund for a period of at least 3-5 years. In line with market practice, Microequities Asset Management has set an exit fee of 2% to be levied, on amounts invested for less than 12 months, deducted from redemption monies and paid to the trustee. This is to discourage short term investing, as investments such as this Fund are recommended for medium and long term only. After a 12 month period there is no exit fee.

## PERFORMANCE HURDLE

Microequities Asset Management are an absolute return manager and as such have set the performance hurdle for the Microequities Deep Value Microcap Fund at a fixed 5% per annum (calculated monthly) increase in the value of the Fund's assets after management fees on a per unit basis.

## PERFORMANCE FEES

Microequities Asset Management will be entitled to receive a 20% performance fee of the aggregate outperformance of each investor's units (net of management fees and administration costs, and before performance fees are deducted) of the performance hurdle. The performance fee is calculated, accrued and paid monthly.

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A High Water Mark is in place ensuring that previous negative performance must be recouped before a performance fee can be received by Microequities Asset Management.

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## HIGH WATER MARK

Additionally a High Water Mark is in place ensuring that previous negative performance must be recouped before a performance fee can be received by Microequities Asset Management. The High Water Mark is the highest prior net asset value NAV of the Fund on a per unit basis at which a performance fee was levied at the end of a performance fee period. For example, if the investors units in the Fund underperformed by 2% in month 1 and outperformed by 5% in month 2, performance fees in month 1 would be zero. In month 2, the performance fee would be calculated as 20% of approximately 3% out performance (5% outperformance in month 2 less 2% underperformance in month 1). Where the performance of the investor's units in the Fund does not exceed the hurdle, performance fees are not charged against the investor's units. The High Water Mark is in respect of each individual Unit in the Fund. It should be noted that the Trustee at its sole discretion may reset The High Water Mark.

# UNITS IN THE FUND

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## VALUATION OF FUND ASSETS

The net asset value (NAV) of the Fund is calculated by deducting the liabilities of the Fund from the value of its assets. In line with market practice, Microequities Asset Management may determine valuation methods and policies for each category of asset and may change these methods and policies from time to time. Unless determined otherwise, the value of an asset will be its last closing sale price. The values of liabilities include all significant accrued income and expenses that are due and payable to or from the Fund. The valuation of the Fund is calculated monthly on the last closing price on or before the last business day of the relevant month.

## UNIT PRICING

The unit price of a unit in the Fund is calculated by dividing the net asset value (NAV) of the Fund by the number of units on issue at the time. Unit prices in the Fund are calculated monthly on the day of the valuation of the Fund assets.

## ISSUE AND REDEMPTION PRICE

The issue and redemption prices for units in the Fund are calculated by adding or subtracting a transaction cost allowance from the unit price. The issue and redemption price for units is based on the unit price for the Fund.

The Issue price will be the unit price on the day the units are issued, plus the transaction cost allowance.

The Redemption price will be the unit price on the day the units are redeemed, less the transaction cost allowance.

## TRANSACTION COST ALLOWANCE

The Fund may incur transaction costs associated with buying and selling the underlying investments of the Fund. These include expenses such as brokerage paid on share transactions. Transaction costs are deducted from the issue and redemption prices of units in the Fund to seek to fairly allocate transaction costs to all investors in the Fund. The difference between the issue and redemption price is sometimes referred to as a "Buy/Sell Spread".

The indicative Buy/Sell Spread for the Fund is set out below. This may be amended at any time by Microequities Asset Management at its absolute discretion.

Buy	+0.40%
Sell	-0.40%

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The valuation of the Fund is calculated monthly on the last closing price on or before the last business day of the relevant month.

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## INCOME DISTRIBUTION AND REINVESTMENT

Microequities Deep Value Microcap Fund is not a tax paying entity under the present law as the Trustee must distribute all of the income of the Fund in each financial year. Income and any net realised capital gains are generally distributed annually and are usually paid after June 30. Microequities Asset Management has a policy of automatically reinvesting distributions as additional units in the Fund, although it may choose at times to pay these distributions in cash at its discretion.

# TAXATION

## TAXATION

The tax information provided in this IM is intended to be a brief guide only and should not be relied upon as a complete statement of all relevant laws. We strongly recommend that potential investors read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund.

Under existing Australian tax legislation, no tax is payable by the Fund, as all taxable income including net capital gains of the Fund is distributed to investors each year. Taxable income distributed, including reinvested distributions, forms part of the assessable income of investors in the year of entitlement.

The tax an investor in the Fund may pay depends on, among other things, the type of distributions made to the investor. Distributions can be made up of income (such as dividends and interest), net capital gains, tax credits (such as franking credits attached to dividend income and credits for tax paid on foreign income). Some distributions may not need to be included in the investor's tax return but will generally reduce the cost base of the investments for capital gains tax purposes.

## GOODS AND SERVICES TAX (GST)

GST will not be imposed on the application for, or withdrawal of, units in the Fund. However, it will be charged on the price of most purchases made by the Fund in carrying out its investment activities as well as any management fees payable by the Fund, and reimbursable expenses. The Fund may be entitled to claim a refund for any Reduced Input Tax Credits (RITC) for part of the GST included in the price of most purchases.

## TAX ON WITHDRAWALS

Partial or full withdrawals from the Fund will be treated as disposal of investments for tax purposes and the investor may be subject to Capital Gains Tax (CGT). If the investor is an individual, and the investor holds the investments for more than 12 months, the investor may be entitled to a CGT concession that can reduce the investor's CGT liability by 50%. Other taxpayers (for example, complying superannuation funds) may be entitled to a 33.33% CGT concession provided the investments are held for more than 12 months. We strongly recommend that potential investors read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund.

Under existing Australian tax legislation, no tax is payable by the Fund, as all taxable income including net capital gains of the Fund is distributed to investors each year.

## TAX REPORTING

After the end of the financial year, Microequities Asset Management will send tax statements to investors. The investor is not obliged to provide a Tax File Number (TFN) or Australian Business Number (ABN) notification, but if neither is provided, and a valid exemption is not claimed, we are required to deduct tax from investor's distributions at the highest marginal tax rate, plus the Medicare levy, to meet Australian Taxation Office requirements. Australian companies and other entities that invest in the course of their registered business can supply their ABN instead of their TFN to Microequities Asset Management.

## KEEPING INVESTORS INFORMED

Microequities Asset Management will provide investors in the Fund with the following information

- Confirmation of transactions
- Transaction statements at least annually
- Monthly reports on the performance of the Fund, an economic and market overview, and Fund highlights
- A tax report to help with tax return at financial year-end

# SUMMARY OF THE TRUST DEED

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## SUMMARY OF TRUST DEED

The Microequities Deep Value Microcap Fund ("Fund") is established by a deed ("Trust Deed"), which provides the framework for its operation, as well as setting out certain rights, duties and obligations of Microequities Asset Management as the trustee ("Trustee"). The principal provisions of the Trust Deed include those dealing with:

- the duration of the Fund;
- the classes of units;
- the duties and obligations of, and their delegation by, Microequities Asset Management;
- investment, borrowing and valuation powers and procedure;
- fees and recoverable expenses;
- the limiting of Microequities Asset Management liability and its right of indemnification;
- the rights of investors;
- the calling and conducting of unit holder meetings;
- the calculation, entitlement to and distribution of income and proceeds of the Fund on termination;
- unit issue and redemption mechanisms;
- and modification of the Trust Deed

The Trust Deed of the Fund binds all unit holders in the Fund. With the exception of where the Trust Deed provides Microequities Asset Management with a discretion to modify its effect (for example, that Microequities Asset Management may charge lower fees than the Trust Deed allows), the provisions of the Trust Deed will prevail over statements in this Information Memorandum, should there be any inconsistency.

Microequities Asset Management, as Trustee, may alter or modify the Trust Deed in accordance with the provisions of the Trust Deed and any relevant provisions of the Corporations Act. Amendments to the law governing managed investment schemes and any relevant ASIC relief may also affect provisions of the Trust Deed.

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Microequities Asset Management has not attempted to summarise all of the provisions of the Trust Deed. Unit holders should refer to the Trust Deed for more detailed information about the operation of the Fund.

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Microequities Asset Management has endeavoured to explain the operation of the Fund in general terms in this Information Memorandum. Accordingly, it has summarised and paraphrased important provisions of the Trust Deed. Microequities Asset Management has not attempted to summarise all of the provisions of the Trust Deed. Unit holders should refer to the Trust Deed for more detailed information about the operation of the Fund. Copies of the Trust Deed are available from Microequities Asset Management on request.

# INVESTING IN THE FUND

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## MINIMUM INVESTMENT

In line with market practice, Microequities Asset Management have imposed a minimum initial investment requirement of A\$50,000 for all investors who are wholesale or other qualifying investors and a minimum initial investment of A\$500,000 for all investors who would otherwise be required to invest A\$500,000 in order to fall within the definition of a wholesale client under the Corporations Act (as described below).

Additional investments by an existing wholesale investor must be at a minimum of A\$20,000. Similarly redemptions in the Fund must be at a minimum of A\$20,000. An investor must maintain the minimum investment amount during the period of investment in the Fund. If the value of an investor's units in the Fund falls below the minimum investment amount, Microequities Asset Management may redeem the investor's remaining units in the Fund and pay the redemption proceeds to the investor.

## WHO CAN INVEST IN THE FUND?

The Microequities Deep Value Microcap Fund is a wholesale fund. Unless otherwise determined by Microequities Asset Management in its sole and unfettered discretion, only wholesale clients within the meaning of section 761G(7) and 761GA (7) of the Corporations Act may invest in the Fund.

Accordingly, Microequities Asset Management will only accept investments in the Fund from an investor who falls within the definition of a Wholesale Client as outlined below:

An investor is a wholesale client if:

- A. the person invests an initial amount of \$500,000 or more; or
- B. the person acquires units in the Fund for use other than in connection with a business that is not a small business; or
- C. the person has net assets of at least \$2.5 million. The investor must provide Microequities Asset Management with a copy of a qualified accountant's certificate dated within the preceding six (6) months that certifies that they own the required net assets; or
- D. the person earned at least \$250,000 (gross income) a year for each of the last two (2) financial years. The investor must provide Microequities Asset Management with a copy of a qualified accountant's certificate dated within the preceding six (6) months that certifies the required level of income; or
- E. the person qualifies as a "professional investor" within the meaning of the Corporations Act, including:
  - a. a person who is a financial services licensee and is acting as principal; or
  - b. a person who is a trustee of;
    - i. a superannuation fund; or
    - ii. an approved deposit fund; or
    - iii. a pooled superannuation trust; or
    - iv. a public sector superannuation scheme,
    - v. within the meaning of the Superannuation Industry (Supervision) Act 1993 and the fund, trust or scheme has net assets of at least \$10 million; or
  - c. or a person that is a body regulated by the Australian Prudential Regulation Authority, other than the trustee referred to above; or
  - d. a person that controls at least \$10 million (including any amount held by an associate or under a trust that the person manages); or
  - e. a person that is a body registered under the Financial Corporations Act 1974; or

# INVESTING IN THE FUND

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- f. a person that is a listed entity, or a related body corporate of a listed entity; or
  - g. a person that is an exempt public authority within the meaning of the Corporations Act; or
  - h. a person that is a body corporate, or an unincorporated body, that:
    - i. carries on a business of investment in financial products, interest in land or other investments;
    - ii. and; for those purposes, invests funds received (directly or indirectly) following an offer or invitation to the public, the terms of which provided for the funds subscribed to be invested for those purposes; or
    - iii. a person that is a foreign entity that, if established or incorporated in Australia, would be covered by one of the above; or
- F. the person qualifies as a “sophisticated investor” within the meaning of the Corporations Act, where:
- a. Microequities Asset Management is satisfied on reasonable grounds that the other person has previous experience in using financial services and investing in financial products that allows the client to assess:
    - i. the merits of the product or service; and
    - ii. the value of the product or service; and
    - iii. the risks associated with holding the product; and
    - iv. the person’s own information needs; and
    - v. the adequacy of the information given by Microequities Asset Management the product issuer; and
  - b. Microequities Asset Management gives the person before, or at the time when, the product is provided a written statement of the Microequities Asset Management’s reasons for being satisfied as to those matters; and
  - c. the person signs a written acknowledgment before, or at the time when, the product is provided that:
    - i. Microequities Asset Management has not given the person a Product Disclosure Statement; and
    - ii. Microequities Asset Management has not given the person any other document that would be required to be given to the person under this Chapter if the product or service were provided to the person as a retail client; and
    - iii. Microequities Asset Management does not have any other obligation to the person under this Chapter that Microequities Asset Management would have if the product or service were provided to the client as a retail client.

References to the word “person” above include references to corporations and institutional investors.

## OTHER QUALIFYING INVESTORS

Microequities Asset Management may also issue units in the Fund to other investors in circumstances where disclosure is not required under Division 2 of Part 7.9 of the Corporations Act. These include the making of personal offers to:

- a. not more than twenty (20) investors in any twelve (12) month period; and
- b. such personal offers do not result in more than \$2,000,000 being raised in any twelve (12) month period.

References to the word “person” above include references to corporations and institutional investors.

The above is only a summary of the relevant provisions of the Corporations Act. An investor may contact their professional advisors or Microequities Asset Management if the investor would like any assistance in determining whether the investor is a wholesale client or other qualifying investor under the Corporations Act.

# HOW TO INVEST

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## APPLICATIONS FOR UNITS

Initial investments in units of the Fund must be accompanied by a completed application form which is attached to this IM. Units will only be issued (subject to acceptance by Microequities Asset Management) on the first Application Day after receipt of the completed application form together with cleared funds at least 14 days prior.

“Application Days” are the first business day following the valuation of the Fund’s assets and the striking of a unit price in the relevant month. The relevant value against which the issue prices of units will be calculated will be the Net Asset Value of the Fund on the day prior to the relevant Application Day.

## REDEMPTION OF UNITS

Units in the Fund will only be permitted to be redeemed monthly, on the Redemption Day. A unit holder wishing to redeem units must give Microequities Asset Management at least 15 days prior written notice. Any redemption request received less than 15 days before the next Redemption Day will be treated as being applicable to the next following Redemption Day. Redemptions will generally be paid within 30 days following the applicable Redemption Day.

“Redemption Days” are the first business day following the valuation of the Fund’s assets and the striking of a unit price in the relevant month. The relevant value against which the redemption prices of units will be calculated will be the Net Asset Value of the Fund on the day prior to the relevant Redemption Day.

## ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM

In order to meet our obligations under anti-money laundering, counter-terrorism legislation or taxation legislation, we may require further information from you as to identity, the source of your funds and similar matters. Microequities are required to verify that information by sighting appropriate documentation. Records of the information obtained will be kept and may be required by law to be disclosed. Otherwise the information will be kept confidential. By applying for Units through this IM, you also agree that Microequities may in its absolute discretion determine not to issue Units to you, may cancel Units which have been issued to you or may redeem any Units issued to you if Microequities believe such action to be necessary or desirable in light of its obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Commonwealth) or related legislation.

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Initial investments in units of the Fund must be accompanied by a completed application form which is attached to this IM.

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## PRIVACY

The privacy of your personal information is important to us. Federal Privacy legislation regulates the use of your personal information. Microequities Asset Management will hold your personal information in a secure manner and will not disclose it to third parties without your permission. Only information that is necessary in connection with this offer is being requested. In order to fulfill obligations under the Privacy Act, the necessary security measures have been put in place to minimize the risk of unauthorized access to or loss of personal information. We collect personal information so that we may provide you with the products and services you request as well as information on other products and services offered by us.

We may disclose personal information to other parties (confidentiality arrangements apply) for certain purposes that we outsource, including administration and audit. Your personal information may be disclosed to these third parties in such circumstances or otherwise to enable Microequities Asset Management to efficiently operate the Fund.

If you used a financial adviser, who recommended your investment in the Fund (as indicated on your application form), details of your investment will be provided to him/her.

We aim to ensure that the personal information we retain about you is accurate, complete and up-to-date. If you provide us with incomplete or inaccurate information, we may not be able to provide you with the products or services you are seeking. If you have concerns about the completeness or accuracy of the information we have about you or would like to request access or amendment to your information, simply contact Microequities Asset Management on (02) 9231 6169. You will be taken to agree to the collection, use and disclosure of your personal information as set out above when you make an investment in the Fund.

# GLOSSARY OF TERMS IN THIS INFORMATION MEMORANDUM

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**'A\$'** means Australian Dollars

**'AFSL'** means Australian Financial Services License

**'Application Days'** means business days on which applications are processed

**'Application Form'** means application form attached to the Information Memorandum

**'Application Price'** The price payable for units in the Fund

**'ASIC'** means Australian Securities and Investments Commission.

**'ASX'** means Australian Securities Exchange

**'Bank Account'** means an account with an Australian Authorised Approved Deposit Taking Institution (which includes a building society and credit union)

**'Business Day'** means any day other than a Saturday or Sunday on which majority of trading banks are open for general banking business in NSW

**'Current value of the Fund'** means the market value of the Fund's assets less certain liabilities

**'Custodian'** means Equitas Nominees Pty Ltd (a 100% owned subsidiary of Macquarie Group), responsible for safeguarding the Funds financial assets

**'Qualifying Investor'** means wholesale investor as defined in section 761G & 761GA of the Corporations Act 2001

**'Fund'** means the Microequities Deep Value Microcap Fund

**'GST'** means Goods & Services Tax

**'IM'** means information memorandum

**'Issue Price'** means the price at which units are issued in the Fund

**'Listed Securities'** means securities that are quoted on the ASX

**'Microcap'** means a company with a market capitalisation of approximately \$250 million or under

**'Manager'** means Microequities Asset Management Pty Ltd

**'Minimum Holding'** means the minimum value of an investment in the Fund permitted by one Unit Holder

**'Minimum Reinvestment'** means the minimum value of additional investments in the Fund

**'NAV'** means net asset value

**'Portfolio'** means the investments made by the Fund in listed and unlisted companies' shares

**'Redemption'** means the buy back of a unit or units in the Fund

**'Redemption Price'** means the price at which units are redeemed by the Fund

**'The Act'** means the Corporations Act 2001

**'Trust Deed'** means the Deed establishing the Microequities Deep Value Microcap Fund and executed on February 16th 2009

**'Trustee', 'manager', 'we', 'our', or 'us'** means Microequities Asset Management Pty Ltd

**'Unit'** means an individual interest in the Fund as prescribed in the Trust Deed

**'Unit Pricing Day'** means the last business day of the month

**'Unitholder'** means a person who completes and submits to the Trustee an application form and subscription monies for the Microequities Deep Value Microcap Fund in accordance with the terms of this Information Memorandum whose application has been accepted and who is registered as a holder of units under the Trust Deed

**'Units'** means units issued in the Microequities Deep Value Microcap Fund

# APPLICATION FORM

## TRUSTEE & MANAGER

Microequities Asset Management Pty Ltd  
Level 7, 109 Pitt Street, Sydney NSW 2000, Australia  
**P:** (61 2) 9231 6169  
**F:** (61 2) 9475 1156  
**E:** invest@microequities.com.au  
www.microequities.com.au

## MICROEQUITIES

APIR® CODE: MIC0001AU ISIN: AU60MIC00019

Please complete this form clearly. Initial any corrections. If you have obtained this Information Memorandum electronically, you should print all the pages and this application form.

## APPLICATION TYPE

Initial Investment

Additional Investment

## I. INVESTOR DETAILS

Please complete either the Individual/Joint Applicant (Please use BLOCK letters)

### INVESTOR 1

First Name

Last Name

Tax File Number/Exemption

Date of Birth

 /  / 

### INVESTOR 2

First Name

Last Name

Tax File Number/Exemption

Date of Birth

 /  / 

**For joint holdings, please indicate whether:**

Both applicants to sign

Either applicant to sign

(If no selection is made "Both applicants to sign" will be assumed)

### Company/Trust/Superannuation Fund

Name

Contact person

Tax File Number

Title

ACN/ARBN

v105

# APPLICATION FORM

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## 2. INVESTOR CONTACT DETAILS

PO Box/Street Address (line 1)

Home Number

PO Box/Street Address (line 2)

Business Number

City

Mobile

State

Postcode

Fax

Email

## 3. INVESTMENT DETAILS

**The minimum initial investment is A\$ 50,000.00**

I wish to invest:

In the following manner:

Cheque

Electronic transfer

(please tick method of payment)

### PAYING BY CHEQUE

Please Make Cheques payable in Australian dollars to:

“Microequities Asset Management Pty Ltd ATF Microequities Deep Value Microcap Fund”

Cross the cheque “not negotiable”, mail to Suite 702, 109 Pitt St, Sydney NSW 2000.

### ELECTRONIC TRANSFER

For Electronic Transfer instructions please call (02) 9231 6169 or email [invest@microequities.com.au](mailto:invest@microequities.com.au)

Please note: If you choose to make payment by electronic transfer or bank deposit, please identify yourself by inserting the investor(s) name in the narrative when you make the transfer.

# APPLICATION FORM

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## Have you just paid us by electronic transfer?

If so, please record your receipt and transfer details below so we can promptly track the funds and credit it to your account.

From which financial institution?

Your receipt number?

Date of transfer

 /  / 

## 4. DISTRIBUTION AND WITHDRAWAL ACCOUNT DETAILS

Please supply here the account details for where you would like your distributions and withdrawals paid. The account must be in the Investor's name.

Financial Institution

Branch

BSB

Account Number

Account Name

# APPLICATION FORM

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## 5. IDENTIFICATION

- I have provided certified copies of three (3) forms of identification including one (1) photo ID (Drivers Licence, Passport, Medicare card) for each individual investor/Trustee/Director or beneficiary in a Trust

## 6. TO BE AN ELIGIBLE INVESTOR, YOU MUST SATISFY ONE OF THESE CRITERIA. I AM ELIGIBLE TO INVEST IN THE FUND BECAUSE AT LEAST ONE OF THE FOLLOWING CRITERIA HAS BEEN MET. (PLEASE TICK ONE):

- |   |   |
|---|---|
| <input type="checkbox"/> Investing at least A\$500,000 at one time;   | <input type="checkbox"/> Carry on a business of investment in financial products, interests in land or other investments and invests funds received (directly or indirectly) following an offer or invitation to the public, the terms of which provided for the Funds subscribed to be invested for those purposes;  |
| <input type="checkbox"/> Be a business that is not a small business (that is, companies that employ more than 20 people or 100 people if they are a manufacturer);  | <input type="checkbox"/> Be a foreign entity that, if established or incorporated in Australia, would be covered by one of the preceding paragraphs; or   |
| <input type="checkbox"/> Hold an Australian Financial Services Licence;   | <input type="checkbox"/> Provide the Trustee with an accountant certificate (in form annexed) which is less than 6 months old indicating that the Applicant has either net assets of at least \$2.5 million or a gross income for each of the last 2 financial years of at least \$250,000 a year.  |
| <input type="checkbox"/> Control at least A\$10 million (including any amount held by an associate or under a trust that the Applicant(s) manages);   | <input type="checkbox"/> Microequities Asset Management is satisfied on reasonable grounds that Investor qualifies as a "sophisticated investor" and has given the Investor a written statement to that effect and the Investor has signed an acknowledgment.   |
| <input type="checkbox"/> Be regulated by the Australian Prudential Regulatory Authority other than a trustee of an Australian superannuation fund, approved deposit fund, pooled superannuation trust or public sector superannuation scheme; | <input type="checkbox"/> Microequities Asset Management has made a personal offer where disclosure is not required under Division 2 of Part 7.9 of the Corporations Act. These include the making of personal offers to: (a) not more than twenty (20) investors in any twelve (12) month period; and (b) such personal offers do not result in more than \$2,000,000 being raised in any twelve (12) month period as defined in Section 1012E of the Corporations Act. |
| <input type="checkbox"/> Be the trustee of an Australian superannuation fund, approved deposit fund, pooled superannuation trust or public sector superannuation scheme with assets at least A\$10 million;                                   |   |
| <input type="checkbox"/> Be a body registered under the Financial Corporations Act 1974 of the Commonwealth of Australia;   |   |
| <input type="checkbox"/> Be an exempt public authority;   |   |
| <input type="checkbox"/> Be listed or a Related Body Corporate of a listed entity;  |   |
| <input type="checkbox"/> A professional investor or a wholly-owned subsidiary of a professional investor that is a body corporate;  |   |

# APPLICATION FORM

## 7. DECLARATION

I/We declare that:

All details provided by me/us in this application are true and correct.

I/We have received and read a copy of the Information Memorandum (dated July 1st, 2010) and agree to the offer contained in it and to be bound by its Trust Deed and any other additional obligations or restrictions contained in the Information Memorandum.

I/We acknowledge that investments in the Microequities Deep Value Microcap Fund are subject to investment risk, including possible delays in repayments and loss of income or principal invested.

I/We have noted the withdrawal (redemption) provisions in the Information Memorandum.

I/We further acknowledge that Microequities Asset Management Pty Limited or their members, directors, employees, consultants, appointed investment managers (if any), advisers or agents do not guarantee the repayment of capital invested in the Fund, the payment of income from the Fund or the performance of the Fund or an investment in the Fund generally.

Joint Applicants must both sign.

Applications under a Power of Attorney must be accompanied by a certified copy of the Power.

### SIGNATURE

Print Name

Director  Secretary

Date

/   /

### SIGNATURE

Print Name

Director  Secretary

Date

/   /

### IMPORTANT

Microequities Asset Management Pty Ltd may in its absolute discretion refuse any applications for units in whole or part and need not give reasons. The collection of your TFN is authorised by Australian Law. You do not have to quote your TFN however if you choose not to you may be charged tax at the highest marginal rate.

# APPLICATION FORM

## CERTIFICATE BY A QUALIFIED ACCOUNTANT

For purposes of Chapter 7 of the Corporations act 2001.

Please arrange for your accountant to complete if you are applying as a wholesale client.

To the Trustee of the Microequities Deep Value Microcap Fund

**By email:** invest@microequities.com.au **By fax:** + 61 2 9475 1156

**By mail:** Suite 702, 109 Pitt Street, Sydney NSW 2000, Australia

<Insert investor's name>

<Insert investor's address>

I certify that the person or entity whose details are set out above:

- has net assets of at least \$2.5 million; or
- has gross income for each of the last 2 financial years of at least \$250,000.

I belong to: (insert name of professional body)

My membership designation from this professional body is

I comply with this body's continuing professional education requirements.

I hereby certify that I am a Qualified Accountant as defined in the section 88B of the Corporations Act 2001.

(Print name)

### SIGNATURE

Date

 /  / 

### ACCOUNTANT CONTACT DETAILS

Organisation

Telephone

Fax

Address

Email address

State

Post code

# DIRECTORY

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## TRUSTEE & MANAGER

### **MICROEQUITIES ASSET MANAGEMENT PTY LTD**

Level 7, 109 Pitt Street

Sydney NSW 2000, Australia

PH: (61 2) 9231 6169

FAX: (61 2) 94751156

[invest@microequities.com.au](mailto:invest@microequities.com.au)

[www.microequities.com.au](http://www.microequities.com.au)

## CUSTODIAN

### **MACQUARIE GROUP**

1 Shelley Street

Sydney NSW 2000, Australia

[www.macquarie.com](http://www.macquarie.com)

## AUDITOR

### **PKF CHARTERED ACCOUNTANTS**

Level 10, 1 Margaret Street

Sydney NSW 2000, Australia

[www.pkf.com.au](http://www.pkf.com.au)

## LEGAL SERVICES

### **CLAYTON UTZ**

1 O'Connell Street

Sydney NSW 2000, Australia

[www.claytonutz.com](http://www.claytonutz.com)

**APIR CODE: MIC0001AU**

**ISIN CODE: AU60MIC00019**



DEEP VALUE MICROCAP FUND