

# CAPTURING VALUE

DEEP VALUE FUND

INFORMATION MEMORANDUM

ISSUED FEBRUARY 2023

**TRUSTEE & MANAGER**

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# FUND SUMMARY

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## ABOUT THE FUND

The Fund invests in profitable, growing and undervalued Microcap and Smallcap companies listed on an Australian securities exchange

### SUMMARY OF PERFORMANCE (As at 31 December 2022)

Since Inception (6th March 2009)

**+727.96%**

Compound Annual Return since Inception

**+16.51%**

Performance updated monthly at [microequities.com.au](http://microequities.com.au)

### ASSET MANAGER



### CUSTODIAN

**J.P.Morgan**



## INVESTMENT STYLE

Deep value, highly selective approach

In-house research, specialised in the Microcap and Smallcap asset classes

## MINIMUM INVESTMENT

**\$100,000**

Applications and Redemptions

**Monthly**

Recommended Investment Term

**5+ Years**

## DISTRIBUTIONS

Annually

## FEES

Management fee is 1.64%\*\* p.a.  
Performance fee is 18.18%\*\* of the outperformance, subject to a 'high watermark' and 'hurdle'

(\*\*) GST exclusive

# IMPORTANT INFORMATION

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Microequities Asset Management Pty Ltd ABN 96 134 984 768 is the Corporate Authorised Representative (CAR) 462 438 and wholly owned subsidiary of Microequities Asset Management Group Limited, holder of Australian Financial Services Licence (AFSL) Number 287526.

Microequities Asset Management Pty Ltd (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 Fund (“the Fund”) ABN 20 869 753 103. It is also the issuer of this Information Memorandum and of units in the Fund.

This Information Memorandum (“IM”) should be read in its entirety before making a decision to invest in the Fund. It is dated 1 February 2023, replacing the IM dated 2 July 2018, and will expire on the date determined by Microequities Asset Management at its sole and unfettered discretion. This IM does not constitute an offer of Units in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer.

An investment in the Fund is subject to the terms of the Fund’s Trust Deed (“Trust Deed”) dated 16th of February 2009, as amended from time to time. 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. 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 (“Wholesale Clients”) and sophisticated investors within the meaning of Section 761G(7) and Section 761GA(7) of the Corporations Act 2001 (“Corporations Act”).

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 Group Limited, Microequities Asset Management 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 the section on Risks of Investing on p.8.

All amounts in this IM are given in Australian Dollars. Fees and costs in this IM are disclosed exclusive of the Goods and Services Tax (GST).

Applications for investment in the Fund may only be made on the application form attached to or accompanied by this Information Memorandum (p.19).

# THE DEEP VALUE FUND

The Microequities Deep Value Fund, launched in March 2009, is an open-ended unregistered Managed Investment Scheme designed for the Australian wholesale market.

The Fund invests primarily in Australian securities exchange listed Microcap and Smallcap companies, which at the time of initial investment are generally below a market capitalisation of A\$2 billion.

If the Fund invests in an Australian securities exchange listed company which spins off an entity or relists on a foreign stock exchange, the Fund is allowed to continue holding the security.

The objective of the Fund is to identify undervalued Microcap and Smallcap companies, invest in them and, through a medium to long term commitment, attempt to deliver superior investment returns.

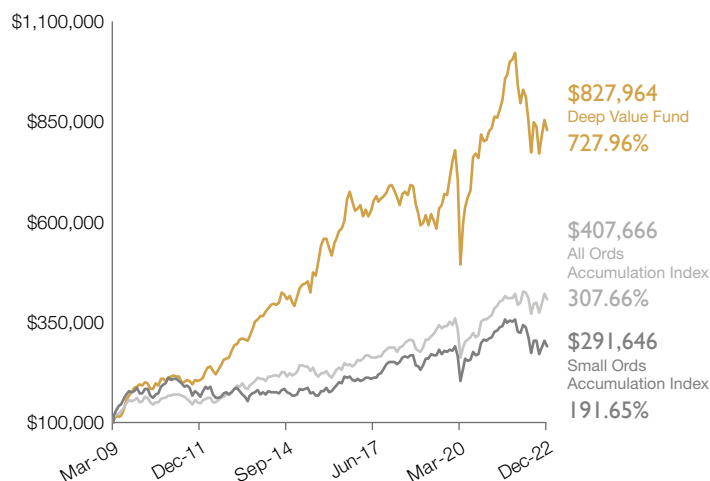
The Fund does not try to predict short term share price movements or the direction of the overall markets. The focus of the Fund is to identify Microcap and Smallcap companies with proven business models that have credible growth pathways and buying them for substantially less than what we consider to be fair value.

The Fund may also make an initial investment in companies with a higher market capitalisation, but these will be limited to no more than 20% of the assets of the Fund. This limit does not relate to investments in companies which had a market capitalisation of less than \$2 billion at the time the Fund made its initial investment and which has subsequently grown above it.

At times, the Fund may invest in IPO securities that are due to be listed on an Australian securities exchange

## VALUE OF \$100,000 INVESTED AT INCEPTION

As at 31/12/2022



within 3-6 months, and have lodged a prospectus with ASIC. These investments will 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 at least 5 years.

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. The Fund will not engage in short selling or stock lending. The Fund will not hold financial debt of any kind.

## PERFORMANCE DEEP VALUE FUND

Returns are calculated as compound per annum Returns are calculated after all fees and expenses and reinvestment of distributions.

As at 31/12/2022	10 Year	7 Year	5 Year	3 Year	Inception*	Compound p.a. since inception
Deep Value Fund	+11.48%	+5.79%	+3.76%	+3.31%	+727.96%	+16.51%

\*Total Return since Fund Inception on 6 March, 2009. Past performance is not a reliable indicator of future performance. Microequities does not guarantee the performance of the Fund, the return of an investor's capital nor any specific rate of return. Performance updated monthly at microequities.com.au

# THE DEEP VALUE FUND

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The Fund has historically outperformed its benchmark index\* in 11 out of the last 14 calendar years with a compound average return per annum since inception of +16.51% as at 31/12/2022.

\*All Ordinaries Accumulation Index

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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 and Smallcap asset classes. In a well diversified investment portfolio, investors may consider exposure to Microcap and Smallcap 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 ARE MICROCAPS AND SMALLCAPS?

A Microcap is generally defined as a company whose market capitalisation (market value) is relatively small (generally defined as below A\$500 million). Whilst an individual Microcap company's market value is relatively small, they make up a large component of the total exchange's participants.

A Smallcap is generally defined as a company whose market capitalisation (market value) is below A\$2 billion.

## WHY MICROCAPS AND SMALLCAPS?

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 and Smallcap companies. This lack of professional investor coverage can provide investment opportunities in highly undervalued securities that may have been overlooked. Many Microcaps and Smallcaps deliver higher growth rates than larger companies. Often, the reason for a superior growth rate will be due to a company specific factor such as new products or services; 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 and Smallcap companies with growth in challenging economic conditions. The Microcap and Smallcap investment universe may offer many incoherent valuations due to a lack of institutional and professional investor following. Capturing these anomalies in valuation is an integral part of the Microequities Deep Value Fund.

## THESE COMPANIES ARE NOT START-UPS

Although Microcaps and Smallcaps are small companies, in most cases they are not start ups but rather companies with a track record. Many of these companies can eventually become mid and large cap companies. Microcap and Smallcap companies can, in some 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 Smallcaps, including:

- they operate in a 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\$500 million and \$2 billion arbitrary market cap guide for Microcaps and Smallcaps respectively (i.e. they were A\$20 million market cap 3 years ago and now they are A\$60 million).

# THE DEEP VALUE FUND

## ABOUT THE FUND MANAGER

Microequities Asset Management Pty Ltd is the Corporate Authorised Representative (CAR) 462 438 and wholly owned subsidiary of Microequities Asset Management Group Limited ("Microequities") holder of Australian Financial Services Licence (AFSL) number 287526.

Microequities was established in 2005 to exclusively research Microcap companies and become a highly specialised equity research firm within the Microcap asset class. This research legacy is a key attribute of the Fund, with specialised in-house research capabilities.

Microequities' experience, method, process and knowledge of Australian Microcaps and Smallcaps place us in a unique position to invest in these asset classes. Other fund managers might manage a Microcap or Smallcap fund as part of a wide array of managed investment products. For us, it's a core specialisation and part of our heritage.

Microequities has been researching and investing in the Microcap asset class for over 14 years. Many successful Microcap companies grow to become Smallcaps, providing us with a competitive advantage and a much deeper understanding of these businesses than single Smallcap investors.

Microequities Asset Management will be utilising predominately in-house research from our investment team. Many investment managers have limited resources dedicated to the research of Microcaps and Smallcaps, and have to either outsource this function or purchase reports on an as needs basis.

Microequities was established in 2005 and members of the investment team are co-investors in the Deep Value Fund.

Microequities' research capabilities and expertise have been developed specifically for analysing the Microcap and Smallcap asset classes. 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 has a stable management team. Key investment management staff, including the Chief Investment Officer (CIO), have been managing the Fund since inception. Additionally, members of the investment team are co-investors in the Fund, with strong alignment of interests.

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

- ✓ Fund Manager with a strong track record of outperformance and extensive experience in the asset class
- ✓ Value investing philosophy
- ✓ Access to capital market opportunities via participation in private placements and capital raisings
- ✓ Higher long term growth profile than large cap funds
- ✓ Opportunity to invest in under-researched Microcap and Smallcap businesses
- ✓ Exclusive access to Special Purpose Vehicles (SPVs)
- ✓ In-house research expertise and capability
- ✓ Management team members are significant co-investors in the Fund
- ✓ Early access to potential high growth companies
- ✓ Performance-based incentive for the manager
- ✓ Distributions may carry imputation tax credits
- ✓ Investments generally held for longer than 12 months thus delivering mostly discounted capital gains

# 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 and Smallcap asset classes because generally these 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 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 an intended time horizon of at least 5 years in companies selected for investment, as prices are likely to revert to their intrinsic value through the course of an investment cycle.

### GROWTH

Growth is a vital driver of capital returns. Without growth, value is undermined. Therefore, not only are undervalued companies sought, but also companies that are likely to grow at faster rates than the rest of the market. The Microcap and Smallcap universes 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 does not research loss making businesses, and the Fund does not invest in companies that do not have a historically positive EBITDA (Earnings Before Net Interest, Tax, Depreciation and Amortisation).

## LONG TERM INVESTMENT HORIZON

Good things take time. In the Microcap and Smallcap asset classes, 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 suggests that investors adopt a minimum 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 is information asymmetry in the market for Microcap and Smallcap securities. Information asymmetry arises when one party has more or better quality information than the other. Stockbroking 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 ASX as these tend to have the largest daily volume of trading activity. By way of example, there are approximately 2,200 companies listed on the ASX, and many 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 and unresearched 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 is a fundamental deep value investor focused on growing profitable 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 in businesses that we understand and that have a historical track record of positive 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 to be taken into consideration for the purposes of a valuation model of the company.



- ✓ Companies with a well established business model
- ✓ Companies generally should be EBITDA profitable for at least 2 years.
- ✓ 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 strong competitive advantage or brand name
- ✓ Companies with a stable management and track record of delivering value to shareholders
- ✓ Companies where management has a significant stake
- ✓ Companies with a reputable board of directors

This 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 regards the subject of ethical investing as highly complex and understands there are often contradictions and conflicting beliefs that are a constant element of the capitalist system. Microequities is 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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We seek to identify companies 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 and Smallcap 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 and Smallcap fund such as this one is considered as having a high risk profile.

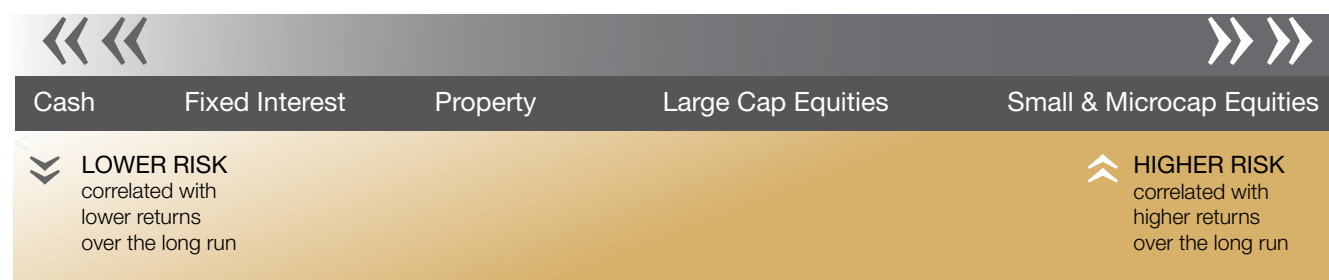
The purpose of this section is to inform investors of the types of risks that may apply to an investment in the Fund. Prior to making a decision to invest in the Fund, an investor should consider the risk factors which may apply to the investor's investment in the Fund.

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

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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 advice from their professional adviser.

## GENERAL RISKS

**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.

**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.

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

**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.

**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 and Smallcap companies generally has less liquidity than higher larger capitalised companies. Securities of Microcap companies in particular may from time to time become illiquid.

**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.

**Microcap / Smallcap Company Risk:** Shares in Microcap and Smallcap companies may trade less frequently and in smaller volumes and may experience greater price volatility than larger companies. In times of heightened market volatility these companies could face an illiquid securities market, thereby limiting the ability of the Fund Manager to disinvest out of positions. Microcap and Smallcap 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.

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

## FUND SPECIFIC RISKS

**Concentration Risk:** The Fund will invest a relatively high percentage of its assets in a limited number of securities. The value of the Fund may be adversely affected by any single adverse business, economic, political or regulatory event than the investments in a more diversified portfolio.

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

**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.

**Fund Risk:** Risks particular to the Fund include that the Fund could terminate, Microequities Asset Management could be replaced as Manager and its 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.

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

**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 securities exchange 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 ability of the Fund to pay distributions.

**Political & Legal Risks:** The 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.

**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.

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

**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 Unitholders.

# FEES AND CHARGES

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## CONTRIBUTION (ENTRY) FEES > NIL

### ADVISOR COMMISSIONS > NIL

You may agree to pay your adviser a fee for any financial advice provided. However, these are separate to any fees we may charge to any investment in the Fund.

### INVESTMENT MANAGEMENT FEES

The investment management fee payable to Microequities Asset Management for managing the Fund is 1.64% (GST exclusive) 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.

### ADMINISTRATION EXPENSES

The Fund's Trust Deed entitles Microequities Asset Management to be paid 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; insurance and compliance costs. Microequities Asset Management has set a maximum that these fees should not exceed 0.18% (GST exclusive) per annum of the 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.

### RELATED PARTY TRANSACTIONS

In the execution of transactions, Microequities Asset Management deals with professional organisations that may include Microequities Asset Management Group Limited 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.

## EARLY EXIT FEES – IMPORTANT PLEASE NOTE

Microcaps and Smallcaps are a specialised class of investments that requires a specific type of entry and exit time line. Microequities Asset Management considers that investors in the Fund should be prepared to commit to being an investor for a period of at least 5 years. Microequities Asset Management has set an early exit fee of 5% to be levied for investments of less than 12 months; 3% for investments of less than 24 months and 2% for investments of less than 36 months. This early exit fee is deducted from redemption proceeds 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 36 month period, there is no early exit fee.

### PERFORMANCE HURDLE

Microequities Asset Management is an absolute return manager and as such have set the performance hurdle for the 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 18.18% (GST exclusive) 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.

### 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. Furthermore, the High Watermark is increased by the performance hurdle.

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 18.18% 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 based on the last closing price on 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 the last business day of the relevant month.

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## INCOME DISTRIBUTION AND REINVESTMENT

Microequities Deep Value 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 30 June. 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 with a login to a secure investor portal which contains:

- ✓ Consolidated portfolio valuation updated monthly, including the valuation of the investment in each fund.
- ✓ Investment reports including investment confirmations, distribution statements, monthly holding summaries, quarterly transaction statements and annual tax statements.
- ✓ Forms to change investor details, request portal access for an advisor and pre-populated top-up forms for additional investments.
- ✓ The investor portal is used as the key source for providing information to investors. These reports are not posted or emailed to investors.
- ✓ Monthly reports on the performance of the Fund, an economic and market overview and Fund highlights will be emailed to investors and available on the Microequities website.

# SUMMARY OF THE TRUST DEED AND CUSTODIAN

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## SUMMARY OF TRUST DEED

The Microequities Deep Value 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.

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.

## FUND CUSTODIAN

JPMorgan Chase Bank, N.A. (Sydney Branch), acting through its division J.P. Morgan’s Investor Services (IS), is the appointed global custodian for the Fund, and holds custody of the Fund’s securities and cash.

IS safekeeps, clears and services securities and portfolios for institutional investors. The business is a global leader in providing innovative solutions, helping clients in more than 90 markets optimise efficiency, mitigate risk and enhance revenue through custody and asset servicing, securities and derivatives clearance and collateral management offerings. In Australia and New Zealand, IS offers a comprehensive range of core and specialised solutions to superannuation funds, investment managers and other institutional investors. IS tailors solutions specifically for our clients’ needs, combining a wide range of products with the market-leading services of a top-tier investment bank. These include foreign exchange execution, global futures and options clearing, equity and equity-linked services, as well as fixed-income execution and research. J.P. Morgan also has a significant capacity to offer on- and off-balance sheet cash and liquidity solutions.

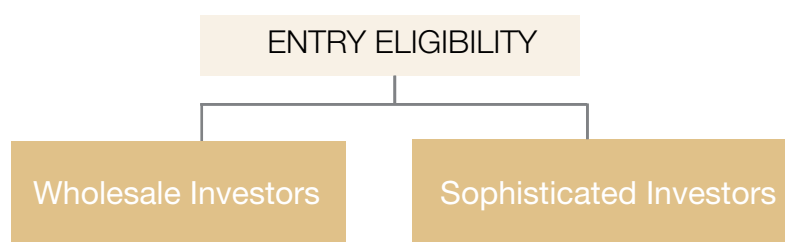
JPMorgan has not been involved in the preparation of this IM or caused or otherwise authorised the issue of this IM. JPMorgan has not made any statement that is included in this IM or any statement on which a statement made in the IM is based. JPMorgan expressly disclaims and takes no responsibility for any statements in or omissions from the IM. JPMorgan has not independently verified the information contained in this IM and, accordingly, accepts no responsibility for the accuracy or completeness of the information.

JPMorgan does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return.

# INVESTING IN THE FUND

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There are two general entry pathways to becoming an investor in the Deep Value Fund:



## MINIMUM INVESTMENT

In line with market practice, Microequities Asset Management has imposed a **minimum initial investment requirement of A\$100,000** for all investors who are wholesale or sophisticated 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

Microequities Asset Management will only accept investments in the Fund from an investor who falls within the definitions outlined below:

- A. the person invests an initial amount of \$500,000 or more; or
- B. 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 two (2) years that certifies that they own the required net assets; or
- C. 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 two (2) years that certifies the required level of income; or
- D. the person qualifies as a "professional investor" within the meaning of the Corporations Act.
- E. 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

# INVESTING IN THE FUND

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- 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 acknowledgement 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.
  - iv. References to the word "person" above include references to corporations and institutional investors.

# HOW TO INVEST

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## APPLICATION 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 7 days prior. No interest is payable on applications funds.

“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 a validly executed redemption form emailed to [funds@microequities.com.au](mailto:funds@microequities.com.au) or posted to Microequities Asset Management, Level 31, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 by 5 pm Sydney time on the 15th day of the month (irrespective of the 15th of the month being a weekend or designated public holiday in NSW) before the Redemption Day. Any validly executed redemption form received after the 15th day of the month will be treated as being applicable to the next following Redemption Day. Any incomplete or invalidly completed redemption form will not be processed until the form is complete and validly executed. 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.

PLEASE NOTE ANY EARLY EXIT FEES THAT MAY APPLY pg.10

## 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 your identity, the source of your funds and similar matters. Microequities is 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 believes 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.

## US INVESTORS

The Foreign Account Tax Compliance Act (FATCA) requires non-US financial institutions to identify which accounts are held by US taxpayers. Information about these accounts must be reported annually to the US Inland Revenue Service via the appropriate local tax authority such as the Australian Taxation Office (ATO).

All prospective investors are required to complete the FATCA section in the funds application form.

## 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.

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 advisor, who recommended your investment in the Fund (as indicated on your application form), details of your investment may 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) 9009 2900.

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

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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.

**'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 the 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 J.P. Morgan Nominees Australia Limited ABN 75 002 899 961, acting as nominee for J.P. Morgan Chase Bank, N.A. (Sydney Branch) ABN 43 074 112 011, in its capacity as custodian for 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 Fund

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

**'IM' or 'Information Memorandum'** means this information memorandum

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

**'Listed Securities'** means securities that are quoted on an Australian securities exchange.

**'Microcap'** means a company with a market capitalisation of approximately A\$500 million or less

**'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' or 'Net Asset Value'** 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

**'Smallcap'** means a company with a market capitalisation of approximately A\$2 billion or less

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

**'Trust Deed'** means the Deed establishing the Microequities Deep Value Fund and executed on February 16th 2009, as amended from time to time.

**'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 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 Fund

# NOTES

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# APPLICATION FORM

## DEEP VALUE FUND

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.

 An online application form is available at: [microequities.com.au/apply/](https://microequities.com.au/apply/)

### TRUSTEE & MANAGER

Microequities Asset Management Pty Ltd  
CAR 462 438 of AFSL 287 526  
Suite 3105, Level 31, Governor Macquarie Tower  
1 Farrer Place, Sydney NSW 2000, Australia  
P: (+61 2) 9009 2900  
F: (+61 2) 9475 1156  
E: [funds@microequities.com.au](mailto:funds@microequities.com.au)

Please tick one box below, complete the relevant sections of the Application Form and provide the relevant identification documents.

INVESTOR TYPE	COMPLETE	ID DOCUMENTS
<input type="checkbox"/> Individual / Joint Investors	Sections 1,2,5,6,8,9,10 and 11	Section A
<input type="checkbox"/> Company	Sections 1,3,5,6,8,9,10 and 11	Section B
<input type="checkbox"/> Trust / Superannuation Fund with Individual Trustee	Sections 1,2,4,5,6,8,9,10 and 11	Section C or D
<input type="checkbox"/> Trust / Superannuation Fund with Corporate Trustee	Sections 1,3,4,5,6,8,9,10 and 11	Section C or D

### I. INVESTMENT DETAILS

Full name of investing entity

The minimum initial investment is A\$100,000. I wish to invest

Unitholder Number (if existing Microequities Investor)

In the following manner (please tick method of payment):

Cheque     Electronic transfer     BPAY®

#### PAYING BY CHEQUE

Please make cheques payable in Australian dollars to:

Microequities Asset Management Pty Ltd

Cross the cheque “not negotiable” and mail to Suite 3105, Level 31, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Australia.

#### ELECTRONIC TRANSFER

For electronic transfer instructions please call (02) 9009 2900 or email [funds@microequities.com.au](mailto:funds@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.

#### BPAY®

Please contact us in order to get your unique customer reference number, which can be provided once your application has been accepted.

# APPLICATION FORM

## 2. INDIVIDUAL/ JOINT INVESTORS / INDIVIDUAL TRUSTEES

Complete this section if you are investing in your own name

### INVESTOR 1

Full Name (including middle)

Date of Birth

Tax File Number (in country of residence) or Exemption Code

Country of Residence for Tax Purposes

Residential Address (not a PO Box)

Suburb

State

Postcode

Country

Email

Mobile Number

Telephone

### INVESTOR 2 (only applicable for joint investors or joint trustees)

Full Name (including middle)

Date of Birth

Tax File Number (in country of residence) or Exemption Code

Country of Residence for Tax Purposes

Residential Address (not a PO Box)

Suburb

State

Postcode

Country

Email

Mobile Number

Telephone

# APPLICATION FORM

## 3. COMPANY / CORPORATE TRUSTEE

Complete this section if you are investing for, or on behalf of a company

### 3.1. COMPANY DETAILS

Full Company Name

Country of Formation, Incorporation or Registration

Country of Residence for Tax Purposes

ACN / ABN / ARBN

Tax File Number (in country of residence) or Exemption Code

Tax Identification Number or GIIN (for financial institutions)

Name of Regulator (if licensed by an Australian Commonwealth, State or Territory statutory regulator)

Registered Business Address in Australia or in Country of Formation

Suburb

State

Postcode

Country

Principal Place of Business (not a PO Box address)

Suburb

State

Postcode

Country

If an Australian Company, registration status with ASIC

Proprietary Company

Public Company

If a Foreign Company, registration status with the relevant foreign registration body

Private / Proprietary Company

Public Company

Other - Please specify

Name of Relevant Foreign Registration Body

Foreign Company Identification Number

# APPLICATION FORM

If the Company is registered as a proprietary company by ASIC or a private company by a foreign registration body, please list the name of each director of the company.

Director 1 - Full Name (including middle)

Director 4 - Full Name (including middle)

Director 2 - Full Name (including middle)

Director 5 - Full Name (including middle)

Director 3 - Full Name (including middle)

Director 6 - Full Name (including middle)

If there are more than six directors please provide their full names on a separate page and attach to this form.

If the company is an Australian proprietary company or a foreign private company which is NOT regulated, please provide details for each individual having beneficial ownership (either directly or indirectly) of 25 per cent or more of the company's issued share capital.

## ▪ BENEFICIARY OWNER 1

Full Name (including middle)

Date of Birth

Country of Birth

Residential Address (not a PO Box address)

Suburb

State

Postcode

Country

Tax File Number (in country of residence) or Exemption Code

Country of Residence for Tax Purposes

## ▪ BENEFICIARY OWNER 2

Full Name (including middle)

Date of Birth

Country of Birth

# APPLICATION FORM

Residential Address (not a PO Box address)

Suburb

State

Postcode

Country

Tax File Number (in country of residence) or Exemption Code

Country of Residence for Tax Purposes

## ■ BENEFICIARY OWNER 3

Full Name

Date of Birth

Country of Birth

Residential Address (not a PO Box address)

Suburb

State

Postcode

Country

Tax File Number (in country of residence) or Exemption Code

Country of Residence for Tax Purposes

## 3.2. CONTACT PERSON DETAILS

Given Names

Surname

Email

Telephone Number

## 3.3. INVESTOR PORTAL ACCESS. Please provide investor portal access to

Full Name

Company

Phone Number

Email

Financial Adviser  Trustee/Director  Spouse/Partner  Accountant  Other

I/we understand it is my/our responsibility to inform Microequities of any amendments to this, including revocation of such access

# APPLICATION FORM

## 4. TRUST / SUPERANNUATION FUND

Complete this section if you are investing for, or on behalf of a Trust / Superannuation Fund

### 4.1. TRUST / FUND DETAILS

Full Name of Trust / Superannuation Fund

Country of Establishment

Country of Residence for Tax Purposes

Tax File Number (in country of residence) or Exemption Code

Australian Business Number (if any)

#### TYPE OF TRUST

Please tick ONE box from the list below to indicate the type of Trust and provide the required information

Regulated Trust (e.g. self-managed superannuation fund)

Name of regulator (e.g. ASIC, APRA, ATO)

Registration / Licensing details

Other type of Trust / Unregulated Trust

Trust Description ( e.g. family, unit, charitable)

### 4.2. ADDITIONAL INFORMATION FOR OTHER / UNREGULATED TRUSTS

SETTLOR OF THE TRUST (select one option below)

The material asset contribution to the trust by the settlor at the time the trust was established was less than A\$10,000; OR

Provide the full name of the settlor of the trust

#### BENEFICIARY DETAILS

Do the terms of the Trust identify the beneficiaries by reference to a membership of a class?

**Yes** - Describe the class of beneficiaries below (e.g. unit holders, family members of named person, charitable purposes)

**No** - Provide the full names of all company and individual beneficiaries

# APPLICATION FORM

## ■ BENEFICIARY 1

Full Name (including middle)

Date of Birth (if individual)

Country of Birth / Registration

Residential Address (not a PO Box address)

Suburb

State

Postcode

Country

Tax File Number (in country of residence) or Exemption Code

Country of Residence for Tax Purposes

## ■ BENEFICIARY 2

Full Name (including middle)

Date of Birth (if individual)

Country of Birth / Registration

Residential Address (not a PO Box address)

Suburb

State

Postcode

Country

Tax File Number (in country of residence) or Exemption Code

Country of Residence for Tax Purposes

## ■ BENEFICIARY 3

Full Name (including middle)

Date of Birth (if individual)

Country of Birth / Registration

Residential Address (not a PO Box address)

If there are more than three beneficiaries, please provide additional beneficiary details on a separate piece of paper and include it with this application form.

# APPLICATION FORM

Suburb

State

Postcode

Country

Tax File Number (in country of residence) or Exemption Code

Country of Residence for Tax Purposes

If there are more than three beneficiaries, please provide additional beneficiary details on a separate piece of paper and include it with this application form.

## 4.3. TYPE OF TRUSTEE

**Individual(s)** - Please complete Section 2

**Company** - Please complete Section 3

## 5. REDEMPTION PAYMENT INSTRUCTIONS

### Financial Institution Account Details

Please provide account for redemptions from the Fund.

Bank / Institution

Branch

Account Name

Bank Identifier (BSB/SWIFT/Sort Code)

Account Number/IBAN

The name of your nominated bank account must be the same as the investor's name.

# APPLICATION FORM

## 6. FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) – MANDATORY FOR ALL APPLICANTS

### 6.1. INDIVIDUALS

Are you a US citizen or resident for tax purposes?

**YES.** Please provide your US Taxpayer Identification Number (TIN) for all applicants

Applicant 1

Applicant 2

**NO**

### 6.2. COMPANIES AND TRUSTS

US ENTITIES

Are you a US trust, US company or US partnership?

**YES.** If yes, please provide your US Taxpayer Identification Number (TIN)

Is the trust, company or partnership exempt for US tax purpose?

YES

NO

**NO.** Complete Non-US Entities section below.

NON-US ENTITIES

Are you a (please tick ONE box from the list below):

Regulated superannuation fund (self-managed super fund, APRA regulated super fund, government super fund or pooled superannuation trust)

Government entity

Registered co-operation

Association

Non financial public company (public companies that are not financial institutions)

Financial institution or trust with a trustee that is a financial institution

Global Intermediary Identification Number (GIIN), if applicable

If no GIIN is available, please provide FATCA status<sup>1</sup>

Non financial proprietary company - **Complete section\* below.**

Partnership - **Complete section\* below.**

Trust (including testamentary trust) - **Complete section\* below.**

Charity - **Complete section\* below.**

(1) For instance, deemed compliant foreign financial institution (FFI), exempt beneficial owner, non-participating FFI, excepted FFI

(\*) Are any of the partners, trust beneficiaries, trustees, beneficial owners of corporate trustees, settlors or beneficial owners, US citizens or residents of the US for tax purposes?

YES. Please provide details overpage

NO

# APPLICATION FORM

Complete for each partner, beneficiary, trustee, beneficial owner of corporate trustees, settlor or beneficial owner. If required, please provide additional details on a separate sheet.

US PERSON 1 Full name  
(including middle)

US Taxpayer Identification No. (TIN)

Residential address  
(not a PO Box Address)

US PERSON 2 Full name  
(including middle)

US Taxpayer Identification No. (TIN)

Residential address  
(not a PO Box Address)

US PERSON 3 Full name  
(including middle)

US Taxpayer Identification No. (TIN)

Residential address  
(not a PO Box Address)

## 7. FINANCIAL INSTITUTIONS

Financial Institution Regulator Number

Financial Institution Registration Number

We have established an Anti-Money Laundering Compliance Program (“AML Program”), which incorporates a Customer Identification Program, designed to comply with the USA PATRIOT Act and/or other applicable laws and regulations, relating to the prevention of money laundering and terrorist financing.

## 8. SOURCE OF WEALTH

How have you mainly accumulated your wealth?

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> 1. Business operations | <input type="checkbox"/> 2. Foreign income          | <input type="checkbox"/> 3. Inheritance / Gift |
| <input type="checkbox"/> 4. Investments         | <input type="checkbox"/> 5. Savings from employment | <input type="checkbox"/> 6. Superannuation     |



# APPLICATION FORM

## 10. IDENTIFICATION DOCUMENTS

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML Legislation) is aimed at addressing money laundering in Australia and the threat to national security caused by terrorism. This legislation requires us to collect identification information from you and to verify your identify from original or certified copies of specified documents.

If you do not complete the relevant verification sections of the Application Form, this may delay the processing of your application or result in us being unable to process your application.

### A > Individual(s) Application Form

**Select one of the following options** (to verify each investor)

- Provide a certified copy of a driver's license that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

### B > Company Application Form

**Select one of the following options** (to verify the company).

- Perform a search of the ASIC database (unit registry to perform on behalf of the Investor); or
- Provide a certified copy of the certification of registration issued by ASIC or the relevant foreign registration body (must show full name of company, name of registration body, company identification number and type of company – private or public).

**Select one of the following options** (to verify the directors who have signed the Application Form and Beneficial Owners identified in section 3.1 of the Application Form).

- Provide a certified copy of a driver's license that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

### C > Trust Application Form- Unregulated Trust

**Select one of the following options** (to verify the Trust).

- Provide a certified copy or a certified extract of the Trust Deed containing the cover page, recitals and signature page; or
- Provide an original letter from a solicitor or qualified accountant that confirms the name of the Trust and full name of the settlor of the Trust.

If you have a corporate trustee

**Select one of the following options** (to verify the directors who have signed the application form and beneficial owners identified in section 3.1 of the Application Form).

- Provide a certified copy of a driver's license that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

If you have an individual(s) trustee

**Select one of the following options** (to verify each trustee).

- Provide a certified copy of a driver's license that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

# APPLICATION FORM

D > Trust Application Form- Regulated Trust

**Select one of the following options** (to verify the Trust).

- Provide a certified copy or a certified extract of the Trust Deed containing the cover page, recitals and signature page; or
- Provide an original letter from a solicitor or qualified accountant that confirms the name of the Trust and full name of the settlor of the Trust.

If you have a corporate trustee

**Select one of the following options** (to verify the directors who have signed the application form and beneficial owners identified in section 3.1).

- Provide a certified copy of a driver's license that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

If you have an individual(s) trustee

**Select one of the following options** (to verify each trustee).

- Provide a certified copy of a driver's license that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

## CERTIFYING A COPY OF AN ORIGINAL DOCUMENT

All documents must be provided in a certified copy format – in other words, a copy of the original document that has been certified by an eligible certifier. A 'certified extract' means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described below.

Please note that we require the copy which was actually signed by the certifier (i.e. the original penned signature of the certifier).

**People who can certify documents or extracts are:**

1. A lawyer, being a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described).
2. A judge of a court.
3. A magistrate.
4. A chief executive officer of a Commonwealth court.
5. A registrar or deputy registrar of a court.
6. A Justice of the Peace.
7. A notary public (for the purposes of the Statutory Declaration Regulations 1993).
8. A police officer.
9. A pharmacist.
10. An agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public.
11. A permanent employee of the Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public.
12. An Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955).
13. An officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees.
14. A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.

# APPLICATION FORM

## II. CERTIFICATE BY A QUALIFIED ACCOUNTANT

REQUIRED UNLESS APPLICANT IS INVESTING MORE THAN \$500,000

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 Microequities Asset Management Pty Ltd

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

**By mail:** Suite 3105, Level 31, Governor Macquarie Tower, 1 Farrer Place, 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 A\$2.5 million; or

has gross income for each of the last 2 financial years of at least A\$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

Email address

Address

State

Postcode

# DIRECTORY

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## TRUSTEE & MANAGER

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

CORPORATE AUTHORISED REPRESENTATIVE (CAR)  
462438 AND SUBSIDIARY OF MICROEQUITIES ASSET  
MANAGEMENT GROUP LIMITED

Holder of AFSL 287526

Suite 3105, Level 31, Governor Macquarie Tower

1 Farrer Place, Sydney NSW 2000, Australia

PH: (+61 2) 9009 2900

FAX: (+61 2) 9475 1156

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

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

## CUSTODIAN

### **JP MORGAN**

85 Castlereagh Street

Sydney NSW 2000, Australia

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

## AUDITOR

### **BDO CHARTERED ACCOUNTANTS**

Level 11, 1 Margaret Street

Sydney NSW 2000, Australia

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

**APIR CODE: MIC0001AU**

**ISIN CODE: AU60MIC00019**





DEEP VALUE FUND