

TI Explicit Alpha Fund

Monthly Letter

May 2007

The TI Explicit Alpha Fund is a global equity fund that seeks to exceed unhedged global sharemarket returns, using stock-picking to establish investments and offsetting short sales in selected companies. Implementation is by way of a global equity index base combined with TechInvest's active market-neutral TI Intercept Capital Fund.

The Fund recorded a post-fee return of +3.3% for the month of May 2007. Since inception on 25 July 2006, the Fund has produced a post-fee return of +12.8% (not annualised) compared with the return from global shares in Australian dollars terms of +14.8% over the same period.

Performance and Structure

The Fund returned +3.33% (after fees) during the month of May 2007, compared with a +3.47% return for global shares (\$A terms). The following table summarises the Fund's holdings.

	% of Net Asset Value
Global Equity Index Securities	99.5%
Cash	-36.3%
TI Intercept Capital Fund	36.8%
Total	100.0%

Note: Cash includes the liability associated with investing in the TI Intercept Capital Fund.

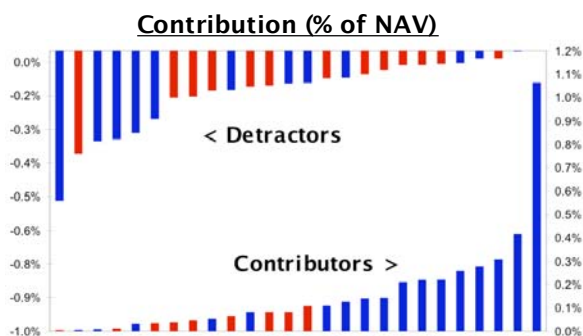
Intercept Capital Fund Investment

Portfolio Composition

At end May, 76% of the Fund was invested in 27 companies the manager identified as being undervalued. The Fund also included short sales, on a beta adjusted basis, in 21 companies that the manager believed were overvalued which along with index securities, totalled 76% of the Fund.

Security Selection

Long investments were the major contributor to returns in the month; Omnivision Technologies Inc (long) a maker of semiconductor image sensor devices, America Movil S.A.B de C.V. (long), a provider of wireless communications services in Latin America and Salesforce.com Inc (long), a provider of on-line customer relationship management tools. The main detractors for the month were CryptoLogic Inc (long), a strong performer in the previous month that provides software and services to the Internet, Qwest Communications International Inc (short), a provider of voice, data and video services and Komag Inc (long), that designs, manufactures and markets thin-film media (disks) for disk drives. The graph below shows performance contributors and detractors on a % of NAV basis, excluding the impact of currency, with shorts shown in red and longs in blue.



Note: 1. Not all holdings in chart held for entire month.
2. Excludes contribution from any index positions.

Industry Structure

In May, the portfolio favoured Wireless & Internet, with lesser exposure to Biotechnology, Software & Services, Pharmaceuticals, Medical Devices and Industrial Technology. A sizable index short position was held in May, as well as net short positions in Hardware & Equipment and Telecom Services. The following table summarises the structure as at 31 May 2007:



Outlook

Stockmarkets rallied in May against a backdrop of positive economic and earnings growth and subdued inflation; the IT and telecommunications sectors rose, while biotechnology declined. Authorities in China acted to take some heat out of local sharemarkets by raising stamp duty, but with limited effect.

According to Forrester Research, on-line sales rose 25% to \$US220 billion last year led by travel with sales of \$US73 billion.

Second Life, the popular "virtual world" attracted 1.3 million users in March 2007, a 46% increase over January of this year. According to Clickz, Second Life has over 6 million "residents".

On technology developments, Sony has developed a razor thin display that bends like paper, although they have no commercial applications for the product at this stage.

Unit Prices

	Application Price	Net Tangible Assets	Redemption Price
31-May 2007	\$1.1314	\$1.1280	\$1.1247
31-Mar 2007	\$1.0834	\$1.0801	\$1.0769
31-Dec 2006	\$1.1088	\$1.1055	\$1.1021
30 Sep 2006	\$1.0593	\$1.0561	\$1.0529
25 Jul 2006	\$1.0030	\$1.0000	\$0.9970

Enquiries

A copy of the Fund's Product Disclosure Statement is available at www.techinvest.com.au or by contacting the Fund's Responsible Entity, Equity Trustees Limited, on (03) 8623 5000. Registry enquiries should be made to Computershare on 1300 553 481 or via email to TechInvest@computershare.com.au.

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