

TI Explicit Alpha Fund

Monthly Letter

October 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 -1.3% for the month of October 2007. Since inception on 25 July 2006, the Fund has produced a post-fee return of +4.9% per annum compared with the return from global shares in Australian dollars terms of +5.3% per annum over the same period.

Performance and Structure

The Fund returned -1.34% (after fees) during the month of October 2007, compared with a -1.43% 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	-41.6%
TI Intercept Capital Fund	42.1%
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 October, 69% of the Fund was invested in 25 companies the manager identified as being undervalued. The Fund also included short sales in 23 companies that the manager believed were overvalued which, including index securities, totalled 68% of the Fund.

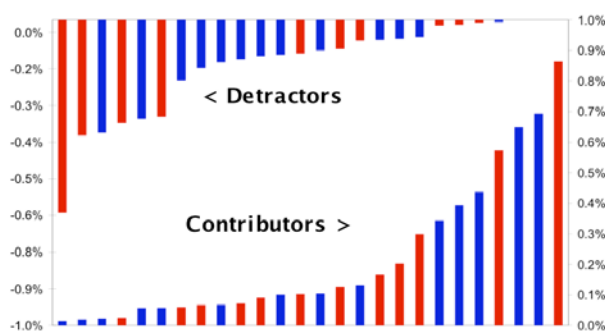
Security Selection

Contributions and detractors to return were split between long investments and short sales. Contributors for the month included; Level 3 Communications Inc (short), a provider of integrated communications services provider, China Mobile Limited (long), a provider of mobile telecommunications in Mainland China and Apple Inc (long) a maker of Mac computers, iPods and related products and services.

Main detractors for the month were; computer software maker Microsoft Corp (short), Millennium Pharmaceuticals Inc (short) a biopharmaceutical company that produces medicines for patients with cancer and inflammatory diseases and on-line broker E*Trade Financial Corp (long).

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.

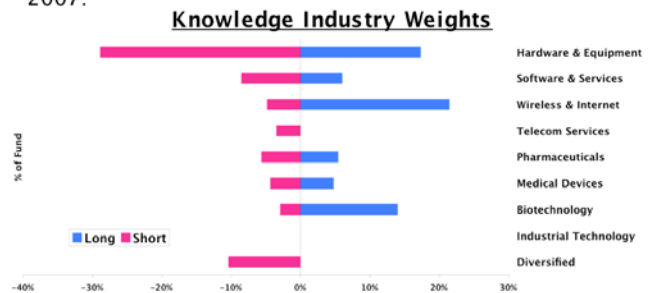
Contribution (% of NAV)



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

Industry Structure

In October, the portfolio favoured Wireless & Internet and Biotechnology and held a small net positive weight to Medical Devices. Net short positions were held in Hardware & Equipment, Telecom Services and Software & Services and Pharmaceuticals along with an index short position. The following chart summarises the structure as at 31 October 2007:



Outlook

There continues to be positive signs in the technology sector. DisplaySearch reports an increase of 16% in flat panel display sales in the year to June 2007. Market research firm NPD show on-line games sales surged 75% in September compared with a year earlier, driven by the launch of Microsoft's "Halo 3". According to PricewaterhouseCoopers, internet advertising revenues grew 26% in the half year to June 2007, with strongest growth in search engine key word ads. Gartner predicts IT spending in 2007 will be 8% higher than the 2006 and a further 5.5% higher in 2008.

Albert Fert and Peter Gruenberg won the 2007 Nobel Prize for a discovery that has shrunk the size of hard disks in computers, iPods and other digital devices.

User-generated content in sites such as Blogger, Typepad, Wordpress, MySpace, Link-In and Flickr appear to be taking over the web. Microsoft signalled its interest in this area by entering a strategic alliance with social networking site, Facebook.

Unit Prices

	Application Price	Net Tangible Assets	Redemption Price	Distribution
31 Oct 2007	\$1.0597	\$1.0565	\$1.0533	
30 Jun 2007	\$1.0791	\$1.0759	\$1.0727	\$0.0097
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	

Note: June prices are after impact of annual distribution

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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