

TI Explicit Alpha Fund

Monthly Letter

December 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 -0.1% for the month of December 2007. Since inception on 25 July 2006, the Fund has produced a post-fee return of +4.1% per annum compared with the return from global shares in Australian dollars terms of +4.7% per annum over the same period.

Performance and Structure

The Fund returned -0.10% (after fees) during the month of December 2007, compared with a -0.55% return for global shares (\$A terms). The following table summarises the Fund's holdings.

	% of Net Asset Value
Global Equity Index Securities	99.2%
Cash	-42.4%
TI Intercept Capital Fund	43.2%
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 December, 76% of the Fund was invested in 25 companies the manager identified as being undervalued. The Fund also included short sales in 26 companies that the manager believed were overvalued which totalled 74% of the Fund.

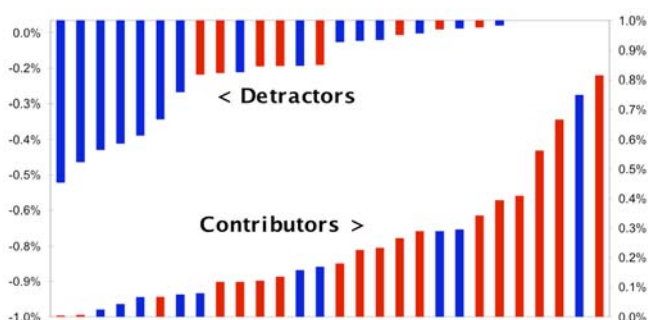
Security Selection

Contributors outweighed detractors in the month. Contributors for the month included; Macrovision Corp (short), a software protection provider, ResMed Inc (long), a maker of sleep disorder products and Sirius Satellite Radio Inc (short), a United States satellite radio operator.

Main detractors for the month were biopharmaceutical company Viropharma Inc (long), Omnivision Technologies Inc (long), a producer of semiconductor image sensor devices and Amgen Inc (long), a global biotechnology company that provides human therapeutics based on advances in cellular and molecular biology.

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.

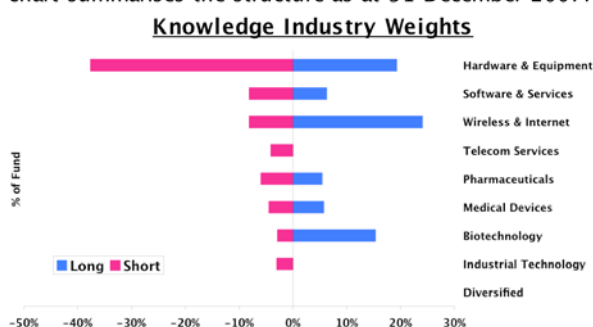
Contribution (% of NAV)



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

Industry Structure

In December, 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, Industrial Technology, Software & Services and Pharmaceuticals. The following chart summarises the structure as at 31 December 2007:



Outlook

2007 was the year the mobile phone joined forces with the internet. Further developments beckon as Google's open source phone operating system Android is adopted by many of the big handset providers.

Nintendo failed to capitalise on a Christmas rush because of insufficient stocks of the popular Wii game console.

Solar start-up, Nanosolar, has started shipping its flexible thin-film solar cells made from copper indium gallium selenide, an alternative to silicon; the company seeks to deliver solar electricity for less than \$US1/watt.

Toshiba plan to ship a new quick-charging lithium-ion battery for industrial use; the battery recharges to 90% capacity in less than 5 minutes with over 10 years life.

The Dutch government has set April 2008 for agencies to adopt open source software such as word processing and browsers to reduce dependence on firms such as Microsoft.

IT forecaster IDC expects slower IT growth of 5.5% - 6.0% in 2008, in line with expected slower economic growth.

Unit Prices

	Application Price	Net Tangible Assets	Redemption Price	Distribution
31 Dec 2007	\$1.0559	\$1.0527	\$1.0496	
30 Sep 2007	\$1.0740	\$1.0708	\$1.0676	
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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