

# TI Explicit Alpha Fund

## Monthly Letter

### January 2008

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 -9.1% for the month of January 2008. Since inception on 25 July 2006, the Fund has produced a post-fee return of -2.1% per annum compared with the return from global shares in Australian dollars terms of -1.9% per annum over the same period.

#### Performance and Structure

The Fund returned -9.05% (after fees) during the month of January 2008, compared with a -9.64% return for global shares (\$A terms). The following table summarises the Fund's holdings.

	% of Net Asset Value
Global Equity Index Securities	101.9%
Cash	-47.4%
TI Intercept Capital Fund	45.5%
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 January, 76% of the Fund was invested in 26 companies the manager identified as being undervalued. The Fund also included short sales in 27 companies that the manager believed were overvalued which, in a addition to small index short position, totalled 74% of the Fund.

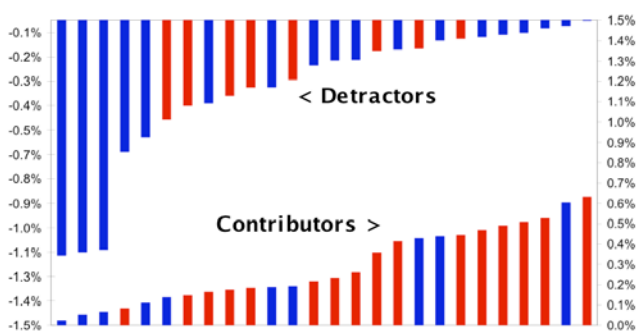
##### Security Selection

Contributors, including an intra-month short index position, slightly outweighed detractors in the month. Contributors for the month included; global pharmaceutical company Merck & Co Inc (short), Websense Inc (long), a provider of web filtering and security software and LG Philips LCD Co Ltd (short), a manufacturer and supplier of thin-film transistor liquid crystal displays.

Main detractors for the month were music content company Warner Music Group Corp (short), the online auction company eBay Inc (long) and Apple Inc (long), maker of computers, music devices and other computer equipment.

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.

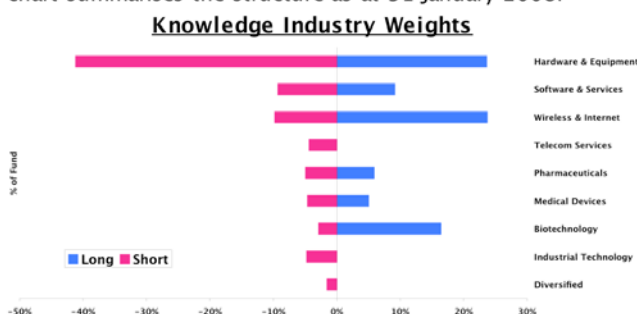
#### Contribution (% of NAV)



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

#### Industry Structure

In January, the portfolio favoured Wireless & Internet and Biotechnology and held small net positive weights to Pharmaceuticals and Medical Devices. Net short positions were held in Hardware & Equipment, Industrial Technology, Telecom Services and Software & Services. The following chart summarises the structure as at 31 January 2008:



#### Outlook

The US credit crisis deepened in January. Federal Reserve Chairman, Ben Bernanke, cut the Fed Funds rate twice in the month to 3% in a pre-emptive attempt to limit the impact on the real economy. Sharemarkets correctly sharply; global sharemarkets declined 7.6% over the month.

Microsoft's \$US44.6 billion cash/stock bid for Yahoo manages to combine the obsolete with the irrelevant, opening the door for Google to win further market share.

Chinese internet users continue to grow strongly, according to the Economist up 50% in a year to 210 million; 70% of Chinese internet users are under 30.

Toshiba, with its HD DVD high definition movie format, has conceded to Sony's Blu-ray. However, with little to distinguish viewing quality from other formats, Blu-ray seems destined to be overtaken by cheaper solutions, including video on demand and cheap flash memory drives.

#### Unit Prices

	Application Price	Net Tangible Assets	Redemption Price	Distribution
31 Jan 2008	\$0.9602	\$0.9574	\$0.9545	
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](http://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](mailto:TechInvest@computershare.com.au).

**Important Information:** This report has been prepared by TechInvest Pty Limited (ABN 43 084 0894 444) for information purposes only and is subject to change without notice. Although the information in the report has been obtained from sources believed to be reliable, TechInvest does not guarantee its accuracy or completeness.