

TI Explicit Alpha Fund

Monthly Letter

September 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 -1.7% for the month of September 2008. Since inception on 25 July 2006, the Fund has produced a post-fee return of -3.3% per annum compared with a return of -4.6% per annum from global shares in Australian dollars terms over the same period.

Performance and Structure

The Fund returned -1.66% (after fees) during the month of September 2008, compared with a -4.44% return for global shares (\$A terms). The following table summarises the Fund's holdings.

	% of Net Asset Value
Global Equity Index Securities	99.7%
Cash	-45.5%
TI Intercept Capital Fund	45.8%
Total	100.0%

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

Intercept Capital Fund Investment

Portfolio Composition

Investments and short sales were both scaled back towards month end, to reduce the Fund's exposure to political and regulatory risk. Positions will be re-established once certainty improves.

At month end, 10% of the Fund was invested in 27 companies the manager identified as being undervalued. The Fund also included short sales in 28 companies that the manager believed were overvalued which totalled 9% of the Fund.

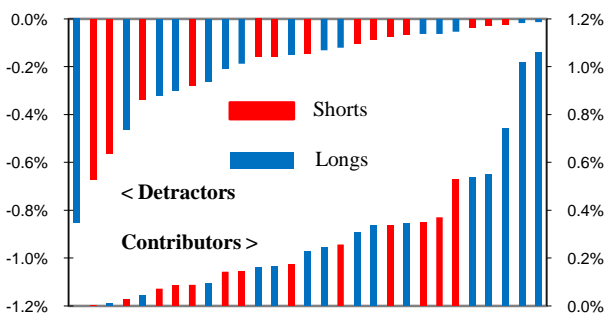
Security Selection

Against a positive backdrop for technology shares, contributors were dominated by longs and detractors by shorts, with the value of contributors outweighing detractors.

The main contributor for the month was Sciele Pharma Inc. (long), a provider of branded prescription products that was acquired by Japanese pharmaceutical manufacturer Shionogi & Co. Other contributors included Alactel-Lucent (short), a global telecommunications company and Vishay Intertechnology Inc (short), a manufacturer and supplier of semiconductors and passive electronic components.

Main detractors were Apple Inc (long), the maker of computers, music devices and other computer equipment, Intel Corp (long), a semiconductor chip maker and developer of advanced integrated digital technology products and Netapp Inc (long), a provider of storage and data management solutions.

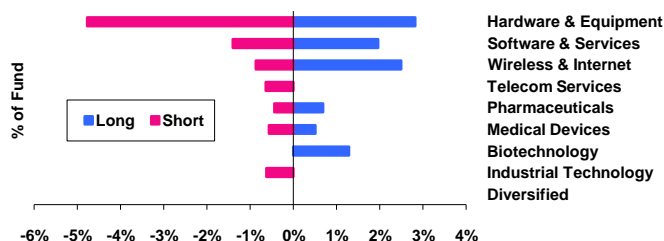
The graph below shows performance contributors and detractors on a % of NAV basis, excluding the impact of currency, with shorts shown in red and longs in blue.



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

Industry Structure

By month end, the portfolio carried small net positive positions in Wireless & Internet, Biotechnology and Software & Services, Pharmaceuticals. Small net short positions were held in Hardware & Equipment, Telecom Services and Industrial Technology. The following chart summarises the structure at 30 September 2008:



Outlook

Global sharemarkets fell sharply in September as financial institutions succumbed to the global credit crisis.

First the US government bailed out mortgage operators Fannie Mae and Freddie Mac, then Lehman Brothers filed for bankruptcy, AIG was bailed out and Washington Mutual collapsed. There has also been agreement for a number of large bank mergers/takeovers, including Bank of America's takeover of Merrill Lynch.

Major governments responded with a series of measures including coordinated official interest rate cuts, government ownership of some banks and, in the United States, agreement to purchase up to \$US700 billion of "troubled assets".

In the UK and US, regulators placed a temporary ban short selling of financial stocks and Australia imposed a 30 day prohibition on short selling.

On technology developments, according to Barrons, Google and Tmobile have released G1, a mobile phone that uses its open source operating system, Android.

Leading blogging commentator technorati reports that bloggers are collectively creating close to one million posts every day.

Unit Prices

	Application Price	Net Tangible Assets	Redemption Price	Distribution
30 Sep 2008	\$0.9248	\$0.9220	\$0.9193	
30 Jun 2008	\$0.8581	\$0.8555	\$0.8530	Nil
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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