

TI Explicit Alpha Fund

Monthly Letter

October 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 -4.2% for the month of October 2008. Since inception on 25 July 2006, the Fund has produced a post-fee return of -6.1% per annum compared with a return of -8.0% per annum from global shares in Australian dollars terms over the same period.

Performance and Structure

The Fund returned -4.22% (after fees) during the month of October 2008, compared with a -3.63% return for global shares (\$A terms). The following table summarises the Fund's holdings.

	% of Net Asset Value
Global Equity Index Securities	100.0%
Cash	-47.5%
TI Intercept Capital Fund	47.5%
Total	100.0%

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

Intercept Capital Fund Investment

Portfolio Composition

While investments and short sales were partially re-introduced during the month, as political and regulatory risk lessened, the Fund remains below its typical investment structure of being fully invested, offset by short sales.

At month end, 31% of the Fund was invested in 31 companies the manager identified as being undervalued. The Fund also included short sales in 12 companies that the manager believed were overvalued which, together with an indexed position totalled, 25% of the Fund.

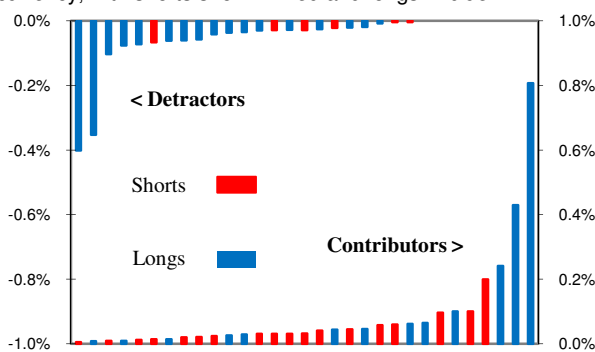
Security Selection

Against a backdrop of weaker sharemarkets, short sales generally contributed and investments generally detracted from investments returns. Nevertheless, the main contributors for the month were investments.

The main contributors were Sciele Pharma Inc. (long), a provider of branded prescription products that was acquired by Japanese pharmaceutical manufacturer Shionogi & Co, Apple Inc (long), the maker of computers, music devices and other computer equipment and Genentech Inc (long), a biotechnology company.

Main detractors were Salesforce.com (long), an on-demand software provider, eBay Inc (long), a provider of on-line marketplace for goods and services and Nokia Corp (long), a mobile phone company.

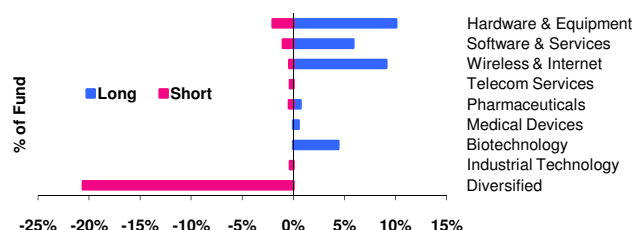
The graph below shows performance contributors and detractors on a % of NAV basis, excluding the impact of currency, with shorts shown in red and longs in blue.



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 net positive positions in Wireless & Internet, Software & Services, Biotechnology and Hardware & Equipment, and Pharmaceuticals. A large Diversified short position was held, together with small net short positions in Industrial Technology and Telecom Services. The following chart summarises the structure at 31 October 2008:



Outlook

Global sharemarkets extended their sharp losses in October as evidence mounted that the credit crisis was impacting the broad economy. Authorities continued to cut interest rates and in many countries announced fiscal stimulus packages.

In other responses to the credit crisis, Iceland received financial assistance from a group of countries, the US Treasury purchased equity in a number of key US banks, UBS was provided assistance from the Swiss government and, after month end, China announced a US\$600 billion infrastructure package.

Cisco Chief Executive John Chambers sees the business slowdown in the US spreading to Europe, emerging markets and Asia and has plans to cut costs by US\$1 billion. Nevertheless, he believes the long-term growth of internet traffic will continue.

Biotechnology companies outperformed in the month; Amgen exceeded earnings estimates in the third quarter and indicated a positive outlook, while Genentech reported strong growth in Avastin sales, a barometer of overall sales growth.

In other company news, Apple unveiled additions to its range of laptops, focusing on new components to its existing line-up. China Mobile reported a total subscriber base of 436 million at end September, representing around two thirds market share in China.

Unit Prices

	Application Price	Net Tangible Assets	Redemption Price	Distribution
31 Oct 2008	\$0.8857	\$0.8831	\$0.8804	
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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