

TI Explicit Alpha Fund

Monthly Letter

December 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 -1.9% for the month of December 2008. Since inception on 25 July 2006, the Fund has produced a post-fee return of -7.7% per annum compared with a return of -8.9% per annum from global shares in Australian dollars terms over the same period.

Performance and Structure

The Fund returned -1.92% (after fees) during the month of December 2008, compared with a -5.22% return for global shares (\$A terms). The following table summarises the Fund's holdings.

	% of Net Asset Value
Global Equity Index Securities	99.1%
Cash	-50.8%
TI Intercept Capital Fund	51.7%
Total	100.0%

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

Intercept Capital Fund Investment

Portfolio Composition

Further investments and short sales were introduced during the month. The Fund remains below its typical investment structure of being fully invested, offset by short sales.

At month end, 37% of the Fund was invested in 34 companies the manager identified as being undervalued. The Fund also included short sales in 14 companies that the manager believed were overvalued which, together with an indexed position totalled, 32% of the Fund.

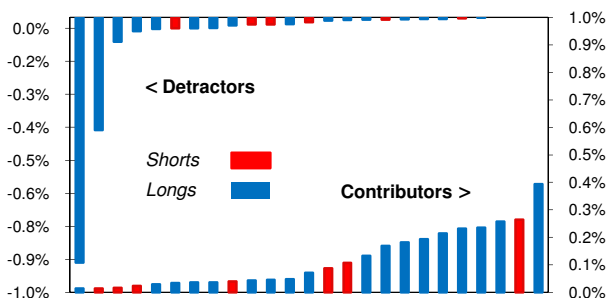
Security Selection

Against a backdrop of firmer sharemarkets, a short index position provided the main offset to the general improvement in value of investments.

The main contributors for the month were Accenture Ltd (long), a management consulting, technology services and outsourcing organization, Dell Inc (short), a technology hardware company, and MicroStrategy Inc (long), a worldwide provider of business intelligence software that enables companies to report, analyse and monitor data stored across their enterprise.

Main detractors were FTI Consulting Inc (long), a global consulting firm to organizations confronting critical legal, financial and reputational issues, Apple inc (long) a maker of computers, music devices and other computer equipment and Satyam Consumer Services Limited (long), a global information technology services provider.

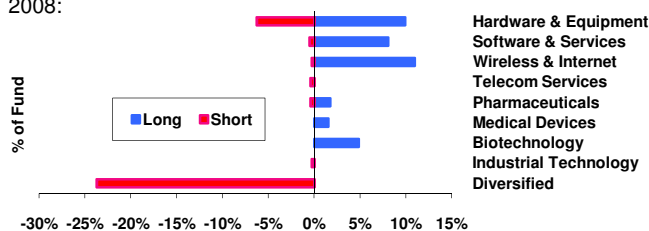
The graph below shows performance contributors and detractors on a % of NAV basis, excluding the impact of currency, with shorts shown in red and longs in blue.



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, Hardware & Equipment, Medical Devices 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 December 2008:



Outlook

Global sharemarkets generally rose in December 2008, following a protracted period of weakness.

Central banks continued to cut official interest rates in the face of weak economic data; the Bank of England cut official interest rates to 2%, equal to the lowest rate since the Bank was founded in 1694, the US Fed Funds rate target range is 0.0% - 0.25% and Japan's policy rate is 0.1%.

The Semiconductor Industry Association reported a 7% fall in sales in November 2008, with sharpest falls in memory products.

Nokia has launched a new phone to compete with the iPhone; featuring music and video player, 5 megapixel camera, 32 GB on-board memory and full QWERTY keyboard.

Pew Internet & American Life Project reported 53% of American adults play video games, one in five daily. A much higher 97% of teenagers are gamers. Nintendo has sold 35 million Wii consoles since its launch in 2005.

China Tech News reported 27 million colour televisions were sold in China in the nine months to September, an increase of 4%. However, the value of TV sales rose 25.6% over the same period reflecting a sharp increase in plasma and LCD sales.

Unit Prices

	Application Price	Net Tangible Assets	Redemption Price	Distribution
30 Nov 2008	\$0.8178	\$0.8153	\$0.8129	
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 MacKenzie Coultas Funds Administration Pty limited on 1300 553 481 or via email to Registry@maccoul.com.au.

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