

# TI Explicit Alpha Fund

## Monthly Letter

### April 2009

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 +5.0% for the month of April 2009. Since inception on 25 July 2006, the Fund has produced a post-fee return of -9.5% per annum compared with a return of -9.9% per annum from global shares in Australian dollar terms over the same period.

#### Performance and Structure

The Fund returned +5.00% (after fees) during the month of April 2009, compared with a +6.04% return for global shares (\$A terms). The following table summarises the Fund's holdings.

	% of Net Asset Value
Global Equity Index Securities	99.4%
Cash	-56.4%
TI Intercept Capital Fund	57.0%
<b>Total</b>	<b>100.0%</b>

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

#### Intercept Capital Fund Investment

##### Portfolio Composition

The Fund remains below its typical investment structure of being fully invested, offset by short sales.

At month end, 59% of the Fund was invested in 32 companies the manager identified as being undervalued. The Fund also included short sales in 23 companies that the manager believed were overvalued which, together with an index position, totalled 52% of the Fund. The mix of long and short portfolios was designed to achieve market neutrality.

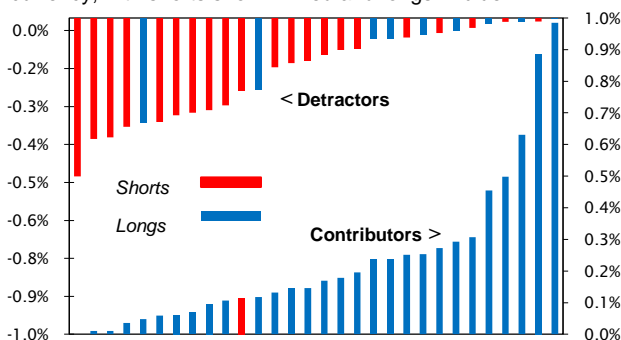
##### Security Selection

Against a backdrop of strong sharemarkets, the Fund's return was dominated by long investments, with detractions coming primarily from short sales, including a short index position.

The main contributors for the month were Salesforce.com Inc (long), a provider of customer relationship management software on demand, eBay Inc (long), an on-line auction house and provider of on-line commercial services, including PayPal and Apple Inc (long), a maker of computers, music devices and other computer equipment.

Main detractors were Research In Motion Ltd (short), a provider of mobile wireless communications services and maker of the Blackberry Smartphone, Xerox Corp (short) a company engaged in providing a range of document equipment, software, solutions and services and Dell Inc (short), a technology hardware company.

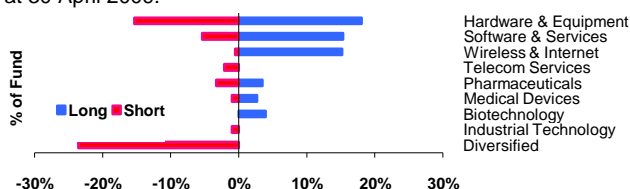
The graph below shows performance contributors and detractors on a % of NAV basis, excluding the impact of currency, with shorts shown in red and longs in blue.



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 favoured Wireless & Internet and Software & Services, with small net positive positions in Biotechnology, Hardware & Equipment, Medical Devices and Pharmaceuticals. A large Diversified short position was held, together with small net short positions in Telecom Services and Industrial Technology. The following chart summarises the structure at 30 April 2009:



#### Outlook

Global sharemarkets rose sharply again in April, taking the rally in global shares to 35% from the bottom made in early March 2009. In April, there was particular strength in telecommunication companies, with biotechnology lagging. Sharemarkets were supported by further interest rate reductions - the European Central Bank cut rates to an all time low of 1% - and signs that the rates of decline in some economic indicators were easing.

The rally occurred in the face of further bad economic news: US unemployment rose to 8.9% in April, the highest since September 1983; US real GDP declined -6.1% p.a. in the March quarter, well below the -4.9% p.a. consensus and; reflecting weak economic activity, March US inflation registered its first annual decline since August 1955 with a fall of -0.4%. Appearing in front of the US Joint Economic Committee, US Federal Reserve Board Chairman, Ben Bernanke stated he thought the US economy would bottom in the second half of 2009.

eBay announced better than expected first quarter results, supported by strong year on year revenue growth of 21% by subsidiary Skype. Management indicated plans to separately list Skype in 2010.

Google also reported strong March quarter results; aggregate paid clicks for the AdSense service increased by 17% over the year to March 2009.

According to The Independent, the Scottish National Blood Transfusion Service and the Welcome Trust plan to develop blood made from embryonic stem cells; such blood would have the benefit of not being at risk of being infected with viruses such as HIV and hepatitis, or the human form of "mad cow" disease.

#### Unit Prices

	Application Price	Net Tangible Assets	Redemption Price	Distribution
30 Apr 2009	\$0.7534	\$0.7512	\$0.7489	
31 Dec 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 Jun 2007	\$1.0791	\$1.0759	\$1.0727	\$0.0097
31 Dec 2006	\$1.1088	\$1.1055	\$1.1021	
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 MacKenzie Coultas Funds Administration Pty limited on 1300 553 481 or via email to [Registry@maccoul.com.au](mailto:Registry@maccoul.com.au).

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