

TI Explicit Alpha Fund

Monthly Letter

June 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 -2.0% for the month of June 2009. Since inception on 25 July 2006, the Fund has produced a post-fee return of -9.9% per annum compared with a return of -10.0% per annum from global shares in Australian dollar terms over the same period.

Performance and Structure

The Fund returned -2.01% (after fees) during the month of June 2009, compared with a -1.47% return for global shares (\$A terms). The following table summarises the Fund's holdings.

	% of Net Asset Value
Global Equity Index Securities	97.4%
Cash	-46.5%
TI Intercept Capital Fund	49.1%
Total	100.0%

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, 60.3% of the Fund was invested in 32 companies the manager identified as being undervalued. The Fund also included short sales in 27 companies that the manager believed were overvalued which, together with an index position, totalled 56.8% of the Fund. The mix of long and short portfolios was designed to achieve market neutrality.

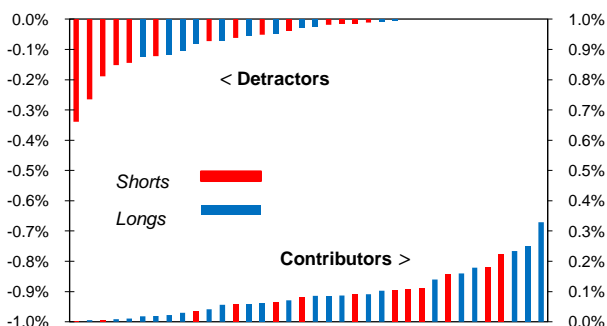
Security Selection

The portfolio benefited from a high proportion of longs contributing to return, particularly those in the health care sector, while the impact of shorts on portfolio return was mixed.

The main contributors for the month were health care companies; Bio Reference Laboratories Inc (long), a provider of clinical laboratory testing services, Resmed Inc (long) an Australian-based maker of sleep disorder equipment and Gilead Sciences Inc (long), a biopharmaceutical company that discovers, develops, and commercialises therapeutics in areas of unmet medical need.

Main detractors were Dell Inc (short), a technology hardware company, Hewlett Packard Company (short), a maker of computers, printers and provider of other technology services and Rambus Inc (short), a provider of high-speed interface technology.

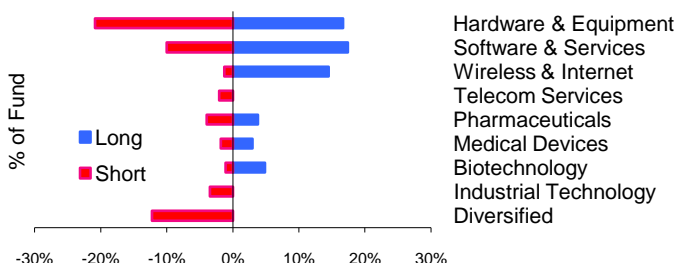
The graph below shows performance contributors and detractors on a % of NAV basis, excluding the impact of currency, with shorts shown in red and longs in blue.



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, Medical Devices and Pharmaceuticals. A large Diversified short position was held, with small net short positions in Hardware & Equipment, Industrial Technology, Telecom Services and Pharmaceuticals. The following chart summarises the structure at 30 June 2009:



Outlook

The global sharemarket declined slightly in June, although health care and IT showed strength.

The economic downturn has resulted in reduced energy demand and reduced energy prices. According to Reuters, US miles driven has fallen for the first time in 30 years and the International Energy Association reported the first ever decline in energy consumption. Lower energy prices are impacting the renewable energy sector. After growing 85% in 2008, Collins Stewart LLC expect solar cell shipments to fall 7% in 2009; first quarter sales at industry leader SunPower Corp fell 22%. In contrast, Bloomberg report China will invest \$US15 billion to increase wind power generation from 12GW to 30GW by 2010.

Gartner is forecasting a drop of 6% in worldwide IT spending in 2009; spending on hardware falling 16.3% and software only 1.6%. Sales of semiconductor chips rose 6.4% in April, but remain 25% below a year ago according to the Semiconductor Industry Association.

Acer Inc is gaining market share from incumbents unwilling to cannibalise profitable legacy products and now holds 11.6% of the PC market compared with Dell Inc's 13.6%. Hewlett Packard company's revenue from PC's has declined 19% in each of the past two quarters, while Acer's has declined just 7% and 8% respectively.

The Newspaper Association of America expects newspaper ad sales to fall to below 1987 levels in 2009. In contrast, Classified Intelligence Report say private community classified site CraigsList achieved record revenues of \$100m with just 30 employees.

Unit Prices

	Application Price	Net Tangible Assets	Redemption Price	Distribution
30 Jun 2009	\$0.7073	\$0.7052	\$0.7031	\$0.02586
30 Jun 2008	\$0.8581	\$0.8555	\$0.8530	Nil
30 Jun 2007	\$1.0791	\$1.0759	\$1.0727	\$0.0097
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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