



Intercept Capital Fund

Monthly Letter

August 2006

Intercept Capital recorded a post-fee return of +0.1% for the month of August 2006 and +8.6% for the calendar year to date. Since inception on 31 March 2004, the Fund has produced an annualised post-fee return of +9.1% compared with an annualised return from the UBS Australia Bank Bill Index of +5.7%.

Performance

The Fund returned +0.12% (after fees) during the month of July 2006. This compares with a benchmark rate of return of +0.52% for the month (UBS Australia Bank Bill Index).

Portfolio Composition

At the end of August, 99% of the Fund was invested in 31 companies the manager identified as being undervalued. The Fund also included short sales, on a beta adjusted basis, in 12 companies that the manager believed were overvalued which along with an index security, totalled 71% of the Fund.

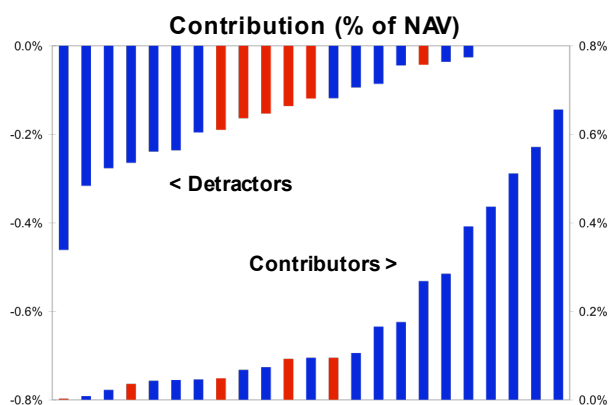
	Based on Net Asset Value ¹	Based on Gross Asset Value ²
Long Investments	98.5%	40.8%
Short Sales	(70.8%) ³	29.3%
Cash	72.3%	29.9%
Total	100.0%	100.0%

Note:

1. Net Asset Value basis shows long and short positions as being offsetting from a market risk perspective.
2. Gross Asset Value basis shows long and short positions as being additive from a market risk perspective
3. Includes an index short position of 47.1%

Security Selection

Contributors outweighed detractors this month. Salesforce.com Inc (long), a provider of on-line customer relationship management tools, Msystems Ltd (long), a manufacturer of flash storage, that was also a major contributor last month, and ebay Inc (long), the on-line auctioneer in which we have accumulated a double weight position, were the major contributors. Major detractors were OmniVision Technologies Inc (long), a maker of semiconductor image devices, Xyratex Ltd (long) a provider of data storage products and ResMed (long), a maker of sleep disorder products. The graph below shows contributors to and detractors from performance on a % of NAV basis, excluding the impact of currency, with shorts shown in red and longs in blue.



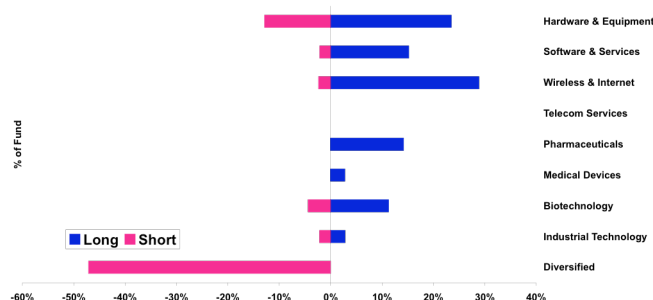
Note:

1. A number of holdings in the above chart were not held for the entire month.
2. Excludes negative contribution from index positions

Industry Structure

In August, the portfolio favoured Wireless & Internet, with lesser exposure to Pharmaceuticals, Software & Services, Hardware & Equipment and Biotechnology. A sizable index short position was held during the month. The following table summarises the structure as at 31 August 2006:

Knowledge Industry Weights



Industry Overview

In the US, weakness in housing and consumer demand is presaging a slowdown in business investment. However, the depth of any slowdown is likely to be muted as productivity growth is strong and there are few signs of rising inflation.

Against this background of potential cyclical weakness, we are favouring companies with persistently strong revenue and profit growth records.

There continues to be advances in wireless communications that are improving the accessibility and speed of internet access, particularly in developing economies. In the US, Sprint Nextel will spend \$US 3 billion over the next two years on emerging wireless technology WiMax to provide internet access to devices such as cameras and music players.

Unit Prices (Inception 31 Mar 2004)

	Application Price	Net Tangible Assets	Redemption Price
31 Aug 2006 *	\$0.9321	\$0.9293	\$0.9266
30 Jun 2006 #	\$0.9347	\$0.9319	\$0.9291
30 Dec 2005	\$0.8758	\$0.8732	\$0.8706
30 Jun 2005	\$0.9568	\$0.9525	\$0.9482
31 Dec 2004	\$0.9180	\$0.9138	\$0.9097
30 Jun 2004	\$0.8943	\$0.8903	\$0.8863
31 Mar 2004	\$0.7706	\$0.7671	\$0.7637

Prices shown are pre distribution of \$0.018491

* Prices after 30 June 2006 are post-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.