

Intercept Capital Fund

Monthly Letter

December 2006

Intercept Capital recorded a post-fee return of -0.7% for the month of December 2006 and 16.2% for the calendar year 2006. Since inception on 31 March 2004, the Fund has produced an annualised post-fee return of +10.7% compared with an annualised return from the UBS Australia Bank Bill Index of +5.8%.

Performance

The Fund returned -0.66% (after fees) during the month of December 2006. This compares with a benchmark rate of return of +0.50% for the month (UBS Australia Bank Bill Index).

Portfolio Composition

At end December, 84% of the Fund was invested in 32 companies the manager identified as being undervalued. The Fund also included short sales, on a beta adjusted basis, in 18 companies that the manager believed were overvalued which along with an index security, totalled 82% of the Fund.

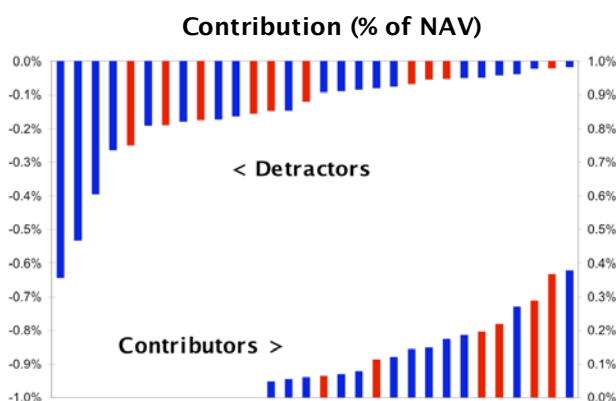
	Based on Net Asset Value ¹	Based on Gross Asset Value ²
Long Investments	84.1%	31.9%
Short Sales	(81.9%) ³	31.0%
Cash	97.8%	37.1%
Total	100.0%	100.0%

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 49.5%

Security Selection

Putting aside the index position in place to achieve the Fund's target leverage, detractors outweighed contributors this month. OmniVision Technologies Inc (long), a maker of semiconductor image sensor devices, and Juniper Networks Inc (long), a provider of Internet protocol (IP) network solutions, both gave up some of the gains made earlier for the portfolio. CryptoLogic Inc (long), a recent addition to portfolio that provides software and services to the Internet gaming market and Sirius Satellite Radio Inc (short) that operates satellite radio in the United States, were the main contributors to return for the month. 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.

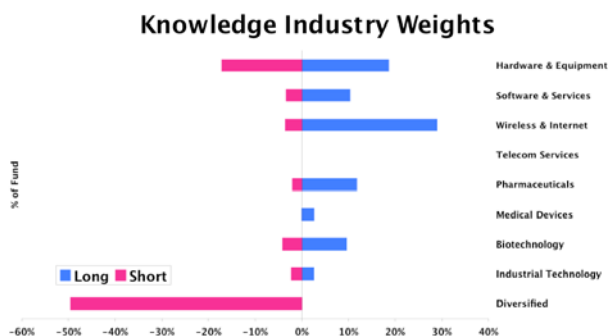


Note:

1. Not all holdings in chart were held for entire month.
2. Excludes negative contribution from index positions

Industry Structure

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



Industry Overview

Within the knowledge industries, biotechnology and computing were generally weak while telecommunication firms performed well in December.

According to the NY Times, Google displaced Yahoo as the world's second-most-visited Web site in November (475.7 mill visits), closing in on the leader, Microsoft (501.7 mill visits).

Within the technology sector, Citibank are forecasting increased growth in 2007 in PC sales, game consoles and game software, and a slowdown in growth of handset sales and semiconductor equipment. Growth in Internet advertising is expected to slow, but remain at high levels.

Signs of cooling off in the US housing market, and declines in commodity prices from new peaks in 2006, point to slower economic growth in 2007 and a slowdown in company earnings.

Unit Prices (Inception 31 Mar 2004)

	Application Price	Net Tangible Assets	Redemption Price
31 Dec 2006*	\$0.9978	\$0.9948	\$0.9918
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.