

Intercept Capital Fund

Monthly Letter

February 2007

Intercept Capital recorded a post-fee return of -2.0% for the month of February 2007. Since inception on 31 March 2004, the Fund has produced an annualised post-fee return of +8.9% compared with an annualised return from the UBS Australia Bank Bill Index of +5.9%.

Performance

The Fund returned -1.96% (after fees) during the month of February 2007. This compares with a benchmark rate of return of +0.49% for the month (UBS Australia Bank Bill Index).

Portfolio Composition

At end February, 75% 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 23 companies that the manager believed were overvalued which along with an index security, totalled 84% of the Fund.

	Based on Net Asset Value ¹	Based on Gross Asset Value ²
Long Investments	74.9%	28.0%
Short Sales	(83.6%) ³	31.3%
Cash	108.7%	40.7%
Total	100.0%	100.0%

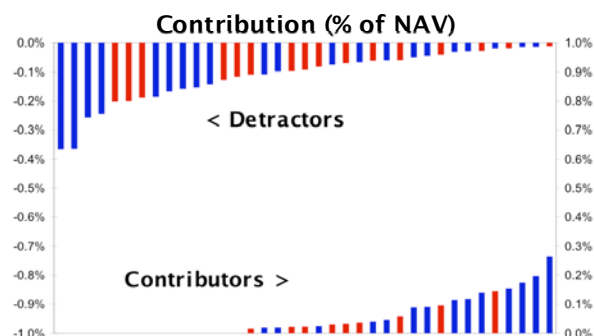
Note:

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 35.4%

Security Selection

OmniVision Technologies Inc (long), a maker of semiconductor image sensor devices, Gilead Sciences Inc (long), is a biopharmaceutical company that focuses on human therapeutics for life threatening diseases and Watson Wyatt Worldwide Inc (long), a global consulting firm that provides human capital and financial management consulting services all contributed to returns. The main detractors for the month were Telenor ASA (long), a Norwegian telecommunications company, Trimeris Inc (long), a developer of antiviral drug treatments called fusion inhibitors and Resmed Inc (long) a developer of medical equipment for sleep-disordered breathing and other respiratory disorders.

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.

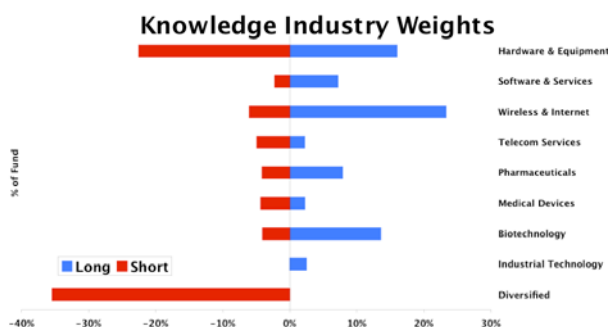


Note:

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

Industry Structure

In February, the portfolio favoured Wireless & Internet, with lesser exposure to Pharmaceuticals, Biotechnology and Software & Services. A sizable index short position was held during the month as well as net short positions in Hardware & Equipment, Telecom Services and Medical Devices. The following table summarises the structure as at 28 February 2007:



Industry Overview

A sharp dip in the Shanghai Stock Exchange at month end triggered broader declines in global markets, stalling the sharemarket rally that has been in place since late 2002.

During the month, the UN Intergovernmental Panel on Climate Change concluded global warming is "unequivocal" and human activity is the main driver. We expect technology will play a key role in helping to deal with the adverse impacts of climate change.

Intel has demonstrated an experimental (Teraflop) chip with 80 separate processing engines that can transfer 80 billion bytes a second among its cores.

Nokia have introduced a new phone with built-in GPS, pre-installed maps and web access to additional maps.

The Economist reports MasterCard and telephone operators with networks in over 100 countries, are offering the ability to remit money overseas by text message.

Unit Prices (Inception 31 Mar 2004)

	Application Price	Net Tangible Assets	Redemption Price
28 Feb 2006	\$0.9685	\$0.9656	\$0.9627
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.

Important Information. Past performance is not a reliable indicator of future performance. This Monthly Letter does not constitute an offer or solicitation of an offer to purchase units in the Intercept Capital Fund.