

Intercept Capital Fund

Monthly Letter

February 2008

Intercept Capital recorded a post-fee return of +4.5% for the month of February 2008. Since inception on 31 March 2004, the Fund has produced an annualised post-fee return of +10.5% compared with an annualised return from the UBS Australia Bank Bill Index of +6.1%.

Performance

The Fund returned +4.46% (after fees) during the month of February 2008. This compares with a benchmark rate of return of +0.54% for the month (UBS Australia Bank Bill Index).

Portfolio Composition

At end February, 78% of the Fund was invested in 26 companies the manager identified as being undervalued. The Fund also included short sales in 27 companies that the manager believed were overvalued which, in addition to small index short position, totalled 74% of the Fund.

	Based on Net Asset Value ¹	Based on Gross Asset Value ²
Long Investments	77.6%	31.4%
Short Sales	(73.5%) ³	29.8%
Cash	95.9%	38.8%
Total	100.0%	100.0%

Note:

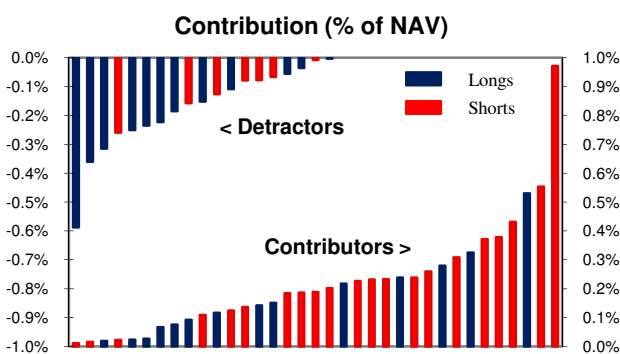
1. Net Asset Value basis shows long and short positions as being offsetting from a market risk perspective.
2. Gross Asset Value basis shows long and short positions as being additive from a market risk perspective.
3. A 1.4% index short position was held at month end.

Security Selection

Contributors outweighed detractors by almost 2:1 in the month. Contributors for the month included; music content company Warner Music Group Corp (short), a detractor last month, Level 3 Communications (short), a provider of integrated communications services and Western Digital (long) which designs, develops, manufactures and sells hard drives.

Main detractors for the month were ResMed Inc (long), a maker of sleep disorder products, Sciele Pharma Inc (long), a provider of brand name cardiology and women's health prescription products and Apple Inc (long), a maker of computers, music devices and other computer equipment.

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.

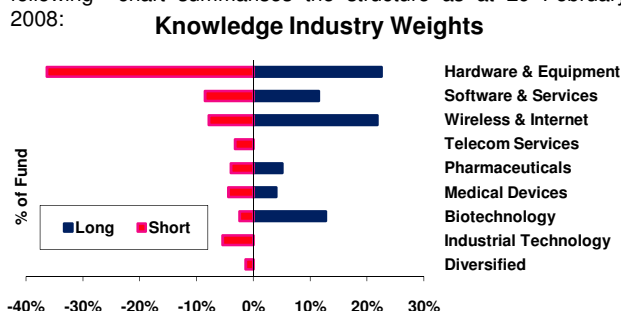


Note:

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

Industry Structure

In February, the portfolio favoured Wireless & Internet and Biotechnology with small net positive weights in Software & Services and Pharmaceuticals. Net short positions were held in Hardware & Equipment, Industrial Technology, Telecom Services, Medical Devices and Diversified Technology. The following chart summarises the structure as at 29 February 2008:



Industry Overview

Global sharemarkets declined for the fourth consecutive month and are now down around 13% from a peak in October 2007. Weakness has been driven by concerns of a credit-induced recession with Chairman, Ben Bernanke indicating that the Federal Reserve was willing to drop interest rates to assist the ailing US economy. Technology company share prices have been harder hit, the NASDAQ Composite falling 20% over the same period, although generally low levels of debt and relatively strong profitability are supportive.

In a potentially dramatic shift in stance, News.com has reported that software giant Microsoft plans to increase the openness of its products and drive greater interoperability, opportunity and choice for developers, partners, customers and competitors.

The technology industry prepares for CeBIT, the world's largest computer expo in Hanover in March 2008. Focus is expected on smart (email capable) mobile phones, next generation TV screens and enhanced functionality for handheld devices.

Unit Prices (Inception 31 Mar 2004)

	Application Price	Net Tangible Assets	Redemption Price	Distribution
29 Feb 2008	\$1.0664	\$1.0632	\$1.0600	
31 Dec 2007	\$1.0158	\$1.0127	\$1.0097	
30 Jun 2007	\$0.9307	\$0.9278	\$0.9250	\$0.0431
31 Dec 2006	\$0.9978	\$0.9948	\$0.9918	
30 Jun 2006	\$0.9161	\$0.9134	\$0.9107	\$0.0185
30 Dec 2005	\$0.8758	\$0.8732	\$0.8706	
30 Jun 2005	\$0.9568	\$0.9525	\$0.9482	\$0.0000
31 Dec 2004	\$0.9180	\$0.9138	\$0.9097	
30 Jun 2004	\$0.8943	\$0.8903	\$0.8863	\$0.0000
31 Mar 2004	\$0.7706	\$0.7671	\$0.7637	

Note: June prices are shown 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 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.