



TI Intercept Capital Fund

Monthly Letter

May 2009

TI Intercept Capital recorded a post-fee return of -1.6% for the month of May 2009. Since inception on 31 March 2004, the Fund has produced an annualised post-fee return of +9.3% compared with an annualised return from the UBS Australia Bank Bill Index of +6.1%. At month end, the Fund was 56% invested in selected investments expected to outperform, offset by 51% short sales of companies expected to underperform.

Performance

The Fund returned -1.56% (after fees) during the month of May 2009. This compares with a benchmark rate of return of +0.23% for the month (UBS Australia Bank Bill Index).

Portfolio Composition

The Fund remains below its typical investment structure of being fully invested, offset by short sales.

At month end, 56% of the Fund was invested in 32 companies the manager identified as being undervalued. The Fund also included short sales in 22 companies that the manager believed were overvalued which, together with an index position, totalled 51% of the Fund. The mix of long and short portfolios was designed to achieve market neutrality.

	Based on Net Asset Value ¹	Based on Gross Asset Value ²
Long Investments	56.0%	27.7%
Short Sales	(51.0%)	25.3%
Cash	95.0%	47.0%
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.

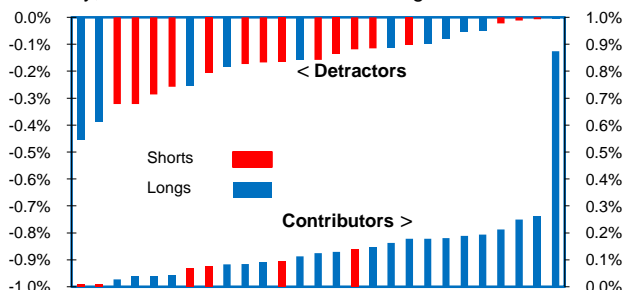
Security Selection

As sharemarkets remained firm, the Fund's return was dominated by long investments, with detractions coming primarily from short sales, including a short index position.

The main contributors for the month were CME (long), the operator of the CME and CBOT Futures Exchanges and CME clearing house, Apple Inc (long), a maker of computers, music devices and other computer equipment and eBay Inc (long), an on-line auction house and provider of on-line commercial services, including PayPal.

Main detractors were Salesforce.com Inc (long), a provider of customer relationship management software on demand, FTI Consulting Inc (long), a global consulting firm specialising in providing legal, financial and reputational solutions and Biovail Corp (short), a pharmaceutical company focusing on central nervous system disorders, pain management, and cardiovascular diseases.

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.



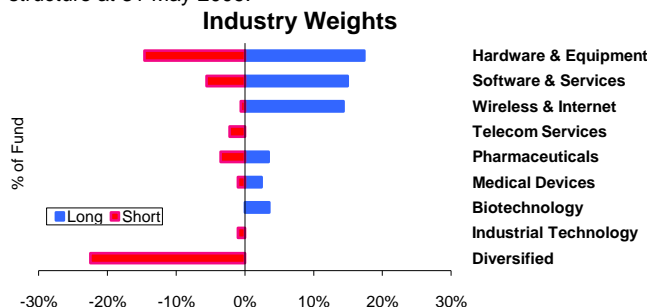
Note:
 1. Not all holdings in chart were held for entire month.
 2. Excludes contributions from any index positions

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.

Industry Structure

By month end, the portfolio favoured Wireless & Internet and Software & Services, with small net positive positions in Biotechnology, Hardware & Equipment, Medical Devices and Pharmaceuticals. A large Diversified short position was held, together with small net short positions in Telecom Services and Industrial Technology. The following chart summarises the structure at 31 May 2009:



Industry Overview

The global sharemarket generated a positive return for the third consecutive month. Treasury Secretary Tim Geithner's comment that the financial system is starting to heal provided further support to the markets. Performance across the sectors was relatively uniform.

Economic indicators remain mixed. The April 09 CPI was flat with a 12-month rate of -0.7%, the largest 12-month decline since June 1955. The minutes from the recent Federal Open Market Committee meeting indicated weaker GDP and labour market forecasts for 2009 and 2010. The Federal Reserve announced that 10 of the 19 banks examined in the round of stress tests, would need to raise \$75 billion by November 09.

Hitachi Limited reported a loss of - ¥787 billion for FY09. This is the second largest loss in Japanese corporate history. The outlook for FY10 is for a loss of - ¥270 billion on revenue of ¥8.9 trillion.

Microsoft Corporation announced a \$3.75b debt issue of 5-year, 10-year and 30-year maturities. The company said the funds were intended for general use including buybacks and acquisitions.

Nokia launched the Ovi App store in response to Apple's highly popular App Store, following similar offerings from BlackBerry App World, Windows Mobile Marketplace and Android Marketplace. It is estimated that the Ovi App store will be made available to an estimated 50 million Nokia devices globally.

National Energy Administration of China expects China's wind power capacity to increase 10-fold to 100,000 megawatts by 2020. Around 5 megawatts of electricity is sufficient to power about 1,000 households in China.

Unit Prices (Inception 31 Mar 2004)

	Application Price	Net Tangible Assets	Redemption Price	Distribution
31 May 2009	\$1.1078	\$1.1045	\$1.1012	
30 Jun 2008	\$1.0053	\$1.0023	\$0.9993	\$0.0297
30 Jun 2007	\$0.9307	\$0.9278	\$0.9250	\$0.0431
30 Jun 2006	\$0.9161	\$0.9134	\$0.9107	\$0.0185
30 Jun 2005	\$0.9568	\$0.9525	\$0.9482	\$0.0000
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.

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