

TI Intercept Capital Fund

Monthly Letter

June 2009

TI Intercept Capital recorded a post-fee return of +0.6% for the month of June 2009. Since inception on 31 March 2004, the Fund has produced an annualised post-fee return of +9.2% compared with an annualised return from the UBS Australia Bank Bill Index of +6.1%. At month end, the Fund was 60% invested in selected investments expected to outperform, offset by 57% short sales of companies expected to underperform.

Performance

The Fund returned +0.55% (after fees) during the month of June 2009. This compares with a benchmark rate of return of +0.28% 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, 60.3% of the Fund was invested in 32 companies the manager identified as being undervalued. The Fund also included short sales in 27 companies that the manager believed were overvalued which, together with an index position, totalled 56.8% 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	60.3%	28.2%
Short Sales	(56.8%)	26.6%
Cash	96.5%	45.2%
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.

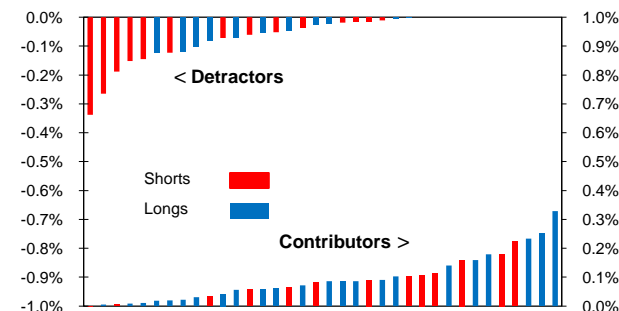
Security Selection

The portfolio benefited from a high proportion of longs contributing to return, particularly those in the health care sector, while the impact of shorts on portfolio return was mixed.

The main contributors for the month were health care companies; Bio Reference Laboratories Inc (long), a provider of clinical laboratory testing services, Resmed Inc (long) an Australian-based maker of sleep disorder equipment and Gilead Sciences Inc (long), a biopharmaceutical company that discovers, develops, and commercialises therapeutics in areas of unmet medical need.

Main detractors were Dell Inc (short), a technology hardware company, Hewlett Packard Company (short), a maker of computers, printers and provider of other technology services and Rambus Inc (short), a provider of high-speed interface technology.

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.



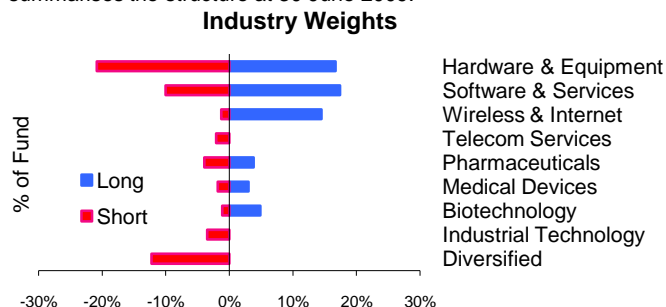
Note:
 1. Not all holdings in chart were held for entire month.
 2. Excludes contributions from any index positions

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, Medical Devices and Pharmaceuticals. A large Diversified short position was held, together with small net short positions in Hardware & Equipment, Industrial Technology, Telecom Services and Pharmaceuticals. The following chart summarises the structure at 30 June 2009:



Industry Overview

The global sharemarket declined slightly in June, although health care and IT showed strength.

The economic downturn has resulted in reduced energy demand and reduced energy prices. According to Reuters, miles driven in the US has fallen for the first time in 30 years and the International Energy Association has reported a decline in energy consumption for the first time ever.

Lower energy prices are impacting the renewable energy sector. After growing 85% in 2008, Collins Stewart LLC expect solar cell shipments to decline 7% in 2009; first quarter sales at industry leader SunPower Corp fell 22%. In contrast, Bloomberg report that China will invest \$US15 billion to increase its wind power generation from 12 GW to 30 GW by 2010.

Gartner is forecasting a drop of 6% in worldwide IT spending in 2009, with spending on hardware falling 16.3% and software only 1.6%. Sales of semiconductor chips rose 6.4% in April, but remain 25% below the level of a year ago according to the Semiconductor Industry Association.

Acer Inc is gaining market share from incumbents unwilling to cannibalise profitable legacy products and now holds 11.6% of the PC market compared with Dell Inc's 13.6%. Hewlett Packard company's revenue from PC's has declined 19% in each of the past two quarters, while Acer's has declined just 7% and 8% respectively.

The Newspaper Association of America expects newspaper ad sales to fall to below 1987 levels in 2009. In contrast, Classified Intelligence Report say private community classified site Craigslist achieved record revenues of \$100m with just 30 employees.

Unit Prices (Inception 31 Mar 2004)

	Application Price	Net Tangible Assets	Redemption Price	Distribution
30 June 2009	\$0.8930	\$0.8803	\$0.8777	\$0.2305
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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