TITANIUM ASSET MANAGEMENT

Profile 3rd May, 2010

Titanium Asset Management Limited (TAM) is a fully licensed Investment Manager with ASIC - Australian Financial Service License (AFSL) # 331088, and is the Responsible Entity and Trustee of the 'TAM ASX200 All-Weather Fund' (The Fund).

The Fund is unique in a number of key areas:

1. It is a "true" market-neutral fund, which means that market risk of the Fund is kept to a minimum at all times. This is in contrast to many superficially-similar funds that allow the taking of substantial market positions that represent substantial risk in volatile markets;
2. The Fund employs a unique stock valuation and selection process that has been developed over 20 years and is the subject to doctoral studies at an Australian University, which has been shown to be highly effective in the consistent selection of both "long" and "short" portfolios that will outperform the market regardless of market conditions.
3. The Fund only invests in current constituents of the ASX200; the 200 largest, and most extensively researched stocks listed on the Australian Stock Exchange (ASX). No other assets are invested in by the Fund (including derivatives of any form), and the Fund does not borrow cash to invest.

Our methodology has been proven to achieve consistent returns in the most difficult of market conditions, with minimum market risk. The market-neutral fund strategy has been used in the Australian market place for over a decade, but the ability to achieve sufficient consistency in stock portfolio selection to achieve acceptable returns has been missing. This is where the investment process is critical to the performance of the Fund to date.

Performance Table

1 month	-1.4%
3 months	0.5 %
6 months	-8.5%
1 year	8.8%
2 year average	n/a
3 year average	n/a
Compounded monthly return since incep.	4.4%
Highest monthly return	40.2%
Negative Months in 1 year	4
Rolling average last 12 months p.a.	8.8%
Cumulative returns since inception	182.2%

The above returns are for rolling mths. Figures below are calendar mths.

(12 mth avge.) monthly volatility*	9.7%

* Based on the standard deviation of monthly returns.

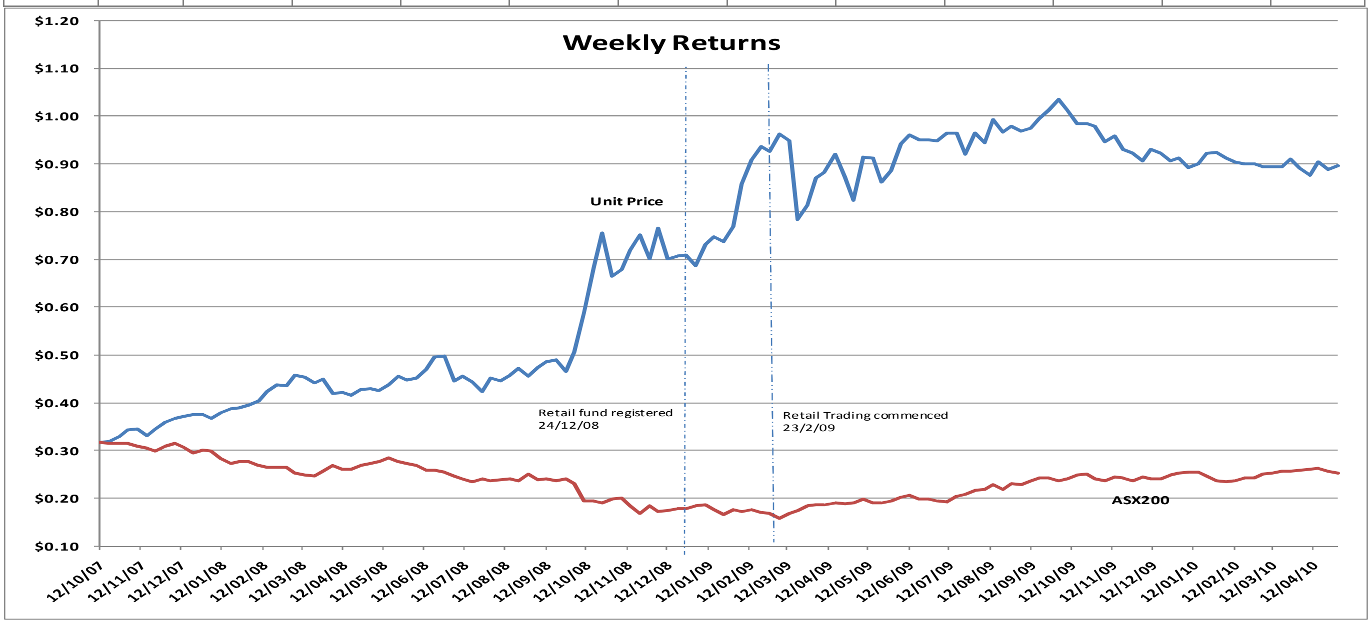
Calculations are based on Friday's published unit price as per the TAM website – www.titaniumassetmanagement.com.au

Prior to 24th February 2009 the monthly investment returns detailed below (highlighted in grey) confirm the result of forward testing the TAM ASX200 All-Weather Fund's investment methodology. TAM ASX200 All Weather Fund was registered as a retail fund on 24th December 2008.

***Performance History:** % based on gross **investment** asset values (GAV, monthly)*

Class A: Retail *(since inception October 2007, based on pre-distribution NAV)* *** MTD return.*

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	1.2%	0.1%	1.1%	-1.4%								
2009	8.6%	20.5%	-12.2%	1.1%	7.7%	7.8%	0.9%	2.6%	5.6%	-6.6%	-4.5%	-3.3%
2008	4.0%	9.2%	0.4%	3.2%	3.8%	0.2%	0.6%	2.3%	3.8%	40.2%	2.8%	1.0%
2007	-	-	-	-	-	-	-	-	-	-	4.6%	12.2%



Weekly Summary ***Author – Peter Rice (C.I.O.)***

US markets continued to be schizophrenic during the week, with swings from what appeared to be excessive optimism, to days of excessive pessimism. Three of the five trading days saw daily percentage moves in excess of 1.3%, and if you accept the reasons given by brokers and traders, none of the reasons given should have been news to markets. By comparison, our market was relatively stable, but continued to trend down. The S&P500 ended down by 2.5% for the week, with the 1.7% fall on Friday a major contributor to that. Our market, by comparison, was down by a relatively modest 1.5%, but that comes after a poor previous week, and before the ASX gets the opportunity to reflect the poor lead from Wall Street.

By comparison, the Fund is up by 0.9% for the week, and should see significant outperformance of the market (if markets make sense!) on Monday. The result is outperformance of the Index by 2.6% for the week, which, of course, a market-neutral fund is supposed to do in a falling market.

From an economic and market-performance perspective, it has been an interesting week. We wrote last week's report late after the move by S&P on Monday to downgrade the ratings for Greece and Portugal, which hit the European and US markets hard early in the week. Interestingly, on Wednesday night our time, they also downgraded Spain, which added to the concerns for the wider European outlook, and concerns for the Euro. If S&P are consistent, downgrades should also follow soon for Ireland, Italy, and potentially Austria and Poland. If that does occur in the short term, then things could get nasty in Europe. The question is, will the market REALLY pay attention to the implications of what this, and other factors, is really meaning for global equity markets?

So far, the impact seems to only be relevant for about 24 hours, and then Wall Street moves on. The Greece and Portugal downgrades affected the market on Tuesday, but by Wednesday, it was forgotten, and the downgrade for Spain barely registered, despite the fact that the downgrade there has considerably greater implications for the volume of corporate debt than that of either Greece or Portugal. Does that also mean that the US will ignore any further downgrades by S&P, even if the contagion effect becomes greater, the more countries are downgraded?

There is a similar issue with the Goldman's "inquisition". The S&P fell by 1.7% on Friday, with the blame placed on the continued attacks on Goldman's by the SEC and politicians. Was this really a surprise to the markets? Can markets really believe that the original announcement of action was going to be effectively the peak of the issue, and that things were just going to continue quietly in the background until a "commercial settlement" was reached? Let's hope not!!

Goldman's will be used as a major political justification for banking reform that realistically has to happen in the US. The Obama administration will do everything that they can to keep Goldman's under threat in order to keep public anger against the banks as high as possible, and therefore keep the powerful (and exceedingly-well financed) banking lobby (largely through the Republican Party) from having ammunition to water-down the reform proposals being considered. Politically, the only chance that Obama has to get this reform through is as a result of hostile public opinion that has the potential to threaten the political survival of any Republican who fights against the main changes up to when the votes are taken. So far, that appears to be working, with many incumbent Republicans being threatened by challengers from their own party who are publically supporting reform, and getting plenty of early support as a result. As we said last week, this has major long-term implications for markets.

But the more likely reason for the fall on Friday on Wall Street was the 1st quarter GDP data that showed growth of a modest 0.8% (3.2% annualised, using the somewhat strange US process of multiplying the quarterly rate by 4). The rate was only marginally below consensus forecasts of 3.4%, but is well below the brokerage estimates of 7-8% over the next 12 months. Interestingly, an increasing number of "independent" economists (non-broker and non-investment bank) are suggesting that the rate is likely to stay below 4% for the rest of 2010, and into 2011, which leaves the market open to major disappointment after forecasts of more than twice that rate from the major investment houses over the past 6 months. If markets start to accept a real rate or growth of 4% or less, there is the probability of a major market correction.

Conventional wisdom suggests that GDP growth of 5% is required to reduce the unemployment rate by 1 percentage point. Therefore, if growth remains at below 4%, we are going to see unemployment stay at around current levels for some time. And, according to a number of economists, this grossly understates the "true" unemployment rate that is running at close to 17%.

The longer that unemployment stays at that level, the less likely a recovery in private spending will eventuate, which leaves the US economy looking for an alternative driver of growth; a classic chicken-or-egg situation, given the traditional reliance on domestic consumption expenditure. If, at the same time, the government is forced to wind back budget deficits and potentially raise short-term interest rates (see the previous *Investment Report*), and risk in currency markets starts to rise (the Euro in particular), then suddenly the second half of this year starts to look decidedly dangerous from an equity point-of-view.

More than at any stage in this rally, the outlook is getting uncertain. The risks are rising sharply.

If you would like further information please visit our website at www.titaniumassetmanagement.com.au or as per the details listed below:

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