



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	4.3%
3 months	7.7 %
6 months	5.6%
1 year	1.3%
2 year average	n/a
3 year average	n/a
Compounded monthly return since incep.	-0.3%
Negative Months in 1 year	4
Rolling average last 12 months p.a.	0.1%
Cumulative returns since inception	-4.0%

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

(12 mth ave.) monthly volatility*	1.7%
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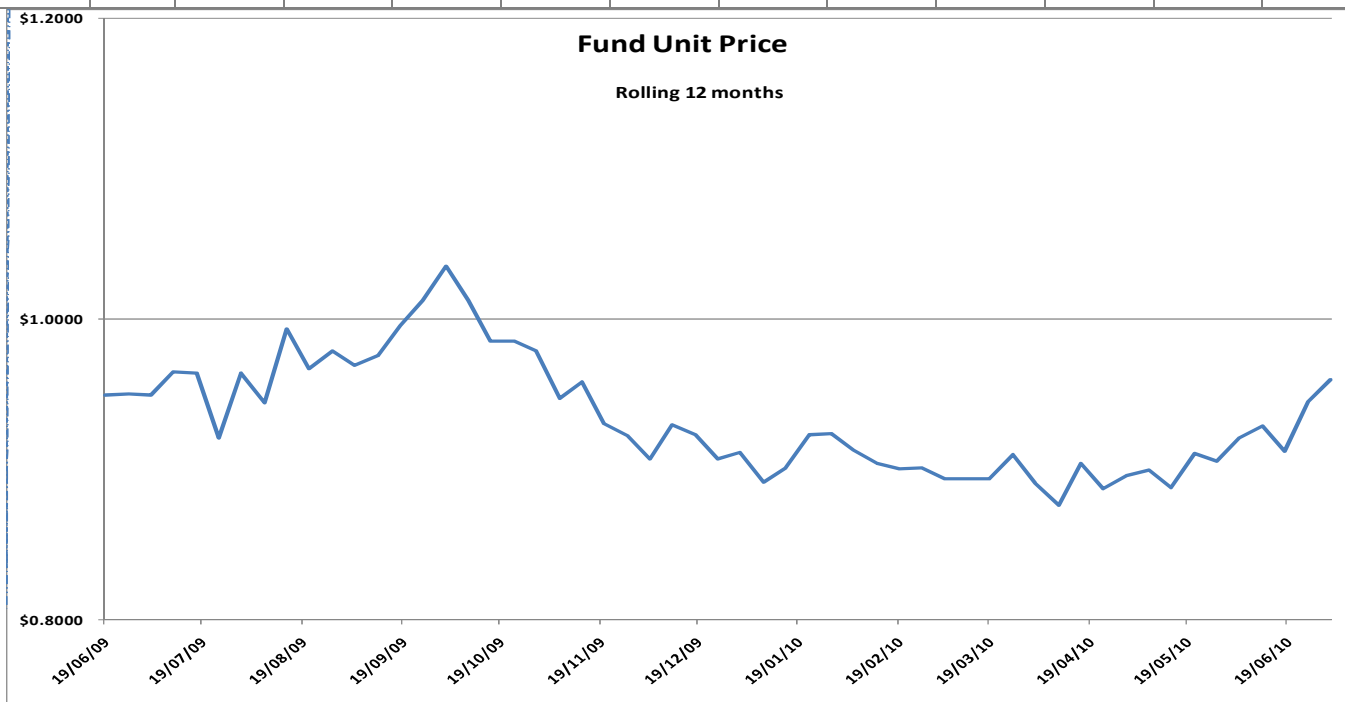
* Based on the standard deviation of monthly returns. Calculations are based on Friday's published unit price as per the TAM website – www.titaniumassetmanagement.com.au

All returns are calculated net of all fees and charges.

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

Class A: Retail ** MTD return.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	1.2%	0.1%	1.1%	-1.4%	1.7%	5.6%	0.0%**					
2009			-12.2%	1.1%	7.7%	7.8%	0.9%	2.6%	5.6%	-6.6%	-4.5%	-3.3%



Declaration: **Titanium Asset Management Limited ASX 200 All-Weather Fund.** Whilst every care has been taken in the preparation of this document by Titanium Asset Management Limited ABN 60 132 768 382, AFSL 331088 and ARSN 134596302, the opinions expressed in this document are simply our opinions based on our observation of the market, which may not necessarily be shared by the reader. This information is supplied for the purposes of providing general advice only, and is not specific advice. It does not take into account your individual objectives, financial situation or needs. The offer to invest in the ASX200 All-Weather Fund ("The Fund") is made in the Product Disclosure Statement ("PDS"). Anyone who wishes to invest in the Fund should read the PDS carefully, and/or consult with your financial advisor. A copy of the PDS may be obtained from your adviser. The ASX200 All-Weather Fund is a registered investment scheme of Titanium Asset Management Limited, AFSL 331088.

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Weekly Summary

Author – Peter Rice (C.I.O.)

To say that it wasn't a good week for equity markets is a bit of an understatement, and economics has been the main reason. The S&P500 fell by 5%, and the ASX200 was down by 4%, but almost all major global markets felt the pain: Asia and Europe as well. The key to the substantial shift to a negative outlook has been what we suggested last week: finally, the realisation is starting to get through that the US is not going to grow at anywhere-near the rate implied by the rally that we saw late last year and the early part of this year, and that the same will apply on a global basis.

The result of last weekend's G20 meeting in Toronto simply confirmed the fact that there are few countries left with the resources to continue the stimulus spending that we saw during that period, particularly given spiralling deficits and debt levels. The other point is that, to date, limited real results have been evident beyond reducing the negative growth quarters, and scarring the heck out of debt markets. Consumers and bank lending globally have barely responded to the stimulus. The pressure to cut deficits to prevent rising debt market worries and reduce political pressure has highlighted the inefficiency of stimulus spending to date, and raised questions as to its value. It seems that few governments have enough money to spend themselves back to growth.

As if on cue to confirm this, the US has managed to release a slew of disappointing economic numbers over the past two weeks that have seen the optimism in the equity market disappear. These have included retail sales, new home sales, existing home sales, private sector jobs, new unemployment claims and factory orders. Data was reported by Japan during the week was also disappointing, which had been showing signs of a recovery (mainly in industrial production, which now appears to have stalled). Throw in Europe's problems, where there is every likelihood that growth will go negative again from the 3rd quarter onwards, and global growth is looking extremely dodgy.

Economists in the US, and particularly those in the equity business, are taking great pain to point out that this doesn't mean that there will be a "second dip" recession, and there possibly won't, BUT the issue is not a binary one: recession – Bad; no recession – Good. As much as such an approach would make investment and trading decisions simple, the reality is that equity markets do not work that way. The difference between a technical recession and not may be as small as 0.1% growth per quarter either way. From an equity market point of view, however, such a margin is effectively irrelevant. The main issue is not + GDP growth or – GDP growth, but how much growth has been expected in setting prices, and are those expectations going to be met. That is why markets have been drifting lower as the evidence has mounted that both US and global growth will be substantially lower than expected during the post-March '09 rally.

It is also interesting that there are now already those suggesting (hoping?) that profit results for the upcoming quarterly reporting season will somehow defy the apparent economic slowdown and continue to produce good results. However, even if that can be achieved, it is inconceivable to suggest that major US companies will come out with a positive outlook if the evidence that we have seen reported at a macro level over the past few weeks is being felt at an individual corporate level. Given that the economic reports are generally for May, it seems highly unlikely that profit numbers covering April to June will not reflect a more depressed economic environment than was the case in the 1st quarter reporting season. If that is the case, it is going to be difficult to see any real prospect that equity markets are going to have a better time in the next month or so than they have over the past few weeks. The Australian market stayed virtually in-step with the US, despite the fact that, at this stage, we have very few of the major economic problems that they have. We also had the boost from the fact that Prime Minister Gillard was able to quickly negotiate away the mining tax problem. There is a certain irony to the fact that possibly the most ideologically left-wing member of the Labor caucus was able to negotiate a deal with the mining industry, where as the more right-wing Kevin Rudd was unable to. There was a modest boost to the market following the announcement, yet by the end of Friday's trading the impact was already waning as the situation in the US took precedence again.

Unfortunately, in the current environment, that is likely to continue to be the case. On the basis of economics alone, we should be performing better than our equity market Big Brother: we are further out-of-step with the US economically than we have been for a long time. Our overall GDP growth is relatively modest, but it is being sustained with little government help, with a reasonably solid housing market, a healthy banking system, and interest rates at a level where, if they had to, the RBA could provide significant stimulus by pushing rates lower (although higher interest rates now = lower financial asset valuations, which works against us). We also have no real government debt issues, and a relatively simple option for returning the budget to surplus quickly thanks to the above agreement with the miners.

And yet, our equity market is still falling in line with the US.

The simple fact is that we won't be insulated from global moves despite our economic position, so remain cautious.

As far as the Fund is concerned, it was another good week, with a return of 1.7%, which gave outperformance of the Aussie market of 5.7%. As at the end of June, we had achieved a return of 5.6% for the month, while the ASX200 fell by 2.9%.

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

Company:	Titanium Asset Management Limited	
Author:	Peter Rice (CIO)	Email: enquires@titaniumassetmanagement.com.au
Postal Address:	P.O. Box 1110	Ph: 1300 785 276
	Camden NSW 2570	Fax: (02) 4655 5275

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