



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	1.5%
3 months	7.6 %
6 months	5.7%
1 year	-2.3%
2 year average	n/a
3 year average	n/a
Compounded monthly return since incep.	-0.4%
Negative Months in 1 year	4
Rolling average last 12 months p.a.	0.1%
Cumulative returns since inception	-5.3%

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

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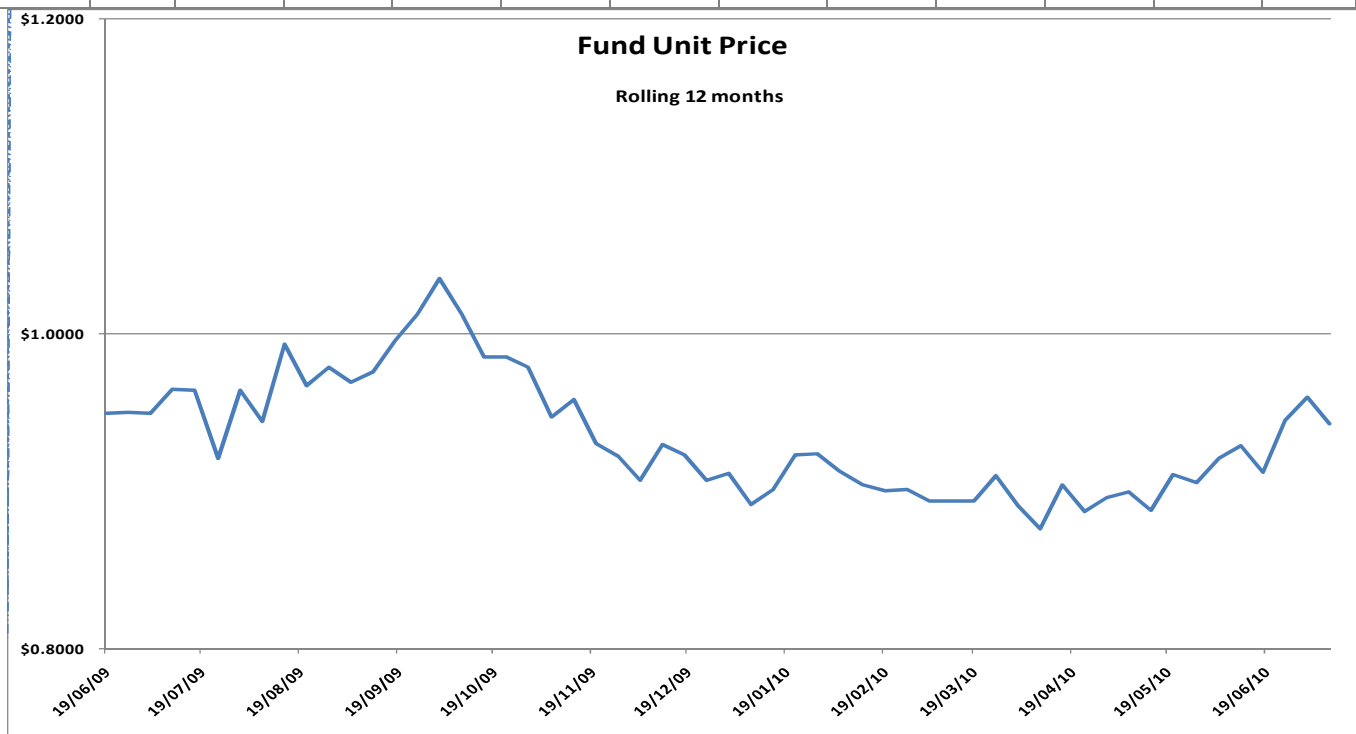
* Based on the standard deviation of monthly returns. Calculations are based on Friday's published unit price as per the TAM website – www.titaniumassetmanagement.com.au

All returns are calculated net of all fees and charges.

Performance History: % based on net investment asset values (NAV, 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%	-1.8%**					
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.



Weekly Summary

Author – Peter Rice (C.I.O.)

Markets seem to be returning to the “one bad week: one good week” pattern, with the past week reversing much of the poor week that preceded it, for no real apparent reason. The S&P500 rose by 5.4% for the week after a fall of 5% for the previous week. Our market also rose by 3.7% after a fall of 4% for the previous week. What was surprising was there was virtually no economic news to justify the move in either market: the only data was new weekly unemployment claims, which is highly volatile, and was only 2% below consensus forecasts. The only other data released for the week was preliminary June retail sales that were below forecasts and weak, so it remains difficult to see the Index moves as anything other than a short term trading bounce. The key issue facing markets from here is the US 2nd quarter reporting season, which starts on Monday with Alcoa, and continues with several of the major banks during the first week. The banks are likely to be the highlight as they continue to benefit from ridiculously low short term interest rates, and relatively high longer term US government rates. If there is to be disappointment in the first week or so from the reporting season, it will be the prospect of the banks suffering as a result of weak equity markets over the past quarter for those that have been more involved with equity trading than traditional lending activities.

From a macro perspective, the market should be looking at the returns from traditional lending activity of the banks, but the data to date suggests that the banks continue to be reluctant to return to their traditional lending markets. They are instead relying heavily on the Fed carry business by borrowing from the central bank short term at 0.5% and buying long term bonds at a yield of 3.5%+. Elsewhere, there is little reason to be too optimistic on the reporting season outcomes as the number of profit warnings over the past month has steadily increased. Again, at the risk of repeating what we have been saying for several months, the key is not whether or not overall earnings growth is positive or negative, but if the results match the expectations of the market that have been built into current prices. Given the macroeconomic numbers that have been evident over the past month and the run in the market prior to April, there seems little doubt that there will be disappointment, and that more-than-likely means a further correction in the market unless companies are able to perform accounting miracles in these results. The key remains the outlook statements with the results announcements that will come over the next 3 weeks. Given the weak retail data that has been evident over the past month or so, the greatest likelihood is for less-than stellar earnings results. In addition, the problems in Europe mean that even those companies with a significant external market are going to be less-than-optimistic about third quarter results, even if the 2nd quarter numbers are still holding up well. This is where the main risk to the market exists.

What was interesting during the past week was that, despite the macro data from the US, and the outcome of the G20 meeting in Toronto, the IMF came out with an upgrade in their global growth forecasts on Thursday; from 4.2% to 4.6%. This was the major factor in a surprising shift in our market performance on Friday, with high beta stocks suddenly performing well after weeks of underperformance, and a shift away from safer havens. The upgrade was a surprise, and confirms the general view that the IMF forecasts are more lagging indicators than leaders. It will be interesting to see if the optimism that resulted from that upgrade is sustained in markets over the next week or so.

Given the importance of European growth to the global number, the importance of government spending to the anaemic recovery to date, and the desire to cut stimulus and general government spending in response to bond market attacks across that region over the past few weeks, it seems highly surprising that the IMF has upgraded its forecasts. When this is paired with a reduction in expectations of growth for the US, and even downgrades in forecasts for industrial production in the world’s 2nd largest economy (Japan), the forecast seems even more surprising.

The only market where growth seems to be exceeding the forecasts of 6 months ago is China. However, there appears to be a significant increase in measures being taken in that economy to slow growth as well, as asset price issues become more evident, and the requirements of their major markets deteriorate. As such, it appears that the IMF may well have displayed more a case of wishful thinking than forecasting pragmatism and as such, the upgrade must be taken with a grain of salt.

The quarterly reporting season therefore takes on extra importance for the US. Markets are trying to shrug off the more negative macroeconomic picture that has been appearing over the past couple of months, but that will only be possible if corporate profit growth defies the macro picture. Such a scenario is not impossible in the short term, but rare. Earnings are the key issue for markets, but to see a continued divergence between the economic picture and corporate earnings is unsustainable. If results for this quarter are better than indicated by the macro data, then that will keep markets buoyant in the short term, but it is rare for earnings to be a leading indicator of the macro situation. At the very least, it will only delay the inevitable for a quarter.

The sharp turn in the market sentiment on Friday has caused the fund some short term difficulties as stock that have previously done poorly came dramatically back into favour, while the more defensive plays were sold down heavily. As such, we saw a 1.8% fall for the week, with most of it on Friday. We expect this to be reversed over the next week or so, as there remains no real fundamental reason for the move last week.

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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