



TITANIUM
ASSET MANAGEMENT

Titanium Asset Management Limited

Profile April 6 2009

Titanium Asset Management Limited (TAM) is the Investment Funds Management arm of the **Titanium Financial Services Group**. TAM is fully licensed with ASIC - Australian Financial Service License (AFSL) # 331088, and is the Responsible Entity, Trustee and Manager 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 of a doctoral thesis at a major 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, best-researched and highest-quality 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.

As a result of this process, we have been able to achieve extraordinary and consistent returns in the most difficult of market conditions, with the minimum of investment risk. The concept of the market-neutral fund has been around 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.

Table A

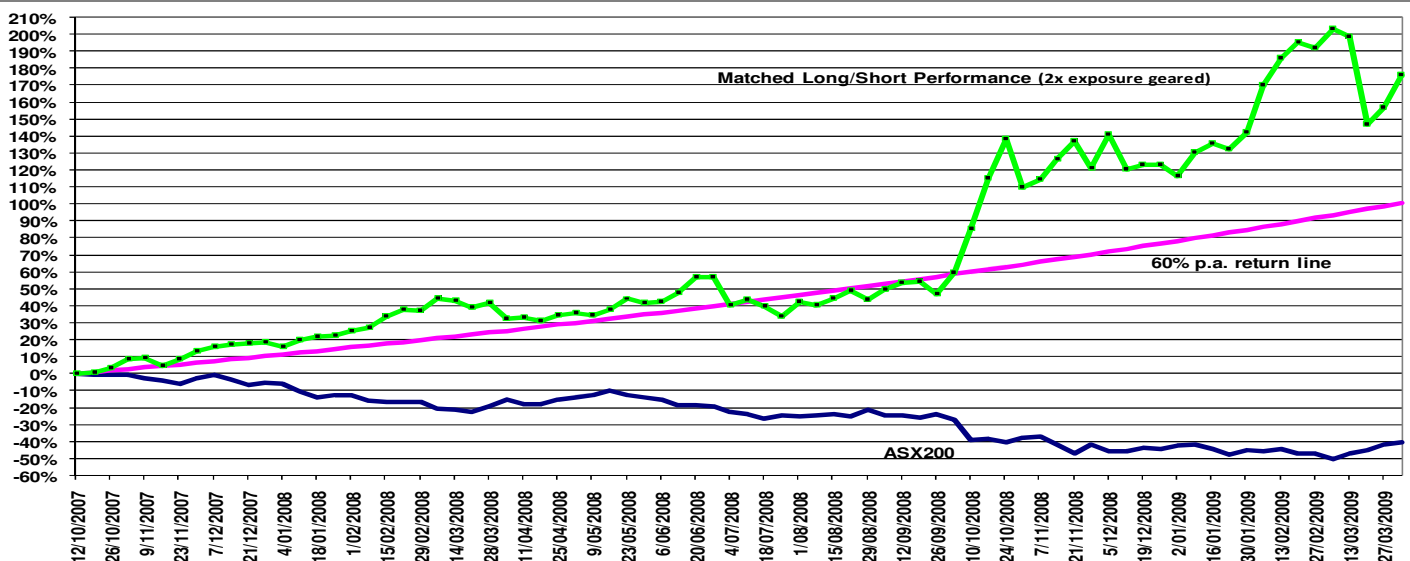
Percentage Returns	
1 month	-8.9%
3 months	27.6%
6 months	73.2%
1 year	91.1%
2 year average	n/a
3 year average	n/a
Compounded monthly return since incep.	5.6%
Highest monthly return	40.2%
Negative Months in 1 year	1
Rolling average last 12 months p.a.	91.1%
Cumulative returns since inception	176.2%
Annualised volatility*	9.9%

* Based on the standard deviation of monthly returns.

Calculations are based on Thursday's published unit price as per the TAM website.

The Table A calculations have been based upon the application of the investment approach and strategies more particularly set out in our published document titled 'Volume and Momentum Monitor' and annexed to our PDS.

Performance History: % based on gross investment asset values (GAV, monthly)												
Class A: Retail (since inception October 2007, based on pre-distribution NAV)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	8.6%	20.5%	-12.2%									
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	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.6%	12.2%



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.



Performance Commentary

As if to prove just how volatile markets are at present, we had one of our best weeks since inception, with the unit price jumping by 7.6%. This has resulted in a 12% increase in the unit price over the past two weeks after we lost 17% in the week to the 20th March. What is particularly interesting is that the volatility has come with basically the same 40 stocks; we have made few changes to either the Long or Short portfolios over that time.

At the market level, it is a particularly interesting time: the initial trading bounce has stabilised, and the most obvious of "oversold" situations have been very quickly blown away. The likelihood is that the markets will increasingly look more specifically at real determinants of prospects 12+ months ahead, and that means economics.

The most important issue on that front this week was clearly the G20 summit in London. Clearly, a commitment to spending \$1,580bn by the G20 was a major success for the Group, and the US and UK (and, to some extent, Australia). But the success of the final agreement was more than just the amount of cash. The Europeans managed to ensure a commitment to a stricter global banking regulatory regime, with the proposition of a global banking regulator. Detail of how such a body will operate is still to be put forward, and what teeth it will have in terms of enforcement, but there seems little doubt that the agreement will result in a significant change for the operating environment for major global banks. The American banks are unlikely to be too happy about it when the detail emerges, but they will have no choice in the current environment. Whether the regulations that are ultimately implemented go as far as the Basel II regulations that the US (and European) banks refused to implement in the later part of the last decade (but which the Australian banks did) is still to be seen, but there seems little doubt that the regulatory environment will change significantly.

What is also interesting is that almost 25% of the "package" is devoted to additional funding for the IMF. The majority of these funds are likely to be devoted to helping underdeveloped economies deal with the fallout of the collapse in global demand on their ability to make debt repayments, which means that it will end up back in the pockets that it has come from. Nevertheless, the agreement does represent a significant opportunity to mitigate the impact of the crisis on the global economy as long as the promises become reality. The concern, however, is that such agreements in the past have either not been fully met, or have taken much longer to become reality than promised.

However, the bigger issue remains: how is the stimulus package to be funded? Commitments to large scale spending across the major economies means large scale borrowing in a variety of currencies, not just in US dollars. The question has to be asked: where is all of that capital going to come from and what will that mean to global interest rates? As such, the timing of the spending, or more importantly, the borrowing to fund it, remains a key issue. While fiscal spending is a key component of trying to restore economic confidence and encouraging consumer demand, so are low interest rates. The value of these stimulus packages will deteriorate considerably if they are coupled with increased pressure on interest rates on a global basis. This ability to keep rates low while pushing up levels of fiscal stimulus remains the key challenge for global leaders in trying to overcome the crisis.

Luckily, Australia remains in a more favourable position than most when it comes to monetary policy. The RBA is expected to cut rates by a further 50 basis points when it meets this week after the 2% drop in retail sales for February. Luckily, the Australian economy is less dependent upon domestic consumption expenditure than its US counterpart, although the drop in spending does have significant implications for the future unemployment rate. The Federal Government has admitted this week that unemployment is likely to go above the current Treasury peak forecast of 7% by mid next year, but have not, as yet, said how far. Given that data released on Friday showed that the US already has an unemployment rate of 8.5%, and the OECD suggested that the average rate for that group will peak at around 10%, our situation remains relatively good, but it continues to suggest that the worst is still not yet over.

As such, while things are slightly better this week than they were last week from an economic perspective thanks to the G20, it remains too early to be too bullish. Our portfolios are close to sector-neutral as regards resources, banking and domestic commercial stocks, with both portfolios carrying selected positions in each sector (apart from banks in the Short portfolio), and this is likely to remain the case for some time.

If you would like further information please visit our website at www.titaniumassetmanagement.com.au or by telephoning 1 300 785 276 or email your enquiry to Titanium Asset Management Limited at investments@titaniumassetmanagement.com.au.

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