



TITANIUM
ASSET MANAGEMENT

Titanium Asset Management Limited

Profile May 4 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	-5.5%
3 months	7.0%
6 months	23.7%
1 year	91.6%
2 year average	n/a
3 year average	n/a
Compounded monthly return since incep.	5.0%
Highest monthly return	42.7%
Negative Months in 1 year	1
Rolling average last 12 months p.a.	91.6%
Cumulative returns since inception	159.5%
Annualised volatility*	10.6%

* Based on the standard deviation of monthly returns.

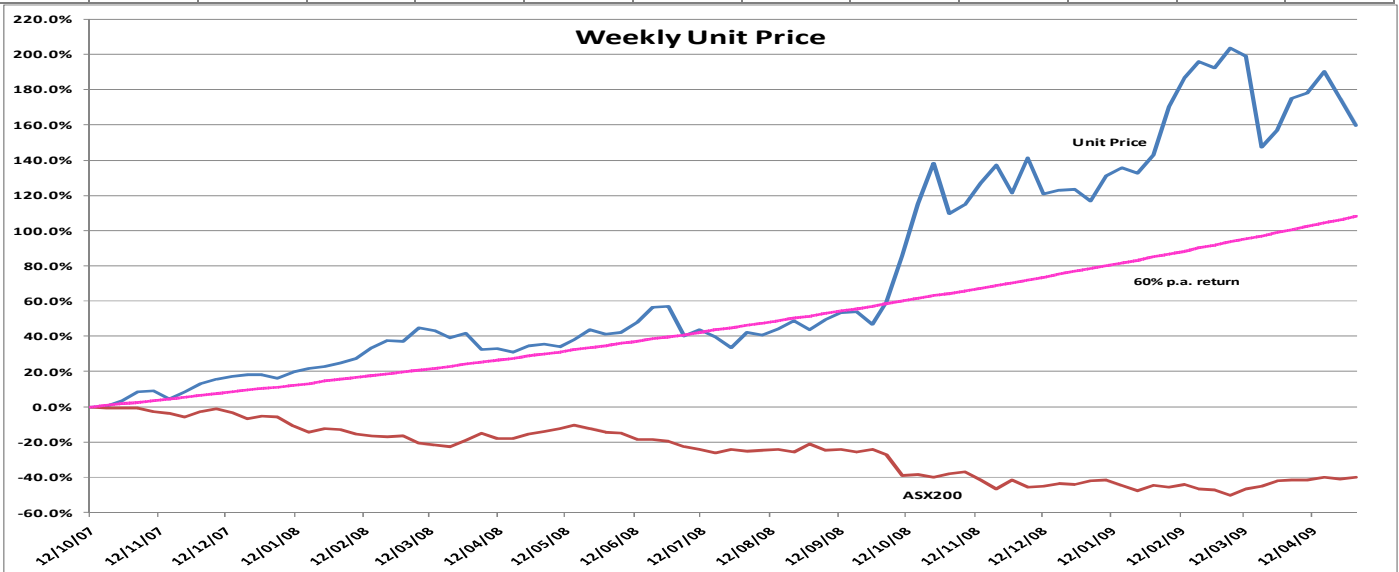
Calculations are based on Thursday's published unit price as per the TAM website.

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'.

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%	1.1%								
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.



TITANIUM
ASSET MANAGEMENT

Titanium Asset Management Limited

Profile May 4 2009

Performance Commentary

Markets remained relatively quiet this week, with the S&P500 up by a modest 1.3%, and the Australian market doing only marginally better with a 1.5% increase, despite the fact that Chrysler filed for bankruptcy protection in the US, and the current reporting season continued to produce poor (but generally expected) results. On the other hand, our fund performance was poor, with a fall of 4.7%. By way of explanation (rather than excuse), a 6% fall in the price was attributed to two surprise takeover announcements on stocks that we were short: Kirin's bid for LNN, and the announcement of an approach to ABB by Canadian firm, Viterria. If that impact is removed, we would have matched the increase in the market for the week.

Both bids were a major surprise. It is unusual to see major takeover activity in a recession of this magnitude and at this stage of the cycle, and cross-border moves are particularly rare in a global recession, for obvious reasons: financing is difficult, even given low interest rates; the business health of the target is uncertain, as is generally the business confidence of the predator. LNN, in particular, has carried a takeover premium thanks to Kirin's stake in the company, but the result has been a stock that is fundamentally overvalued relative to its earnings and dividend prospects as measured by our valuation process. We shorted it in early March when the stock was trading on just over 15x FY09 forecast EPS (a 50% premium to the market) with forecast EPS growth of low single digits for FY09/10. Given the poor economic conditions in Japan, the market was also giving up on the near-term prospects for a bid, resulting in the stock underperforming since February when the Japanese 4th quarter GDP number was released.

Unfortunately, we were caught out. Should we have seen it coming? In retrospect, maybe, but a move of this size (A\$3.5bn) seemed too much in the current economic environment. The surprise was that the buyout came after Kirin had bought Dairy Farmers (A\$800m) and 49% of San Miguel for \$1.9bn. We, and most of the market, assumed that had used up its reserves in those moves, as well as the agreement with Diageo.

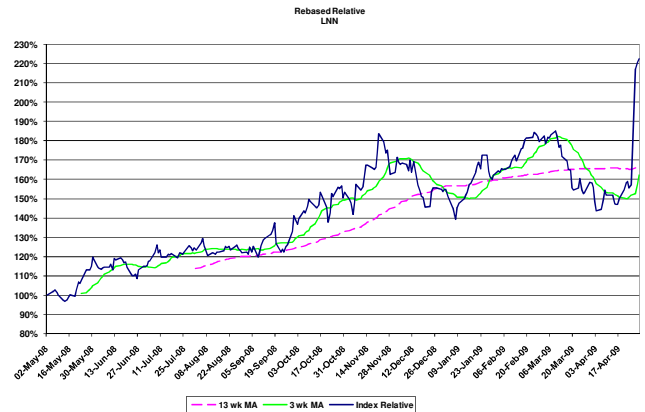
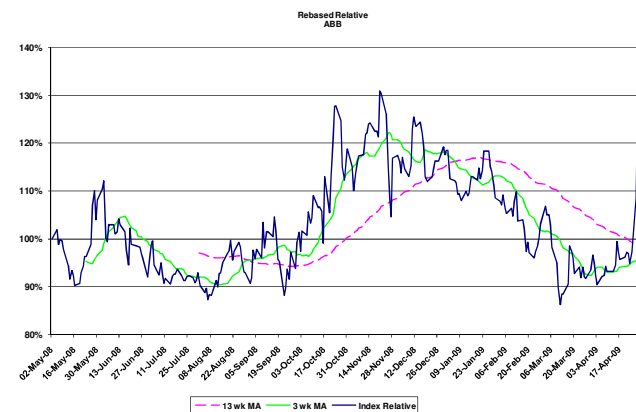


ABB shows a similar pattern, although any prospect of the stock having any specific potential corporate predators was less clear than the case with LNN. We had been short the stock since January, and it had been a strong performer for us until Tuesday. At the proposed bid price, the stock is trading on 21x forecast FY09 earnings, putting it on more-than double the current market multiple suggesting that the prices paid reflect considerably more than what may be considered reasonable market value.

By further way of explanation, our investment policy is to avoid any stocks (either on the long or short side) where there is realistic corporate activity, for the simple reason that price behaviour tends to become more an issue of individual (board directors and/or regulators) perceptions of value, rather than the perceptions of the broader market, and it is unlikely that we will have anything significant to add.



Looking beyond that issue, the week was fairly quiet. Even the filing for Chapter 11 protection by Chrysler had little impact on the market as it had been widely expected. A "merger" (buyout/rescue) with Fiat is almost certain, which means that the US operations will survive, but in a very different form. Importantly, there are likely to be additional mergers/bailouts over the next few months as struggling businesses in the US are forced to sell to anyone with cash in their pockets in order to prevent major closures and bankruptcies; not like the Kirin/LNN deal (which is a true takeover), but rescue-by-sale. So far, it has only been banks and car companies (GM could well be next, if there is a big enough buyer anywhere), but there seems little doubt that it will begin to extend to many other sectors of the US economy.

The likelihood of domestic mergers here is likely to be considerably less, and any foreign moves are most likely to be in the resources area. The question is, who is likely to buy? The obvious answer is the Chinese and/or Indians, but there are obvious additional issues in terms of the Federal Government's attitude to resources buyouts. Interesting times.....

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.

Chief Investment Officer Peter Rice p.rice@titaniumassetmanagement.com.au
Operations Manager Andrew Blanchette a.blanchette@titaniumassetmanagement.com.au
Head Office: Level 1/125 Argyle Street
 Camden NSW 2570
 Fax: (02) 4655 5275

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.

© Copyright Titanium Asset Management Limited 2009. All rights reserved. Reproduction, adaptation, or translation without permission is prohibited except as allowed under the International copyright laws. All the text, graphics, design, content, and other works are the copyrighted works of Titanium Asset Management Limited.