



TITANIUM
ASSET MANAGEMENT

Titanium Asset Management Limited

Profile 29th June, 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

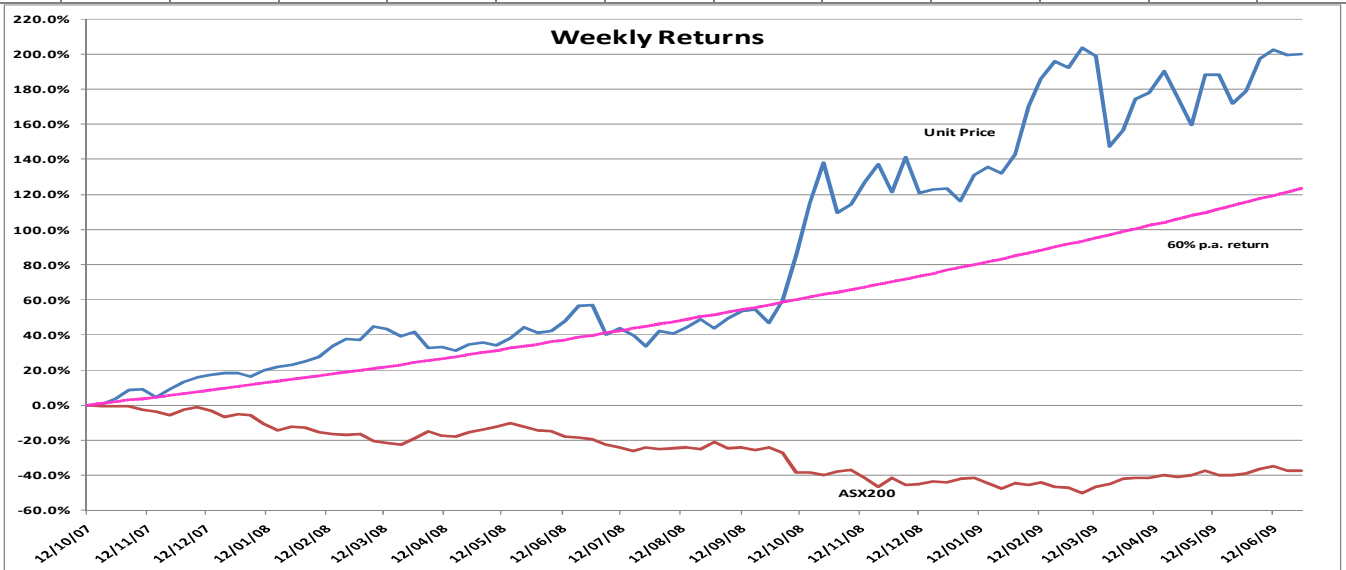
Percentage Returns	
1 month	9.3%
3 months	15.7%
6 months	34.2%
1 year	91.0%
2 year average	n/a
3 year average	n/a
Compounded monthly return since incep.	5.5%
Highest monthly return	40.2%
Negative Months in 1 year	1
Rolling average last 12 months p.a.	91.0%
Cumulative returns since inception	199.9%
Annualised volatility*	10.9%

* 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 published unit price of the Fund and application of the investment approach and strategies set out in the appendix to the ASX200 All Weather Fund PDS. Refer to the website.

Performance History: % based on gross investment asset values (GAV, monthly)												
Class A: Retail (since inception October 2007, based on pre-distribution NAV) ** MTD return.												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	8.6%	20.5%	-12.2%	1.1%	7.7%	7.3%**						
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	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

It was another mixed bag this week, with the Australian market going from decidedly bearish early on, to positively buoyant on Friday. The net effect: not very much at all, with the ASX200 up by 0.3%. Wall Street was very similar, with the S&P500 down by just on 0.25%. The major fall was on Monday when it was announced that the World Bank had cut its global GDP growth forecasts from -1.7% to -2.9%, with a 3% fall for the US. The Bank also downgraded forecasts for South East Asia, which many had been looking to as a lead out of the mess (due to the influence of China and India) as well as downgrading expected global growth rates in 2010 and 2011 (2% and 3% respectively).

While growth of 2% next year is better than another fall, it is relatively anaemic after the collapse of GDP growth seen over the past year. More importantly, however, the World Bank is still progressively downgrading their forecasts which suggests that the impact is still surprising on the downside (the last forecasts were only published in March).

This flies in the face of some of the more optimistic scenarios that have been put forward by those who have been looking at leading indicators suggesting that the worst was over for the US. It also highlights just how difficult it is going to be to forecast the end of this economic mess, and why the rally in commodity prices (discussed two weeks ago) may end up looking a bit overly optimistic at current levels.

The performance of the Fund was similar to the market (up by 0.14%), but we saw a reverse of the Index moves: we did well early, and gave much of it back on Friday. As we get to the end of the financial year on Tuesday, we expect to see reversal of previous patterns as traders close out positions, and the major institutions do all that they can to make their holdings look as good as possible for the critical year end performance numbers. As such, another week of holding our own should be considered a good result. We will get things returning to "normal" later in the week, but we could see all sorts of strange price behaviour at the stock level over the next couple of days.

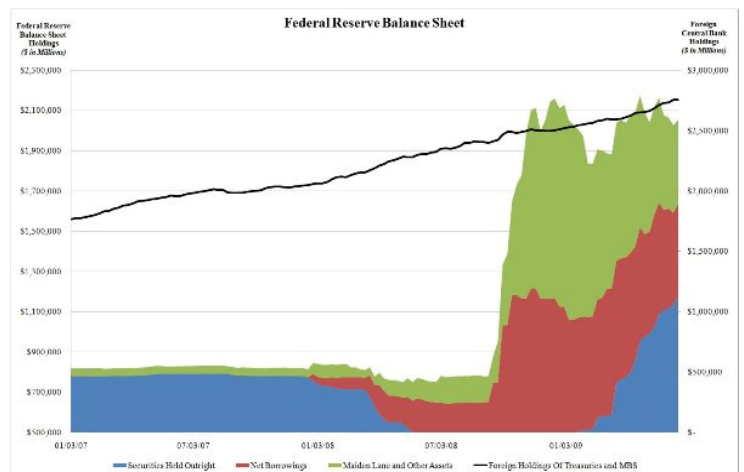
As we have mentioned in the past, the interesting aspect of attempts by governments globally to alleviate the Credit Crisis has been the reintroduction of fiscal policy (government spending) as a tool to attempt to stimulate economies. The collapse in the global availability of credit and historically low interest rate levels across the board, along with sharp hits to consumer confidence, has made monetary policy effectively unusable as a macroeconomic tool. This is despite the fact that it has dominated macroeconomic policy management since the 1990's thanks to Allan Greenspan. Extensive use of government spending as an economic management tool became universally unpopular 20 years ago, after the blow out in national deficits in the '80s. However, when the alternative (monetary policy) has become unworkable, what else have governments got left? Not much.

Unfortunately, we are now potentially revisiting the problems of the '80s. It is impossible for global governments to borrow trillions of dollars and not see any significant impact on interest rates. So far, thanks to concerted coordinated action by global central banks, the impact has been relatively small, but that cannot last.

To illustrate, the following is a chart of the balance sheet of the US Federal Reserve. Note the stability of the level prior to September '08 (around US\$800 billion). The latest estimate from this data (source: www.Crikey.com) puts the total balance sheet size at just on US\$2 trillion (2.5x what it was just over 6 months ago), with a further US\$250 bn increase in foreign central bank holdings of US\$ assets. If these central banks follow through with their promises from the G20 meeting in April we could well see that rise by a further US\$1 trillion.

Given the limited sources of available credit globally, it is difficult to see how such a massive demand increase on money cannot result in higher interest rates in the major economies, particularly the US.

This remains the key risk to a government spending-led recovery. So far, the stimulus packages provided have been reliant on interest rates remaining low to have an impact on consumers. If the stimulus is matched by a corresponding surge in interest rates, then its effectiveness could be very limited. And if that is the case, we could be in for a tough time for considerably longer than the markets are currently expecting.



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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