



Key Facts		Fortitude	RBA Cash
Strategy	Market Neutral	1 Month Return	-0.13%
Domicile	Australia	YTD	0.31%
Min. Investment	\$A100,000	Annualised Return p.a.	10.50%
Management Fee	1.5% p.a.	Std Deviation	2.94%
Performance Fee	20% p.a. with high water mark	Max. Drawdown	-0.58%
Min. Term	1 Month	Sharpe	1.69
Redemption	Monthly	Sortino	5.43
			0.31%
			0.63%
			5.54%
			0.39%
			0.00%
			-

**It's All Greek to Me**

The potential problem with sovereign debt again raised its head during February. The focus was on Europe and specifically a potential European Union "bail out" package for the Greece. The uncertainty was not helped by comments by Greece's Deputy Prime Minister, Theodoros Pangalos, making damning comments on the quality of EU leadership, accusing Italy of masking the size of debt and budget deficits and criticising Germany over Nazi gold theft. This obviously raises concerns regarding the EU's ability to deal with member nations if problems arise. Currency markets remained volatile with particular focus on the Euro. The AUD benefited from this during the month, +3.09% against the Euro and +1.32% against USD.

The S&P/ASX 200 gained 1.49% during the month with considerable focus on the reporting of half yearly earnings by a sway of the index leaders. The summation of this was generally positive with results benefiting from lower costs but commentary on the extent of continued economic recover, both domestic and offshore, being cautious.

Stand outs in positive market reactions were post announcements ANZ Banking Group (ANZ) +13.2%, Wesfarmers Limited (WES) +15.2%, Westpac Banking Corporation (WBC) +9.5% and Rio Tinto Limited (RIO) +4.4%. Those that failed to impress were treated harshly particularly Toll Holdings (TOL) -20.7%, Macquarie Group Ltd (MQG) -9.8% and Telstra Corporation (TLS) -6.9%.

Our option portfolio was well position to take advantage of the moves in RIO and TOL, but we expected a quicker turnaround in TLS and this was a drag on performance.

Event situations were a major problem for our fund during January and February; Brookfield Multiplex Funds Management announced an interest rate "step up" rather than redemption for the Multiplex Sites Trust (MXUPA).

We were aware of the risk of this development, particularly given increased volatility in credit markets during January, but remained comfortable with the downside price risk given the attractive running yield of the trust post the step up. However given it is now a perpetual maturity the instrument does not suit our investment philosophy so we will look to exit our position over the coming months.

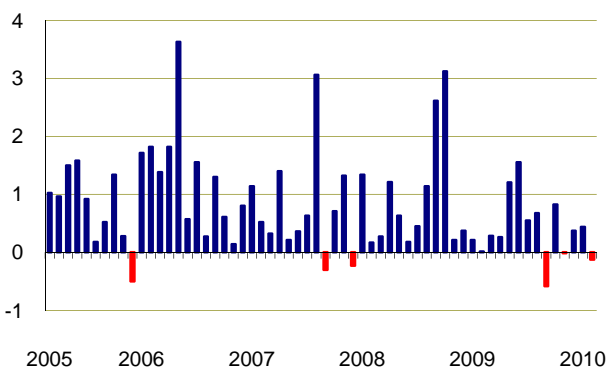
Rocklands Richfield Limited (RCI) terminated its negotiations with Jindal Steel and Power. Whilst there is still an indicative offer from Menjin Energy Group at approximately 100% above the market price, shareholders reacted negatively to the news with particular concerns regarding uncertainty fuelled by a lack of disclosure by management and peculiar behave and comments by some of the indicative buyers. We have reduced our position size in this name but retain a position awaiting further developments.

Other event situations that dragged performance were AXA Asia Pacific (AXA), CSR Limited (CSR) and Tpg Telecom Limited (TPM). Whilst these were relatively small positions, and as such minor problems, it does indicate a certain nervousness by investors that are reacting quickly and aggressively to any uncertainty in what remains a relatively thin market.

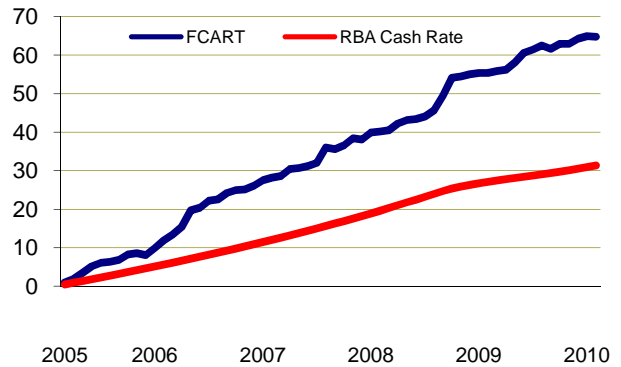
On the more positive front our convergence portfolio had a significantly positive month. The volatile currency markets helped in the dual listed trading of our usual favourites Aquarius Platinum (AQP), News Corporation (NWS), Paladin Energy (PDN) and Resmed Incorporated (RMD). Increased volume in Australia in Heartware International (HIN) allowed us to trade this name in larger size providing a significant opportunity.

Performance after fees (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.44	-0.13											0.31
2009	0.21	0.01	0.28	0.26	1.20	1.55	0.55	0.67	-0.58	0.82	-0.02	0.82	5.93
2008	1.34	0.17	0.27	1.21	0.63	0.18	0.45	1.14	2.61	3.12	0.21	0.37	12.29
2007	1.14	0.52	0.32	1.40	0.21	0.36	0.63	3.06	-0.30	0.71	1.32	-0.23	9.48
2006	1.71	1.82	1.38	1.82	3.63	0.57	1.55	0.27	1.30	0.61	0.14	0.80	16.71
2005			1.02	0.96	1.50	1.58	0.92	0.18	0.52	1.34	0.28	-0.50	8.06

**Monthly Returns Since Inception (%)**



**Cumulative Returns since Inception (%)**



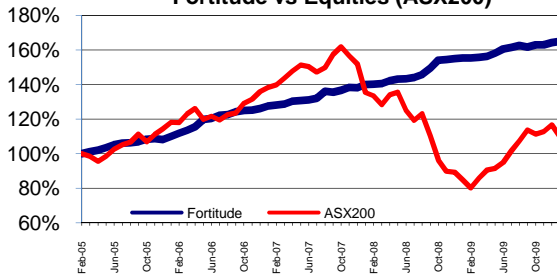


## FORTITUDE CAPITAL

### Fund Overview

Fortitude Capital is an Australian Market Neutral Fund which only deals in listed securities. The investment focus is neutrality with a long gamma overlay. Short term opportunities, event situations and share class mispricings are targeted to generate low risk returns. The long volatility overlay allows for more aggressive positioning within the fund's other strategies - Long Short, Mergers and Acquisitions, Convergence and Yield. The market provides opportunities and management provides the strategic overlay. Risk management is a major focus. Trading stops are implemented based on price and time along with continual hedging of positions at relatively low execution costs. Liquidity is a major consideration of all investments.

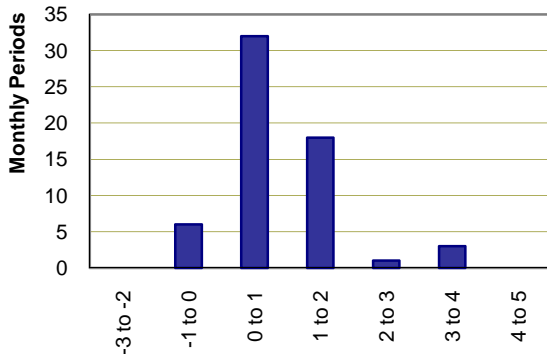
**Fortitude vs Equities (ASX200)**



### Performance Statistics

	Fortitude	RBA Cash
Last 12 months	5.59%	3.09%
Last 24 months	17.5%	9.8%
% positive mths	90.0%	100%
Best month	3.63%	0.60%
Worst month	-0.58%	0.00%
Avg positive return	0.96%	0.46%
Avg negative return	-0.35%	0.00%

**Distributions of Returns**



### Manager Overview

Monthly Returns (%)

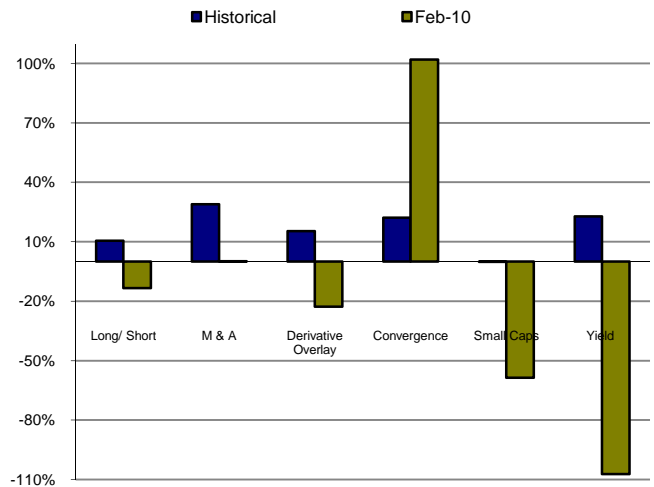
Fortitude Capital is a Sydney based Market Neutral Fund providing 'Strength through the Investment Cycle'. Fortitude has been recognised and awarded as a market leader since inception in 2004. Fortitude Capital targets returns of 5-10% above risk free rates with minimal drawdowns. Fortitude Capital is licensed and regulated by the Australia Securities and Investments Commission.

### Fund Service Providers

Prime Broker:	UBS
Administrator:	Kingsway Taitz
Custodian:	UBS
Legal:	DLA Phillips Fox
Auditor:	Ernst & Young

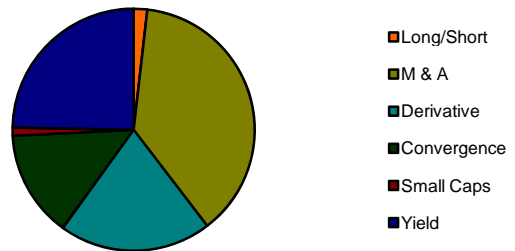
## Absolute Return Trust Feb 2010

### Profit & Loss Contribution by Strategy

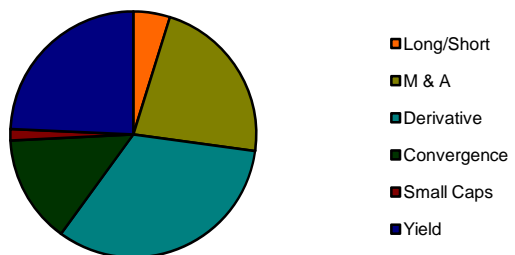


### Strategy Weightings

Feb-10



Historical



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