



| Key Facts | | Fortitude | RBA Cash |
|-----------------|------------------------------|------------------------|----------|
| Strategy | Market Neutral | 1 Month Return | 0.44% |
| Domicile | Australia | YTD | 0.44% |
| Min. Investment | \$A100,000 | Annualised Return p.a. | 10.70% |
| Management Fee | 1.5% p.a. | Std Deviation | 2.93% |
| Performance Fee | 20% p.a.with high water mark | Max. Drawdown | -0.58% |
| Min. Term | 1 Month | Sharpe | 1.73 |
| Redemption | Monthly | Sortino | 5.43 |

“January Effect” Runs out of Energy

After a robust start to the New Year there was a large sell off on world equity markets. The S&P/ASX 200 finished 6.18% lower after a rally of 1.75% in the first 6 trading sessions. The strong start to the year caused many to refer to an old share market theory of the “January Effect”. This theory espouses that the directional movement of the first 5 trading days of the year will indicate the overall direction of the market for the year. Whilst this theory could still hold for 2010, those that purchased on the close of the fifth trading session have to see a rally of nearly 8% before they reach their breakeven level. Fortitude’s philosophy of not trying to predict the future has stood us in good stead and we maintain our neutral, long volatility portfolio structure.

The market fall was lead by the Energy sector (-9.1%) which reflected the spot oil price retreating from an intra month high of above USD \$80.00. We traded Woodside (WPL) with very strong downside protection which benefited from this move.

Our option portfolio was smaller than historical levels but was still a major contributor to returns during the month. Commonwealth Bank (CBA), Rio Tinto (RIO) and the Share Price Index Futures (XJO) were all significant contributors. We continue to add to this part of the portfolio particularly as credit spreads widen and concerns about sovereign debt and regulation are again appearing on the horizon.

A widening of the spread of Wesfarmers Partially Protected shares (WESN) over the Wesfarmers Ordinary Shares and the premium of Oceania Capital Ltd (OCP) over the value of its holdings in Isofit Group Limited (ISF) both added to returns for the month. We remain very confident with both these positions although we did take the opportunity to take some profits on the OCP position.

Event positions suffered during the sell off. In particular, the Transurban Group (TCL) share price fell-5.6%, costing 3 basis points (0.03%) of performance and Rocklands Richfield Limited (RCI) share price fell -20.2% costing 10 basis points of performance. We maintain small positions in both names awaiting further developments on takeover approaches.

Wider credit spreads appeared to raise concerns that Brookfield Multiplex may step up rather than redeem the Multiplex Sites Trust (MXUPA) which was reflected in the 4.2% fall in the trust unit price. This fall offsets the gains from an otherwise compliant yield portfolio.

Our Mergers and Acquisition portfolio was the largest contributor to the months returns. Indophil Resources (IRN) remains the fund’s largest position. The Zijin Mining Bidder’s Statement was released during the month and we continue to monitor the acceptance levels and Chinese regulatory approval with the deal initially due to close in late March.

Finally, we have compared the performance of the fund (AFTER FEES) to the equity indexes (BEFORE FEES) since inception. The results speak for themselves. We have OUTPERFORMED the ASX200 Accumulation Index by almost 30% and the ASX200 by a whopping 55% whilst providing a much lower risk profile.

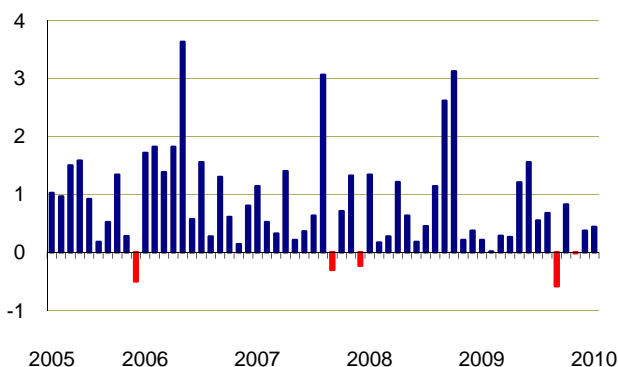
We are proud of our consistent performance and committed to our strategy of concentrating on capital protection whilst generating regular income.

| Since inception: | Return | Risk |
|-----------------------|--------|--------|
| Fortitude Capital ART | 64.92% | 2.90% |
| ASX200 Accum. Index | 35.22% | 16.13% |
| ASX200 | 9.51% | 15.98% |

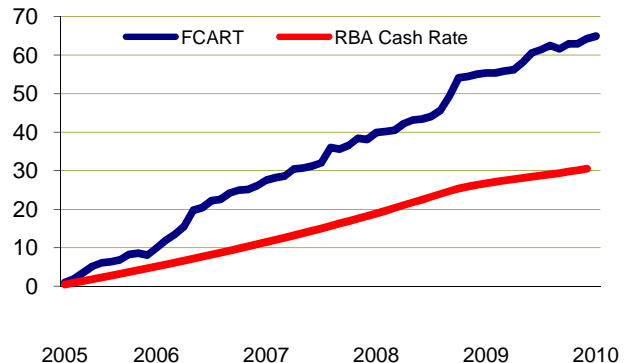
Performance after fees (%)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|------|------|------|------|------|------|------|------|-------|------|-------|-------|-------|
| 2010 | 0.44 | | | | | | | | | | | | 0.44 |
| 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 (%)



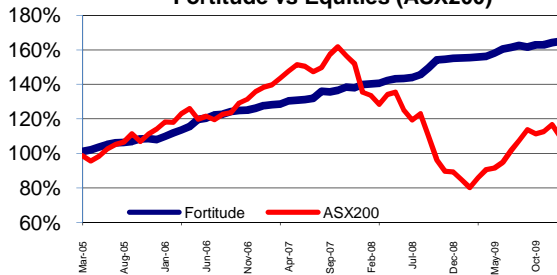


FORTITUDE CAPITAL

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.

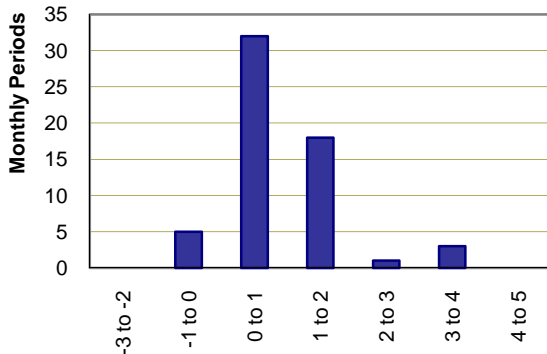
Fortitude vs Equities (ASX200)



Performance Statistics

| | Fortitude | RBA Cash |
|---------------------|-----------|----------|
| Last 12 months | 6.17% | 3.29% |
| Last 24 months | 17.9% | 10.1% |
| % positive mths | 91.5% | 100% |
| Best month | 3.63% | 0.60% |
| Worst month | -0.58% | 0.00% |
| Avg positive return | 0.96% | 0.46% |
| Avg negative return | -0.33% | 0.00% |

Distributions of Returns



Manager Overview

Monthly Returns (%)

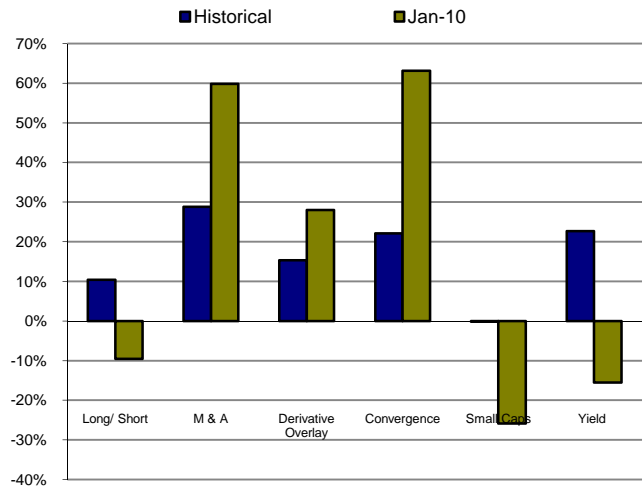
Fortitude Capital is a Sydney based Market Neutral Fund providing 'Strength through the Investment Cycle'. Fortitude has been recognised and awarded as a market leader since inception in 2004. Fortitude Capital targets returns of 5-10% above risk free rates with minimal drawdowns. Fortitude Capital is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

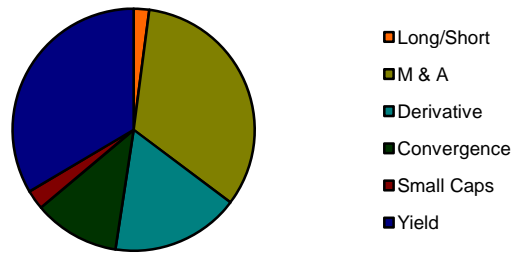
Absolute Return Trust Jan 2010

Profit & Loss Contribution by Strategy

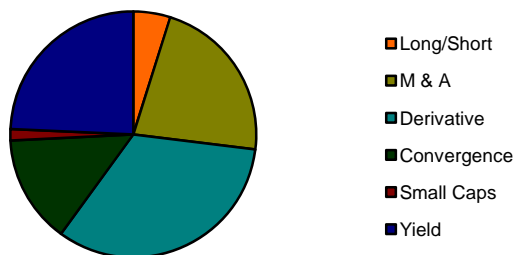


Strategy Weightings

Jan-10



Historical



Contact

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