Fund Name: Fortitude Capital Absolute Return Trust
Administrator: **Kingsway Taitz**
Start Date: Mar-05 **End Date:** Feb-09
Benchmark 1: Reserve Bank of Australia cash rate
Benchmark 2: S&P ASX 200

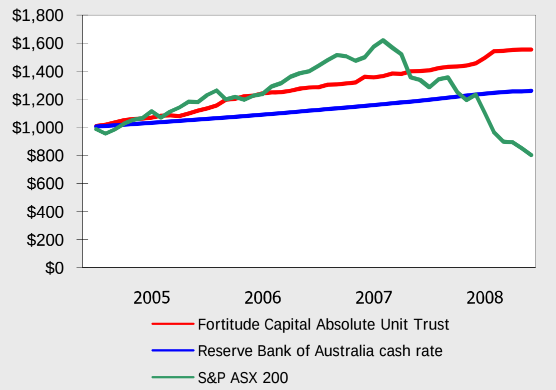
FORTITUDE CAPITAL

Strategy

Fortitude Capital Absolute Return Trust is a mulit-strategy market neutral fund specialising in listed Australian equities and derivatives. The core philiosphy is the management of risk through a long volatility overlay incorporating listed equity and index derivatives. The mult-strategy approach includes long/short,M&A, Yield and Convergence strategies. The portfolio managers adopt a proprietary style approach to the management of risk and incorporate strict stop loss procedures.

Return & Statistical Analysis	Fund	BM1	BM2
Compound ROR	11.65%	5.94%	(5.38%)
Standard Deviation	3.07%	0.31%	15.26%
Sharpe (5.00%)	2.03	2.88	-0.60
Alpha (Annualized)		6.18%	11.46%
Beta		0.88	(0.05)
R-Squared		0.01	0.06
Active Premium		5.71%	17.03%
Outperformed in up markets		66.67%	7.41%
Outperformed in down markets		0.00%	100.00%
Percent Profitable Quarters	100.00%	100.00%	58.70%
Average Quarterly Gain	2.86%	1.47%	5.96%
Average Quarterly Loss	0.00%	0.00%	-9.63%
Best Quarterly Return	7.02%	1.77%	10.54%
Worst Quarterly Return	0.59%	0.72%	-27.13%
Best 12 Month Return	16.71%	7.00%	32.03%
Worst 12 Month Return	7.09%	5.50%	-42.71%
Monthly Profit/Loss Ratio	44.17	0.00	0.81
Maximum Drawdown	-0.50%	0.00%	-50.48%

Growth of $1000 (Since Inception)

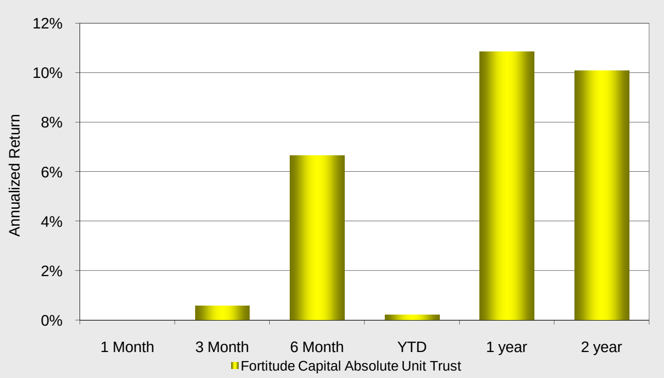


Latest Period Returns	Month	Quarter	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Fortitude Capital Absolute Unit T	0.01%	0.59%	0.22%	10.86%	11.56%			
Reserve Bank of Australia cash r	0.43%	0.72%	0.36%	5.88%	6.09%			
S&P ASX 200	-5.54%	-10.63%	-10.15%	-39.98%	-12.08%			
Over/Under Benchmark-1	-0.42%	-0.13%	-0.14%	4.99%				
Over/Under Benchmark-2	5.55%	11.23%	10.37%	50.84%				

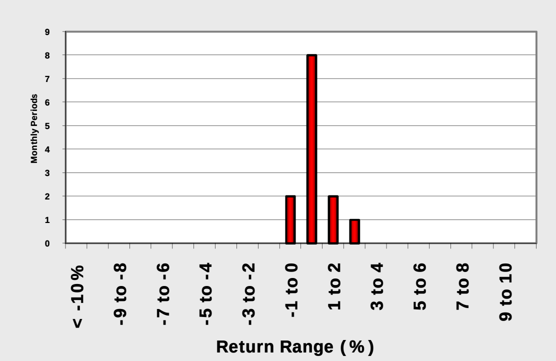
Monthly Performance (%) Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	0.21%	0.01%											0.22%
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%

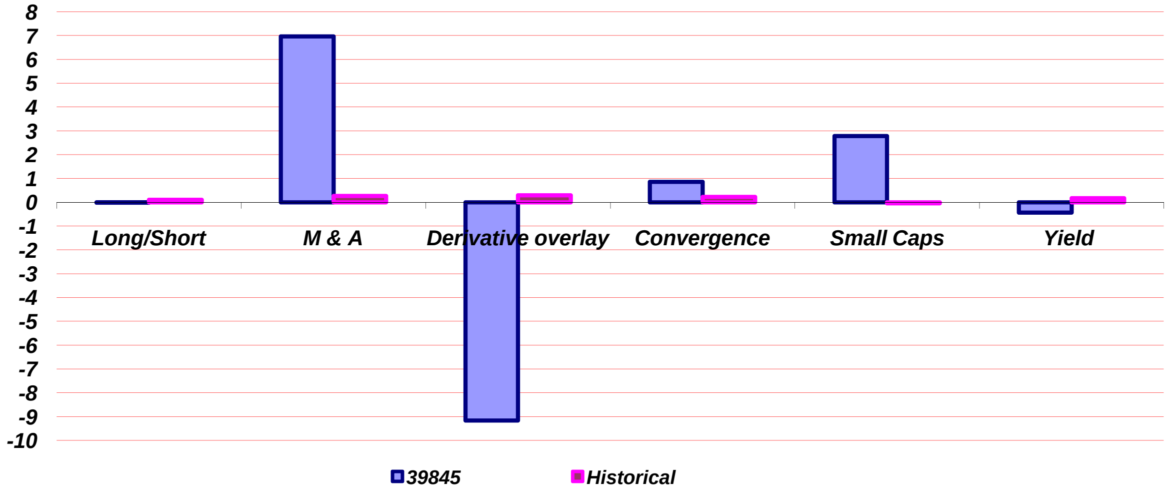
Annualized Return



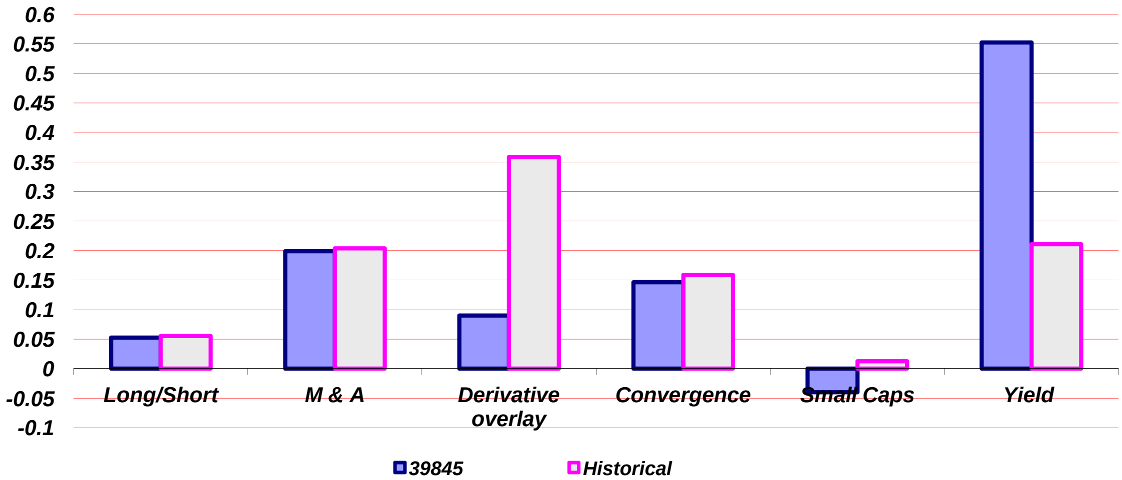
Distribution



P & L CONTRIBUTION BY STRATEGY



STRATEGY WEIGHTINGS



February Commentary

Derivative Overlay:

While longer term volatility levels remain significantly elevated but well down from November highs, the short term structure of volatility has flattened in recent weeks. This was most noticeable over the index, BHP and other resource names. There has however been very little change in 6-12 month volatility levels which is indicative of the significant uncertainty about the long term outlook for the market.

We continue to run a portfolio of over 40 names covering the most liquid exchange traded names in the ASX200 these include diversified financials, resources and selected industrials. Against selected discounted placements we continue to write premium as a way of hedging the portfolio's vega risk.

Yield Portfolio:

Whilst it is too early to get any re-emerging signs of confidence in credit markets, the risk premia for unsecured debt and hybrid securities is becoming more enticing as corporate balance sheets look to raise and/or conserve capital. That said, over the month we have maintained our stance of holding high cash balances and a small number of securities with a preference for those that have a high likelihood of redemption /conversion and with short duration.

Our largest 2 positions are in CBA PERLS 2 (to be redeemed 16 March 2009) and the Macquarie Airport TiCkETS. Despite the yield book incurring a small marked-to-market loss for the month - predominantly due to our TiCkETS holding- we remain comfortable with our strategy.

The portfolio IRR at month end stood 13.75% (12.57% in January). Weighted average maturity (WAM) is 7 months (8 ½ months previously) and 94% of the portfolio is held in securities that redeem/convert in the next 12 months (92% previously). The portfolio is evenly balanced between floating and fixed rate securities.
By market value, some 99.9% (98% in the pcp) of the securities hold company ratings of investment grade status (BBB- or better).

Many companies over reporting season either cut or eliminated dividends to conserve capital. This has cautioned hybrid investors about future dividend streams to an extent where the preferred securities are trading equity- like. Despite maintain our defensive strategy, we are likely to enter some long/short opportunities to take advantage of any anomalies that arise in coming months.

M&A strategy:

After a tumultuous second half of 2008 where there was significant deal failure, the risk arb strategy is showing some signs of life lead by the resource sector. Chinese interest in distressed resource companies burdened by heavy debt is the key theme to renewed risk arb activity. The chances of deal success in this area will be dependant upon foreign review board approval with the key question being the influence Chinese state owned companies will have in the pricing of Australian sourced commodities. The Australian Government will closely monitor the structure of the Rio Tinto/ Chinalco transaction to ensure that the deal is in Australia's best interests. The Rio deal will be the first in what appears to be a long list for review. Any deal rejection may be too ugly to contemplate, given some of the names being mentioned may be forced into receivership. The political implications of these transactions remain very sensitive to the government given the delicate balance between company collapses (and major job losses) versus the sale of important strategic natural assets.

More specifically unconventional gas assets remain a key target for offshore investors, with the biggest deal to date being ConocoPhillips $5.85b joint venture with Australia's Origin Energy. The coal stream gas sector remains the most hotly contested with the Arrow Energy/Pure Energy deal now subject to a competing bid from the UK based BG Group.