

Fund Name: Fortitude Capital Absolute Unit Trust
Manager Name: Kingsway Taitz
Start Date: Mar-05 **End Date:** Jun-09
Benchmark 1: Reserve Bank of Australia cash rate
Benchmark 2:



FORTITUDE CAPITAL

Notes

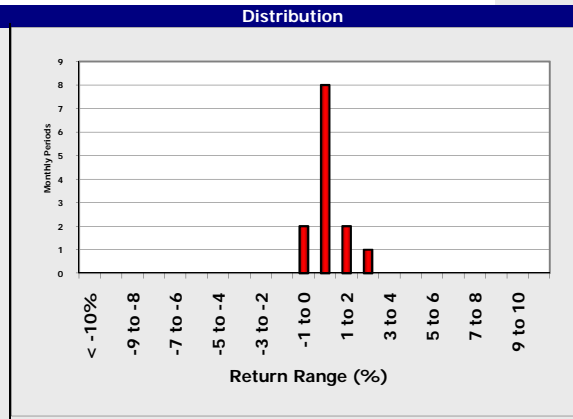
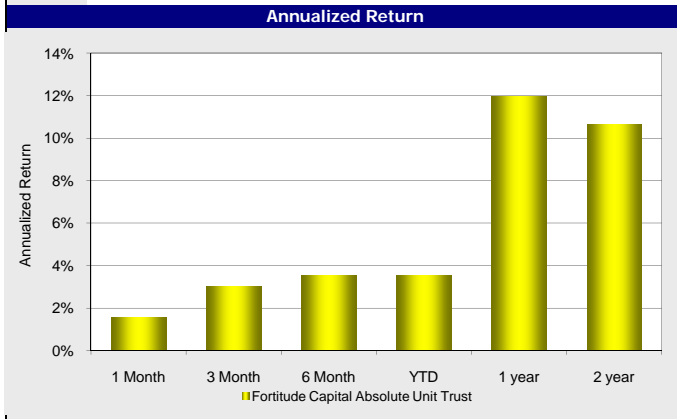
Fortitude Capital Absolute Return Trust is a multi-strategy market neutral fund specialising in listed Australian equities and derivatives. The core philosophy is the management of risk through a long volatility overlay incorporating listed equity and index derivatives. The multi-strategy approach includes 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	Growth of \$1000 (Since Inception)
Compound ROR	11.55%	5.78%		
Standard Deviation	3.00%	0.31%		
Sharpe (5.60%)	1.85	0.00		
Alpha (Annualized)		7.86%		
Beta		0.61		
R-Squared		0.00		
Active Premium		5.76%		
Outperformed in up markets		67.31%		
Outperformed in down markets		0.00%		
Percent Profitable Quarters	100.00%	100.00%		
Average Quarterly Gain	2.75%	1.43%		
Average Quarterly Loss	0.00%	0.00%		
Best Quarterly Return	7.02%	1.77%		
Worst Quarterly Return	0.51%	0.75%		
Best 12 Month Return	16.71%	7.00%		
Worst 12 Month Return	7.09%	4.76%		
Monthly Profit/Loss Ratio	47.37	0.00		
Maximum Drawdown	-0.50%	0.00%		

Latest Period Returns	Month	Quarter	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Fortitude Capital Absolute Unit 1	1.55%	3.04%	3.56%	11.98%	10.08%			
Reserve Bank of Australia cash r	0.25%	0.75%	1.65%	4.76%	5.90%			

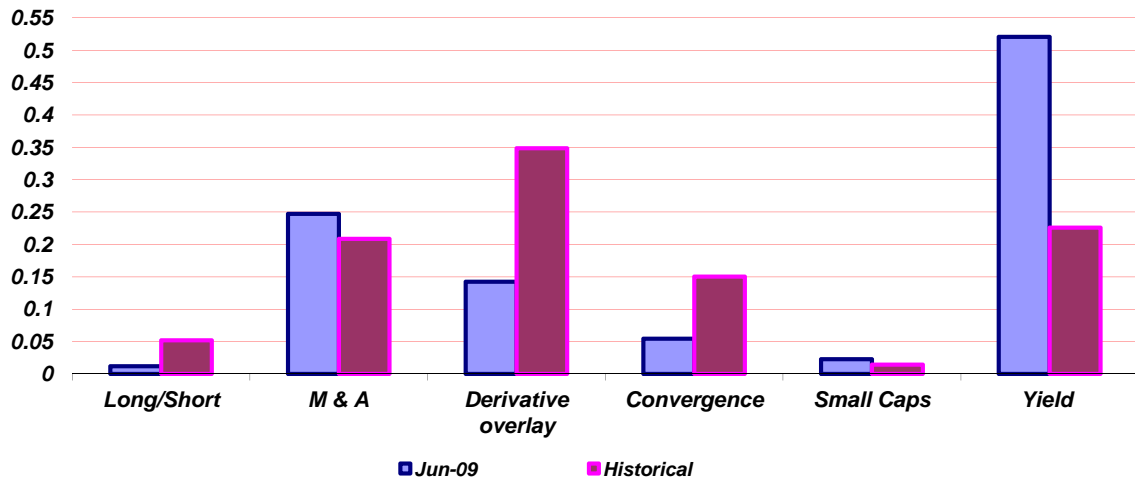
Over/Under Benchmark-1	1.30%	2.29%	1.91%	7.21%
Over/Under Benchmark-2				

Year	Monthly Performance (%) Net of Fees												Year	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
2009	0.21%	0.01%	0.28%	0.26%	1.20%	1.55%								3.56%
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%

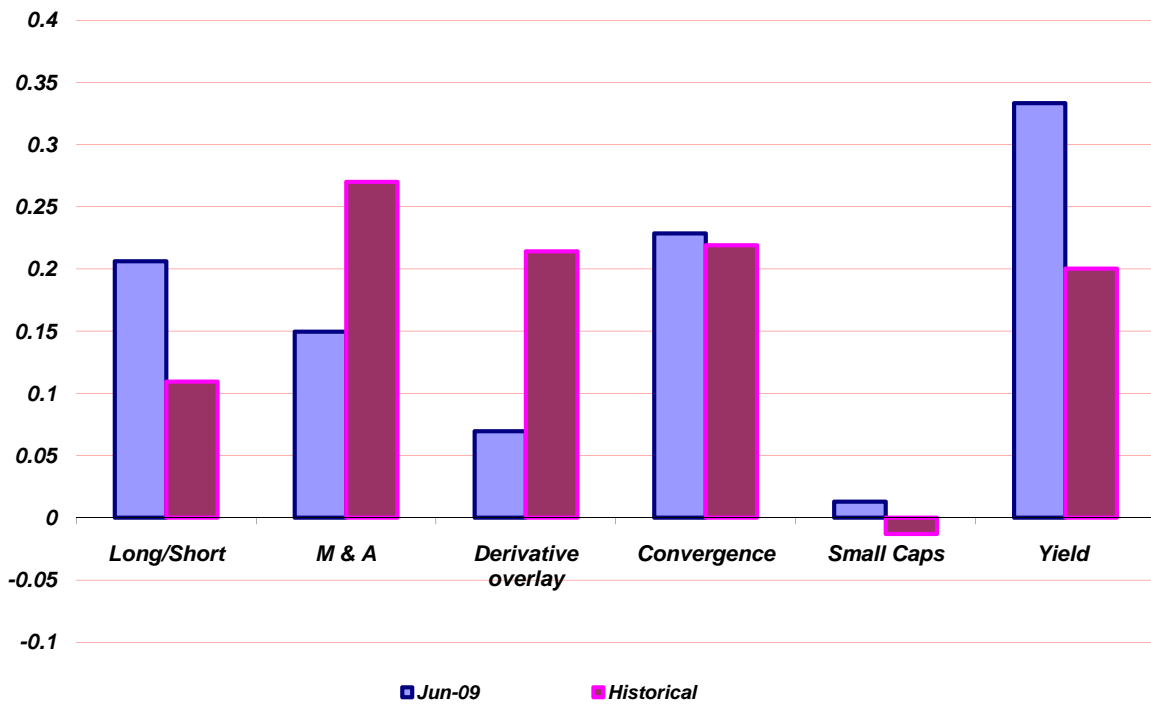


Past Performance is not indicative of future results

STRATEGY WEIGHTINGS



P & L CONTRIBUTION BY STRATEGY



June Commentary

Fortitude Remains Faithful

The major focus for the Australian equity market during June was the decision by RIO Tinto to abandon its tie up with Chinalco and pursue an iron ore joint venture with BHP combined with a heavily discounted rights issue. Speculation continues on the possible long term ramifications for Australian resource companies in their dealings with Chinese government owned entities both as customers and as potential equity holders or corporate partners. It did however lead to one of the more interesting business quotes for some time with the Beijing Times editorial accusing RIO Tinto of acting like an “unfaithful woman”. Rest assured that Fortitude remained faithful to its market neutral approach with all strategies producing positive returns during the month.

Our option trading positions generally struggle to produce positive returns in steadily rising markets such as this as implied volatilities come under pressure in times of increased confidence. In this environment we have tried to compensate by putting a greater emphasis on timing trades and using spread positions to generate a similar payoff profile. This approach worked well in Santos, Woolworths and Westpac.

We added significantly to our position in takeover target Macquarie Communications following an increase in terms and a public commitment to vote in favour of the scheme by previously dissenting major holders. Lion Nathan is another takeover situation we are looking to add to but find the pricing not sufficiently attractive given a longer maturity.

Macquarie Airports Tickets was again a major positive contribution to returns and this continues to give us confidence in our strategy of focusing on short dated yield securities particularly during liquidity events.

Our Wesfarmers partially protected shares attracted attention during the month with some speculation that a demerger for Wesfarmers was again under consideration. Whilst we are encouraged by the improved pricing we believe that the instrument is still trading significantly below its “fair value” and we are keen to maintain a significant position.

The flow of new equity being issued to the market appears to have slowed. We have noted that the more recent issues have struggled to hold any significant price premium post issue, which we see as a warning signal for potential short term market weakness.