



Key Facts			Fortitude	RBA Cash
Strategy	Equity Market Neutral	1 Month Return	0.55%	0.25%
Domicile	Australia	YTD	4.13%	1.91%
Min. Investment	\$A100,000	Annualised Return p.a.	11.45%	5.89%
Management Fee	1.5% p.a.	Std Deviation	2.98%	0.34%
Performance Fee	20% p.a. with high water mark	Max. Drawdown	-0.50%	0.00%
Min. Term	1 Month	Sharpe	1.87	0.00%
Redemption	Monthly	Sortino	6.41	0.00%

**July Commentary**

**Bulls Roar Bears Snore**

Equity indices around the world staged major rallies during July. The ASX/S&P 200 was up 7.3% with a strong performance by Industrial names that have exposure to retail or discretionary expenditure as investors looked to position portfolios for a strong economic recovery and discounting the probability of further market pullbacks. This was the largest percentage gain by the Australian Index since December 1993.

As expected in this market environment our long gamma derivative overlay strategy struggled to produce a positive return as implied volatilities marked lower and intraday trading ranges were at relatively low levels.

Whilst we lowered our exposure to this portfolio (average time decay of 5bps per day against a long term average of 7.3bps per day) we remain committed to this approach as a core part of our strategy, and continue to look for opportune situations and timing points to increase exposure.

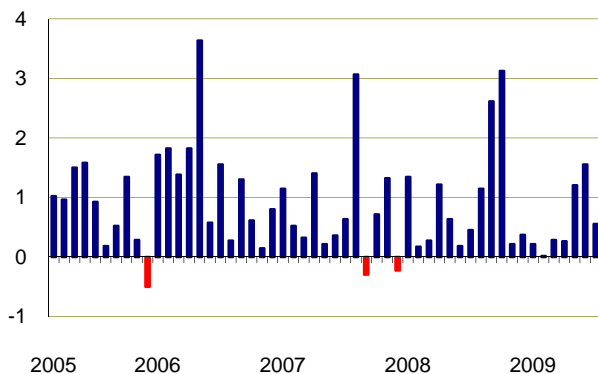
Again, as expected in this environment, we saw strong returns from our M and A and yield portfolios. The completion of the Macquarie Communications scheme of arrangement saw the portfolio realise significant profits on our largest position. Lion Nathan Limited is now the portfolio's largest delta exposure. This position is also subject to a scheme of arrangement and completion is expected to be late October. A challenge by the US Fair Trading Commission to the proposed acquisition of HeartWare International by Thoratec Corporation saw us exit that position.

The portfolio maintains a large exposure to Macquarie Airport Tickets and this security was again a significant contributor to the monthly return.

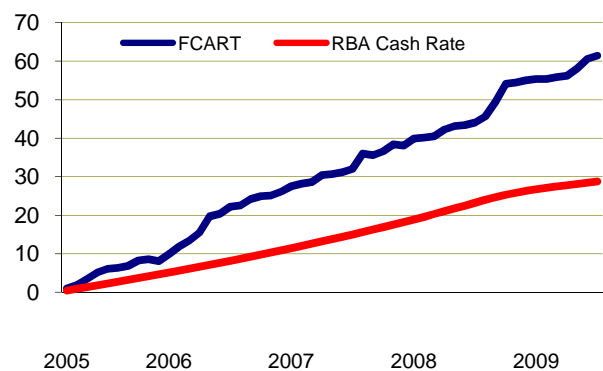
Corporate Australia continues its recapitalisation process, albeit now at the mid to small end of the capitalisation spectrum. This continues to provide opportunities, however we remain cautious in this following the extent of the market rally and the lower levels of liquidity in these names.

Performance after fees (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	0.21	0.01	0.28	0.26	1.20	1.55	0.55						4.13
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 (%)**





**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.

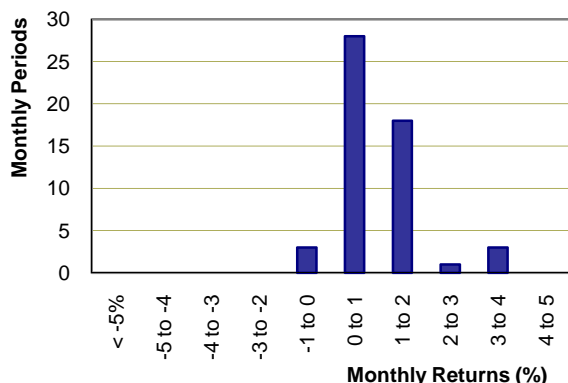
The market provides opportunities and management provides the strategic overlay.

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.

Performance Statistics		
	Fortitude	RBA Cash
Last 12 months	12.1%	4.5%
Last 24 months	22.3%	11.9%
% positive mths	94.3%	100
Best month	3.6%	0.6%
Worst month	-0.5%	0.0%
Avg positive return	1.0%	0.5%
Avg negative return	-0.3%	0.0%

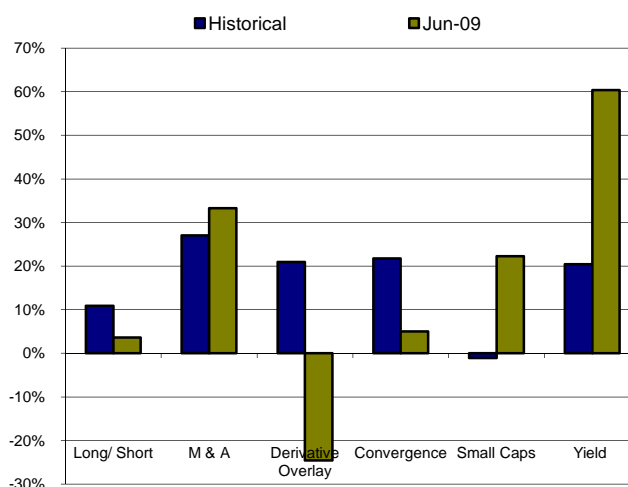
**Distributions of Returns**



**Manager Overview**

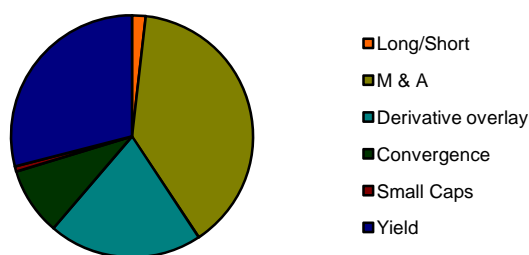
Fortitude Capital is a Sydney based Market Neutral Fund providing 'Strength through the Investment Cycle'. Fortitude has been recognised and awarded as a market leader since inception in 2004. Eight full time staff have collective market experience of 100 years plus. Fortitude Capital targets returns of 10% above risk free rates with minimal drawdowns. Fortitude Capital is licensed and regulated by the Australia Securities and Investments Commission.

**Profit & Loss Contribution by Strategy**

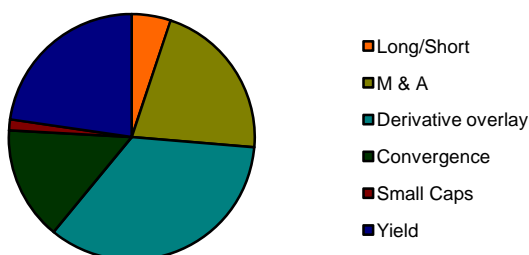


**Strategy Weightings**

**Jul-09**



**Historical**



**Fund Service Providers**

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

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