



Key Facts		Fortitude	RBA Cash
Strategy	Market Neutral	1 Month Return	0.43%
Domicile	Australia	YTD	0.01%
Min. Investment	\$A100,000	Annualised Return p.a.	10.08%
Management Fee	1.5% p.a.	Std Deviation	2.98%
Performance Fee	20% p.a. with high water mark	Max. Drawdown	-0.73%
Min. Term	1 Month	Sharpe	1.51
Redemption	Monthly	Sortino	4.40

**WAITING FOR HENRY**

Australian investors remained nervous ahead of the release of the Federal Government's Henry Report and recommendations on tax reform in early May. Concerns regarding European Sovereign debt were also a major factor late in the month resulting in the benchmark ASX 200 index being down 1.4% for the month.

As we would expect in this type of environment our option overlay strategy was a major contributor to returns. The month started well with Lihir Mining Limited (LGL) announcing that it had rejected an acquisition proposal from Newcrest Mining Limited (NCM). This has been a long muted transaction but the announcement saw a significant positive price reaction in LGL and our strategy of maintaining exposure through call options was rewarded.

The fund was also well positioned with short dated put options over CSL Limited (CSL) which suffered a sharp price pullback following the release of poor profit results by a major North American competitor.

Our strategy of maintaining option exposure over the Share Price Index futures as well as BHP and leading financial names was well rewarded during the month.

The market volatility also led to some profitable opportunities for our convergence portfolio. The announcement of a subsidiary of Canadian company Uranium One acquiring shares in Paladin Energy Limited (PDN) saw significant

volume increase in both Australia and Canada which provides opportunities for our strategy. Similarly speculation of a share buyback in News Corporation (NWS and NWSLV) saw increased volumes and trading opportunities.

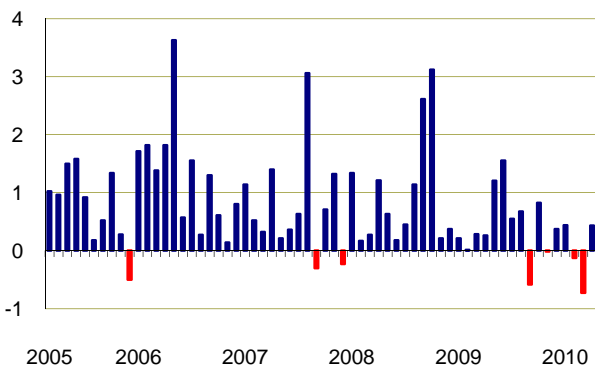
The concentration of our yield portfolio in short dated instruments again saw good consistent returns. We continue to add to our TAPS trust (TTXPA) position. It is our largest holding, and will be redeemed on June 30 this year, but we are able to accumulate holdings at a yield of greater than 500 basis points over cash rates. We are looking to build positions in a handful of other high quality names as they approach maturity if they can offer similar yield profiles.

Takeover situations proved much more problematic during April. The Australian Competition and Consumer Commission (ACCC) indicated it would oppose a bid for AXA Asia Pacific Holdings (AXA) by National Australia Bank (NAB) causing a negative reaction in AXA and a strong rally in NAB. NAB has indicated that it is willing to make concessions to appease the ACCC, and we maintain a position in AXA awaiting news from NAB or a potential sweetener from its competing suitor AMP Limited (AMP).

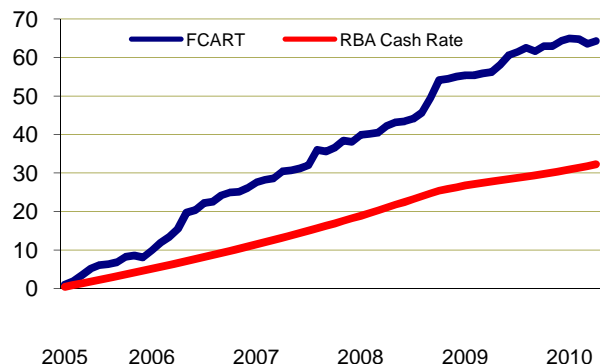
The Zijin Mining Group bid for Indophil Resources (IRN) was again extended as approval from the Fujian Provincial Authorities has not yet been received. IRN continues to trade at a significant discount to the offer and all parties have committed to completing the transaction. We maintain our position awaiting developments.

Performance after fees (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.44	-0.13	-0.73	0.43									0.01
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 (%)**



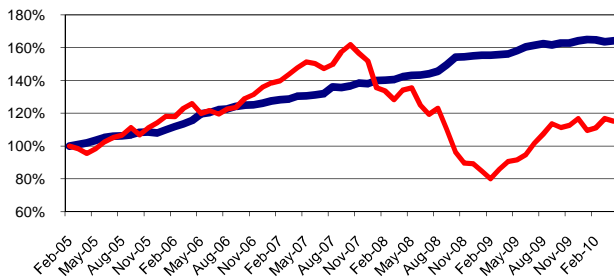


## FORTITUDE CAPITAL

### Fund Overview

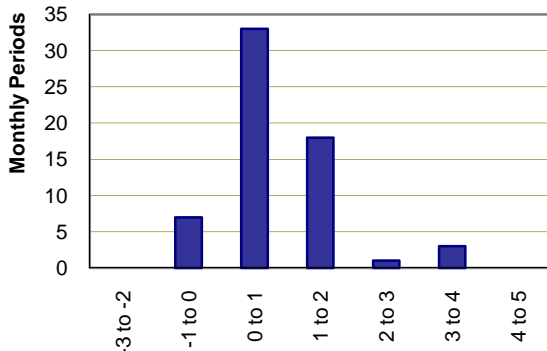
Fortitude Capital is an Australian Market Neutral Fund which only deals in listed securities. The investment focus is neutrality with a long gamma overlay. Short term opportunities, event situations and share class mispricings are targeted to generate low risk returns. The long volatility overlay allows 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	5.14%	3.50%
Last 24 months	15.5%	9.3%
% positive mths	88.7%	100%
Best month	3.63%	0.60%
Worst month	-0.73%	0.00%
Avg positive return	0.96%	0.45%
Avg negative return	-0.35%	0.00%

Distributions of Returns



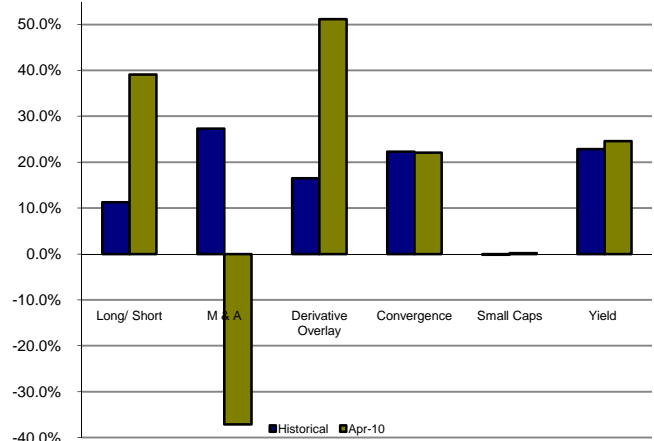
### Manager Overview

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.

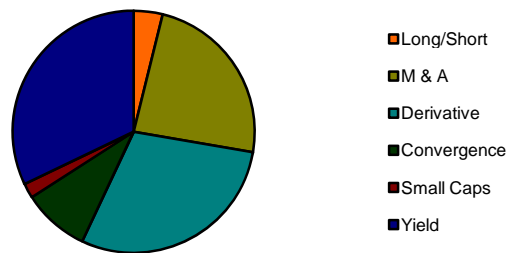
## Absolute Return Trust Apr 2010

### Profit & Loss Contribution by Strategy

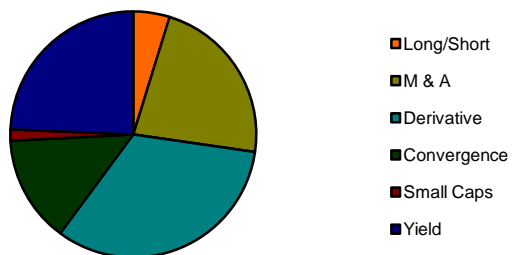


### Strategy Weightings

Apr-10



Historical



### Fund Service Providers

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

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