



Key Facts		Fortitude	RBA Cash	
Strategy	Market Neutral	1 Month Return	-0.73%	0.33%
Domicile	Australia	YTD	-0.42%	0.96%
Min. Investment	\$A100,000	Annualised Return p.a.	10.16%	5.58%
Management Fee	1.5% p.a.	Std Deviation	3.00%	0.39%
Performance Fee	20% p.a. with high water mark	Max. Drawdown	-0.73%	0.00%
Min. Term	1 Month	Sharpe	1.53	-
Redemption	Monthly	Sortino	4.31	-

**THE BEST OF TIMES; THE WORST OF TIMES**

The S&P/ASX 200 index benefited from stronger international markets (S&P500 + 5.9%, Nikkei + 9.5%, FTSE 100 + 6.1%) to finish the month up 5.1%.

The Fortitude portfolio struggled through March and unfortunately we are reporting the worst monthly figure in the life of the fund. The fund usually does not do well in upward market trends as this generally coincides with low market volatility, hence reducing option implied volatilities.

Historically we have had sufficient exposures to our other strategies and event trades to overcome this and generate positive returns; however this was not the case this month with low turnover levels impacting on the execution of some trades.

The names in our option portfolio that caused problems were companies that we generally have larger positions in: BHP Billiton (BHP), Woodside Petroleum (WPL), Leighton Holdings (LEI) and the index futures. Toll Holdings (TOL) and Rio Tinto (RIO) were positions with directional views that reversed gains from the previous month.

All of these positions are designed to generate positive returns and to provide protection for the portfolio but in this environment it is difficult to achieve. We remain committed to the strategy but have reduced our exposure. The current theta (time decay) cost of 3 basis points a day, which is approximately half our historic level, can cost up to 1% over one month in a market that has limited volatility and light volume.

Our Mergers and Acquisition portfolio also suffered some losses during the month. MacArthur Coal's (MCC) scrip bid for Gloucester Coal (GCL) was stymied by a cash bid for MCC from Peabody Energy Corporation that was conditional on the scrip bid being withdrawn. This saw the MCC price increase and the GCL price fall. We exited our small position following this development. Also, concerns over the delayed Chinese regulatory approval for the Zijin Mining Group cash bid for Indophil Resources (IRN) saw the price drift lower, but given our level of confidence in this deal being successfully completed we used this as an opportunity to increase our exposure.

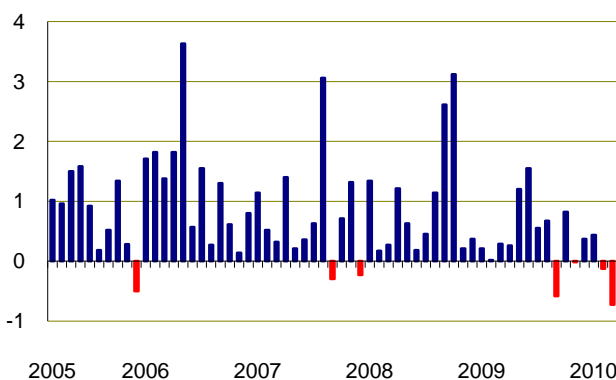
The Yield Strategy was the largest positive contributor to the portfolio. Our largest exposure Taps Trust (TTXPA) was a significant performer and with only three months to maturity we expect it will remain compliant as the Responsible Entity Hasting Diversified Utilities Fund (HDF) used a recent equity issue to indicate it would redeem the securities for cash.

The recent acquisition of 15% of HDF by APA Group (APA) does provide the possibility of further upside if corporate activity was to develop as TTXPA holders receive HDF shares at a discount in the event of a change of control event.

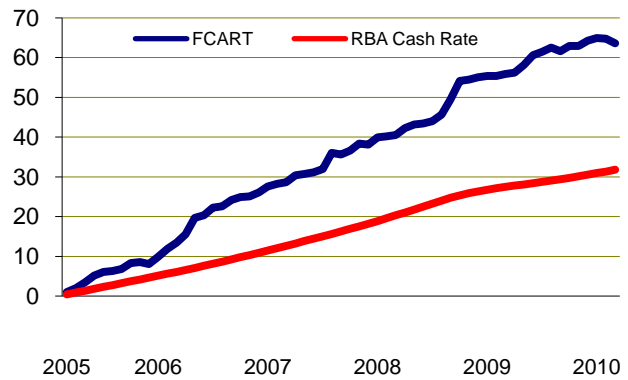
Thin volumes restricted some of our convergence trades during the month but we were still able to generate positive returns with Tassel Group (TGR), Henderson Group (HGG) and Unilife Corporation (UNS) being the highlights.

Performance after fees (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.44	-0.13	-0.73										-0.42
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 (%)**



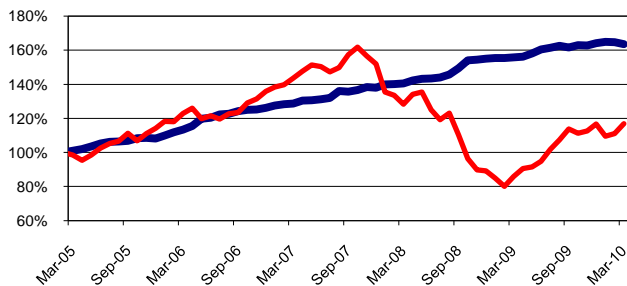


## FORTITUDE CAPITAL

### 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.

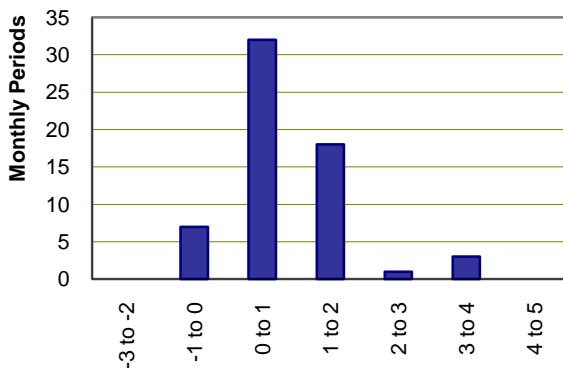
Fortitude vs Equities ASX200



### Performance Statistics

	Fortitude	RBA Cash
Last 12 months	4.96%	3.39%
Last 24 months	16.4%	9.5%
% positive mths	88.5%	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



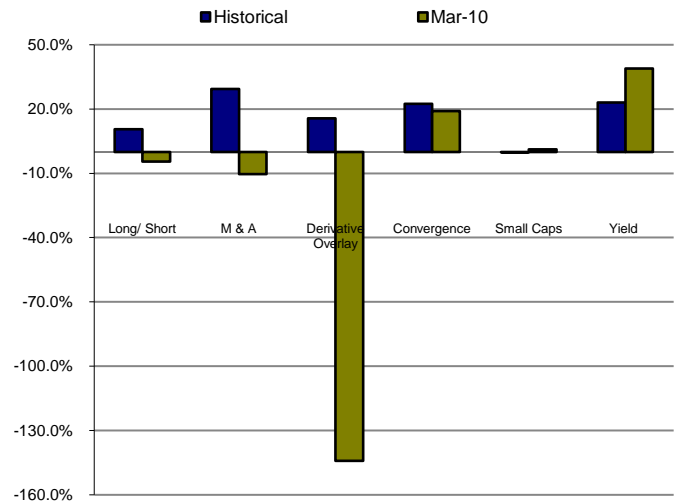
### Manager Overview

### 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.

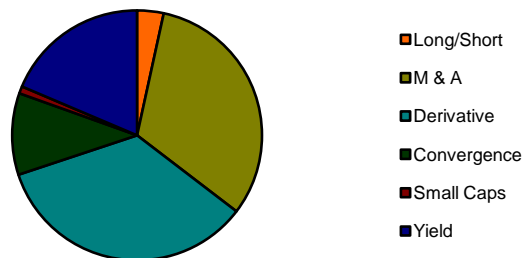
## Absolute Return Trust Mar 2010

### Profit & Loss Contribution by Strategy

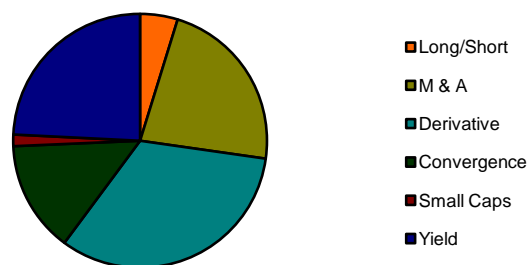


### Strategy Weightings

#### Mar-10



#### Historical



### Fund Service Providers

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

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