

**Fund Name:** Fortitude Capital Extension (Caymans) Fund  
**Manager Name:** Fortitude Capital  
**Start Date:** Sep-06 **End Date:** May-09  
**Benchmark 1:** 1 Month Libor Rate



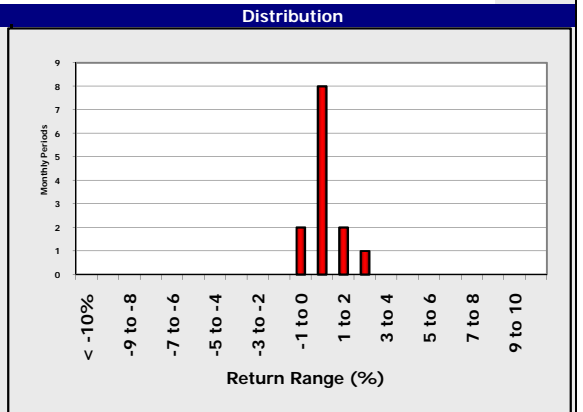
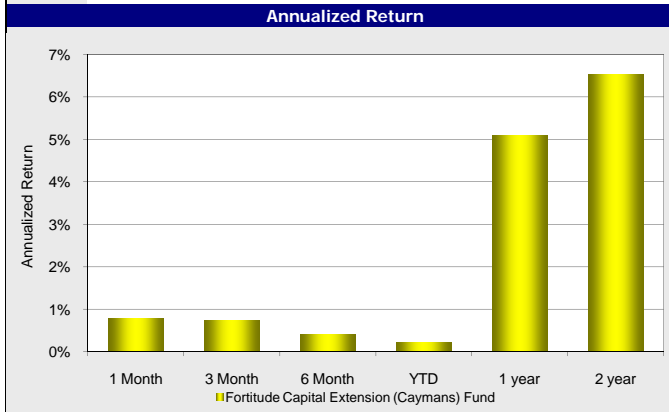
**FORTITUDE CAPITAL**

**Notes**  
Fortitude Capital Extension (Caymans) Fund 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	6.47%	3.52%		
Standard Deviation	2.73%	0.53%		
Sharpe (3.67%)	1.00	-0.27		
Alpha (Annualized)		1.15%		
Beta		1.49		
R-Squared		0.08		
Active Premium		2.95%		
Outperformed in up markets		54.55%		
Outperformed in down markets		0.00%		
Percent Profitable Quarters	87.10%	100.00%		
Average Quarterly Gain	1.85%	0.88%		
Average Quarterly Loss	-0.43%	0.00%		
Best Quarterly Return	5.08%	1.34%		
Worst Quarterly Return	-0.71%	0.11%		
Best 12 Month Return	8.89%	5.36%		
Worst 12 Month Return	4.52%	1.55%		
Monthly Profit/Loss Ratio	9.75	0.00		
Maximum Drawdown	-0.83%	0.00%		

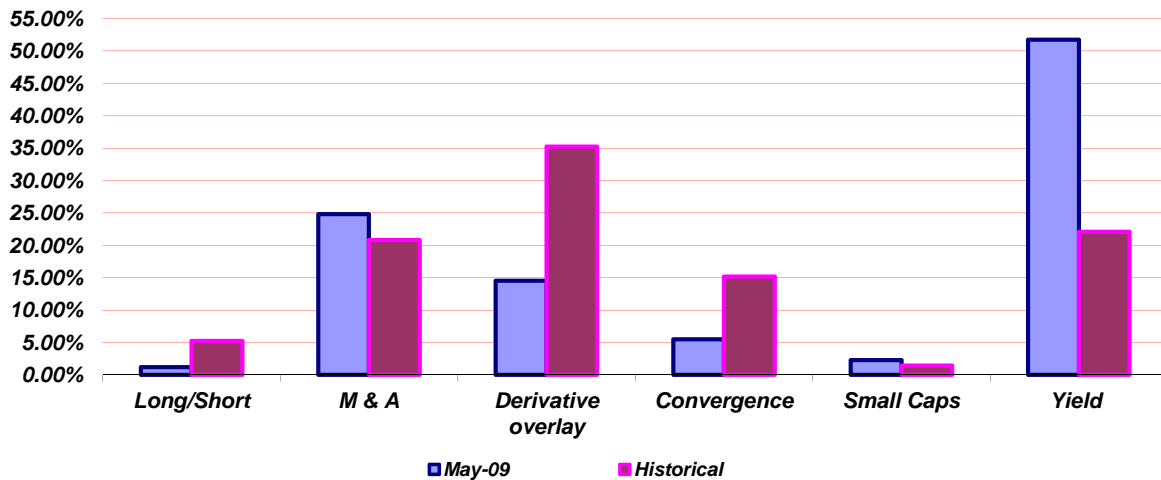
Latest Period Returns	Month	Quarter	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Fortitude Capital Pty Ltd	0.79%	0.74%	0.21%	5.08%				
1 Month Libor Rate	0.04%	0.12%	0.20%	1.55%				
Over/Under Benchmark-1	0.75%	0.62%	0.01%	3.54%				

Monthly Performance (%) Net of Fees														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	
2009	-0.27%	-0.26%	-0.18%	0.13%	0.79%									0.21%
2008	1.33%	0.06%	-0.29%	1.21%	0.30%	-0.43%	0.34%	0.56%	2.10%	2.35%	-0.32%	0.20%	7.62%	
2007	0.74%	0.60%	0.37%	1.14%	-0.01%	0.47%	0.42%	2.90%	0.02%	1.14%	0.44%	-0.23%	8.26%	
2006									1.07%	0.42%	0.04%	0.24%	1.78%	

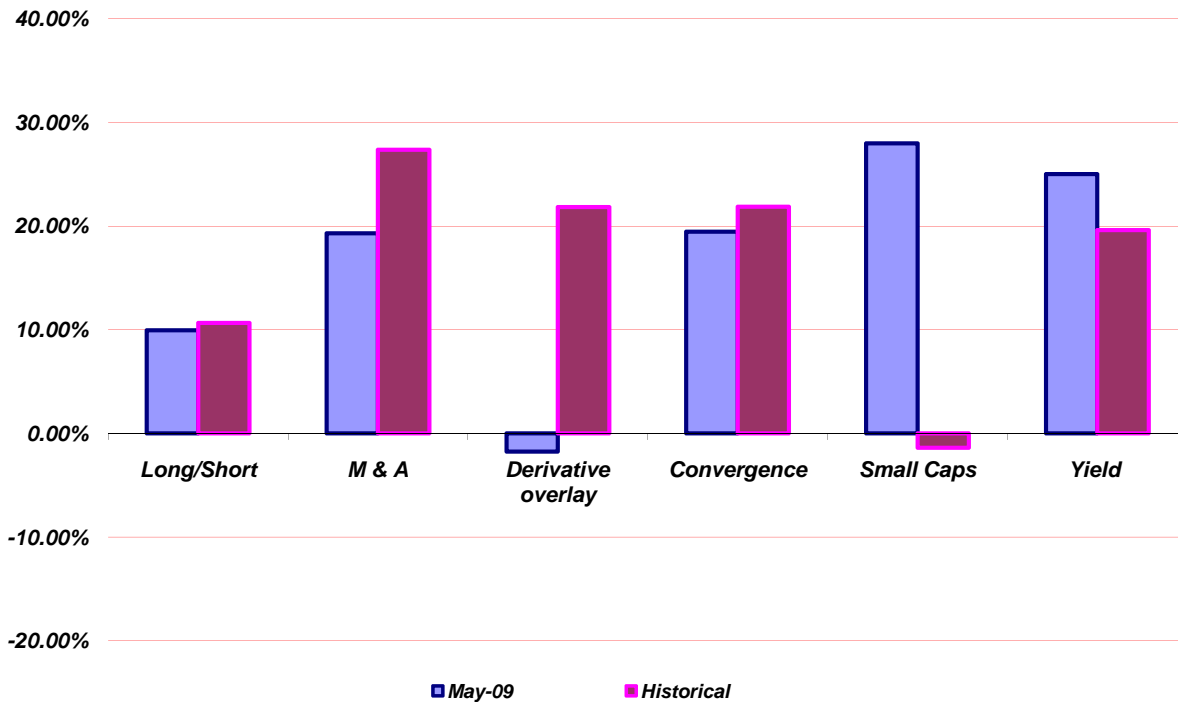


\*\*\*Past Performance is not indicative of future results\*\*\*

**STRATEGY WEIGHTINGS**



**P & L CONTRIBUTION BY STRATEGY**



## May Commentary

### STABILISATION THROUGH RE-CAPITALISATION

The S&P/ASX 200 index posted a modest 0.97% gain over the month of May, with all of this gain occurring on the last day of trading. Focus early in the month was on the banking sector as the market digested the half yearly results of three of the major trading banks, the ASIC ban on short selling on financial securities was lifted and Macquarie Bank surprised many with another equity issue.

Discounted share issues were a major theme for the month with more than a dozen corporates tapping an improving equity market for funding. Fortitude has tried to position our funds to participate in these issues which have generated attractive returns particularly in MQG, STO, SGP and BSL.

A strong rally in the Aussie Dollar saw good trading opportunities between Sydney and New York which allowed our convergence book to actively trade with attractive margins in our old favourites RMD and NWS.

Our Long/Short portfolio continues to benefit from exposure to higher beta names however we remain cautious to the possibility of a quick turnaround in this strategy and as such we have tried to avoid concentrated positions to enable easier exiting of holdings.

As expected in this type of market our option positions struggled to pay for their time decay during the month. As always we remain committed to our long gamma exposure as it allows us to position other strategies with greater confidence, however our exposures are at the lower levels of our normal range.

Merger and takeover activity continues to increase with ABB Grains Ltd announce a scheme of arrangement with Canadian group Viterra Inc. We expect to see continued consolidation in industrial names during the rest of this year as corporates with stronger balance sheets look to expand through acquisition.

Our yield portfolio again benefited from concentrated holdings in short dated securities. MAZPA remains our largest exposure and we continue to see price appreciation as we approach maturity.