



Key Facts			Fortitude	1m USD LIBOR
Strategy	Equity Market Neutral	1 Month Return	-0.28%	0.02%
Domicile	Cayman Islands	YTD	1.86%	0.34%
Min. Investment	\$US100,000	Annualised Return p.a.	5.98%	3.09%
Management Fee	1.5% p.a.	Std Deviation	2.75%	0.59%
Performance Fee	20% p.a. with high water mark	Max. Drawdown	-1.06%	0.00%
Min. Term	1 Month	Sharpe	-1.60	0.00
Redemption	Monthly	Sortino	2.73	0.00

Despite Dubai the Bulls Continue To Buy

The Australian equity market again posted gains in November albeit lagging international peers. The ASX S&P 200 index rose 1.25%, whilst the US S&P 500 was up 5.7% and the World MSCI (ex Australia) was up 3.7%. These positive numbers were achieved despite the scare generated by Dubai World, a wholly owned Dubai government entity, requesting a six month moratorium on debt repayments. There were fears that the announcement could spark another credit crisis which would again have dramatic consequences for asset prices. The fears proved short lived with the ASX 200 only taking one day to fully recover from the sell off.

The Fortitude portfolio benefited from an increase in consideration paid by Mirvac Group in a Scheme of Arrangement for Mirvac Real Estate Investment Trust. This scheme was voted on and approved by month end. This continues to be a profitable period for our Mergers and Acquisitions portfolio. We are heavily weighted to this strategy at the moment holding more than a dozen positions representing approximately 50% of NAV. The largest exposures are to Sino Gold (SGX), United Minerals (UMC), GRD Limited (GRD) and Lend Lease Primelife (LLP) all which we consider relatively safe transactions with attractive payoffs for the risk involved.

In the riskier space of event names we are continuing to trade AXA Asia Pacific (AXA), Nufarm (NUF and NFNG), Transurban Group (TCL), and Rocklands Richfield (RCI).

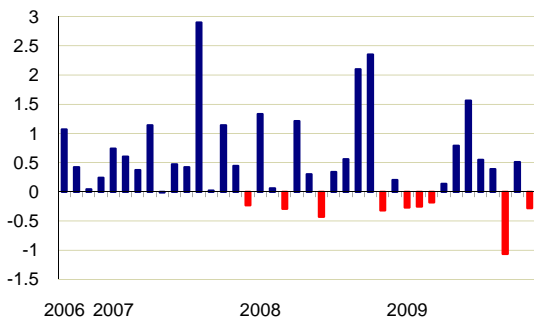
These are all situations where Australian companies have been approached by international parties with proposals for takeovers but have either been rebuffed on pricing terms or are now subject to a due diligence process for the launch of a formal bid. These positions offer much greater upside but also have much greater risks associated and as such, we have much smaller positions. The caution shown by offshore participants regarding due diligence and gaining directors positive recommendations before launching formal bids reflects the strong confidence required in making a formal bid as Australian Securities Law provides investors with very strong protection once a bid or scheme is announced, hence the high completion rate of such deals.

Our yield portfolio again performed well. The confirmation of settlement dates by Macquarie Airports for the Tickets issue (MAZPA) was expected but the market still took it positively with an immediate price improvement. This has been a long term position that will expire in December. We continue to search for positions that offer a similar risk return profile and we have added to our positions in Skycity Aces (SKAG), Ale Property Group Notes (LEPHB) and TAPS Trust (TTXPA).

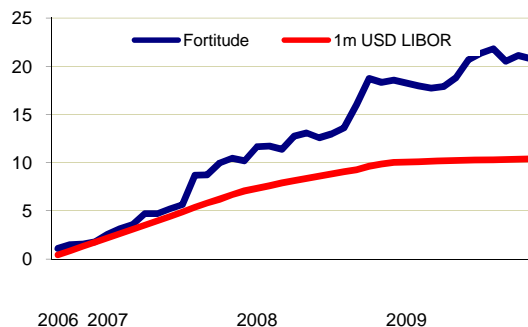
The derivatives book was again a drain on performance. We have scaled this book back dramatically and have made some structural changes internally to reduce exposure on an ongoing basis. This will involve trading a smaller number of positions and a reduced theta and vega levels. We are still committed to being long gamma, particularly for downside protection, but we will look to time these trades more effectively and more cohesively with our other strategies.

Performance after fees (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	-0.27	-0.26	-0.18	0.13	0.79	1.56	0.55	0.39	-1.06	0.51	-0.28		1.86
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

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.

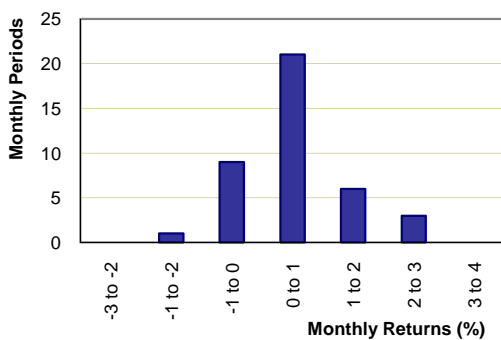
The market provides opportunities and management provides the strategic overlay.

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.

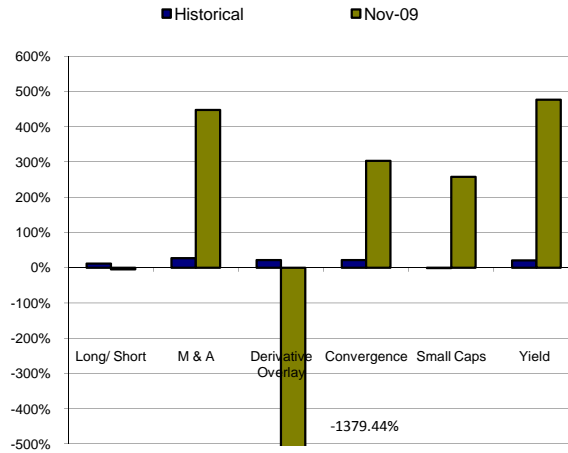
Liquidity is a major consideration of all investments.

Performance Statistics		
	Fortitude	USD Libor
Last 12 months	2.07%	0.50%
Last 24 months	9.37%	3.51%
% positive mths	74.4%	100
Best month	2.90%	0.46%
Worst month	-1.06%	0.00%
Avg positive return	0.77%	0.25%
Avg negative return	-0.33%	0.00%

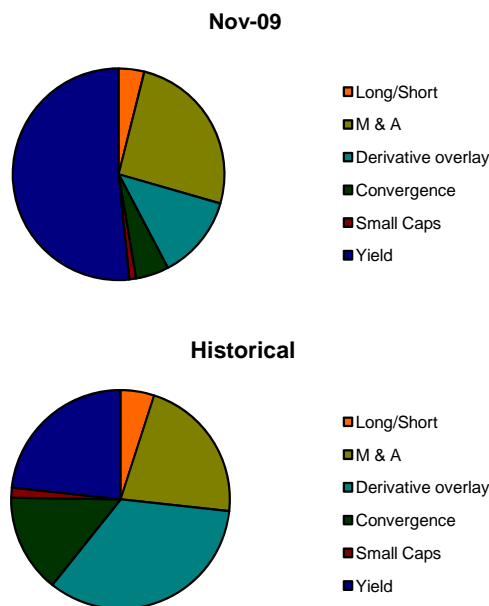
Distributions of Returns



Profit & Loss Contribution by Strategy



Strategy Weightings



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.

Fund Service Providers

Prime Broker: UBS
 Administrator: Kingsway Taitz
 Custodian: UBS
 Legal: Walkers
 Auditor: Ernst & Young

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