

Aurora Absolute Return Fund Performance Report - April 2011

ASX Code: ABW

Summary

- The Trust returned 1.23% for April compared to the RBA Cash rate which returned 0.40%
- The Trust paid a cash distribution of \$0.0230 per Unit for the three months ending 31 March 2011 which represented an annualised yield of 7.95% p.a
- The Master Fund has returned 9.63% p.a since inception versus the RBA Cash rate which has returned 5.42% p.a over the same period

Performance¹

	1 month	3 months	6 months	12 months	3 Years (p.a)	Since Inception (p.a)
Aurora Absolute Return Fund (ABW)	1.23%	4.31%	7.02%	4.16%	1.74%	3.21%
RBA Cash Rate	0.40%	1.19%	2.38%	4.69%	4.66%	5.39%
S&P/ASX200 Accumulation Index	0.67%	3.23%	7.75%	3.44%	1.09%	3.12%

On 1 March 2011, the Trust changed its investment strategy and commenced investing via the unlisted Aurora Fortitude Absolute Return Fund (ARSN 145 894 800, the 'Master Fund'). The Master Fund has been in existence since March 2005, and its historical performance is referred to in the charts and tables below.

Investment Objective

The Trust aims to achieve a high rate of return, comprising both income and capital growth (and preservation of the capital of the Fund) over both rising and falling equity markets. Please note that while we aim to achieve this objective, the returns are not guaranteed.

Investment Strategy - Master Fund

The Master Fund aims to produce positive returns irrespective of the direction of the share market, by investing in predominantly Australian listed securities and derivatives.

The Master Fund purchases both put and call options which allows it to profit from movements in the market both up and down. It then looks for short term trading opportunities to generate low risk returns from other strategies including;

→ Mergers and Acquisitions

→ Long/Short

→ Share Class Arbitrage

→ Yield securities

Each investment considers the risk, the timeline of that risk occurring and then the potential return. Low transaction costs and liquidity are other important factors in the success and implementation of the strategies.

Fund Features

ASX Listed	Code: ABW
Distribution Policy	At least 2% of Net Asset Value per Unit per quarter. ²
Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement
Redemptions	On market by selling on the ASX or off-market at the end of each month.

Fund Valuation

Fund Size ³	\$64.6 Million
Net Asset Value per Unit	\$1.1496

Fund Distributions (Per Unit)⁴

Period (per Unit)	Cash	Franking	Total	Yield at NAV (p.a)
31/12/2006	\$0.0486	\$0.0208	\$0.0694	9.00%
30/06/2007	\$0.1962	\$0.0371	\$0.2333	25.30%
31/12/2007	\$0.0333	\$0.0332	\$0.0665	7.60%
30/06/2008	\$0.0586	\$0.0400	\$0.0986	11.90%
31/12/2008	\$0.0450	\$0.0000	\$0.0450	7.60%
30/06/2009	\$0.0267	\$0.0000	\$0.0267	5.10%
31/12/2009	\$0.0450	\$0.0000	\$0.0450	8.80%
31/03/2010	\$0.0250	\$0.0000	\$0.0250	8.10%
31/06/2010	\$0.0250	\$0.0000	\$0.0250	8.20%
30/09/2010	\$0.0250	\$0.0000	\$0.0250	9.50%
31/12/2010	\$0.0230	\$0.0000	\$0.0230	8.30%
31/03/2011	\$0.0230	\$0.0000	\$0.0230	7.95%
Total	\$0.5744	\$0.1311	\$0.7055	

Performance Statistics - Master Fund

Performance since Inception - March 2005 (p.a)	9.63%
Volatility % p.a.	2.99%
Sharpe Ratio	1.42
% positive months	88%
Best month	3.63%
Worst month	-1.60%
Average positive monthly return	0.95%
Average negative monthly return	-0.51%

Performance Commentary - Master Fund

A strong Australian Dollar (+6.1%) weighed heavily on the Australian equity market during April. The S&P/ASX 200 Accumulation Index fell 0.29% compared to stronger American and European markets (Dow Jones +4.0%, S&P 500 +2.8%, DAX Index +6.7%, FTSE 100 2.7%). Leading Asian markets posted modest gains (Hang Seng Index +0.8%, Nikkei 225 +1.0%).

Stronger prices for precious metals (gold +7.2%, silver +29.1%) and oil (+6.8%) were factors in the currency movement as well as the often quoted "exposure to China growth" story.

The Master Fund benefited from exposure to takeover situations in the resources sector, the most significant of which was the board of Equinox Mineral Limited (EQN, +38.1%) recommending a C\$8.15 (\$A7.86 equivalent) offer from North American miner Barrick Gold Corporation. This trumped a C\$7.00 bid from the Chinese miner Minmetals Resources Limited. EQN continues to trade near the bid price, rather than at a typical discount, suggesting that many investors believe that the attraction of potential low cost copper deposits may be appealing enough for another mining house to launch a competing bid.

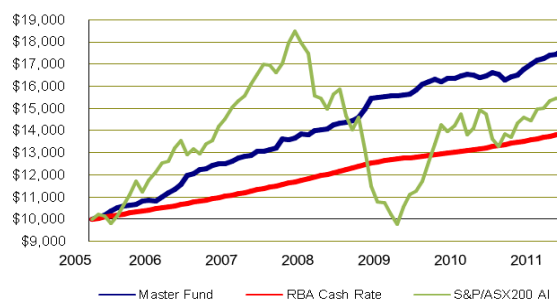
Mintails Limited (MLI +129.9%), which owns Gold and Uranium Tailings Resources in South Africa, was subject to an unconditional, on-market takeover bid by Mr Seager Rex Harbour for the 86.3% of the company that he did not already own.

The Master Fund was able to purchase shares at marginally above the revised bid price and participate in the upside price movement Origin Energy Limited (ORG, +0.8%) benefited from higher energy prices and we positioned our options book to take advantage of this, as well as the end of the rights issue trading period.

In the hypothetical "pre-event space" rumours continue of corporate activity involving BHP Billiton Limited (BHP, -1.57%) undertaking some type of transaction for the purchase of assets, or a significant shareholding in Woodside Petroleum (WPL, 0%). This speculation has been about for a significant period of time and we have noted a substantial skew in option pricing that suggest traders are positioning themselves with strong conviction that some type of deal will develop. The expression "where there is smoke, there is fire" continues to be used regarding this situation but we are happy to remain neutral to both names awaiting developments.

The Fairfax Media Convertible Preference Securities (FXJPB) position was redeemed by the Master Fund at month end. This was the Master Fund's largest exposure and redemption has significantly reduced exposure to the Yield Strategy. We continue to seek appropriate exposures as replacements but remain price and risk sensitive.

MasterFund vs RBA Cash vs S&P/ASX200AI (\$)



About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the merged businesses of Aurora Funds Management Limited, Fortitude Capital Pty Ltd and Sandringham Capital Pty Ltd.

The combined group has in excess of \$500 million in funds under management and administration, and provides asset management and responsible entity/trustee services for over 3,500 Australian and New Zealand investors.

Aurora is also the Issuer and/or distributor of the:

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- Aurora Global Income Trust (ASX Code: AIB)
- Aurora Property Buy-Write Income Trust (ASX Code: AUP)
- CORALS Commodities Fund (ARSN 131 196 882)
- van Eyk Blueprint Alternatives Plus (ASX Code: VBP)

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1. This number represents an estimated cumulative return and assumes reinvestment of distributions. 2. The Fund intends to always distribute at least 2.0% of NAV per Unit, excluding any franking credits, per quarter regardless of Fund performance. This means that if the Fund has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital. 3. Incorporates all unit classes within the Fund, and also individual mandates that are external to the Fund but utilise the investment strategy or direct variants thereof. 4. Each historical distribution has been divided by six to reflect the Unit split carried out in November 2009.

Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885, AFSL 222110) in its capacity as Responsible Entity for the Aurora Absolute Return Fund. It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should consider a copy of the Product Disclosure Statement and seek their own financial advice prior to investing in the Trust. The information in this Performance Report is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance. In particular as the Investment strategy of the Fund was materially altered in July 2009, and March 2011 and performance prior to these dates (being from three years to 'since inception') has little bearing on future performance. The payment of franking credits to Unit holders is subject to the Trust achieving a taxable profit in that year. Please see asx.com.au for more information on the S&P/ASX200 Accumulation Index.