



FORTITUDE CAPITAL

Aurora Fortitude Absolute Return Fund

April-2011

AURORA
FUNDS LIMITED

INVESTMENT OBJECTIVE

The Aurora Fortitude Absolute Return Fund (AFARF) aims to produce positive returns irrespective of the direction of the share market, by investing in predominantly Australian listed securities and derivatives.

FUND PERFORMANCE TO 30 APRIL 2011

	AFARF RETURNS%	RBA CASH RATE	S&P/ASX200
1 month	1.25%	0.40%	-0.29%
3 months	2.32%	1.19%	2.73%
6 months	5.14%	2.40%	5.55%
12 months	7.07%	4.74%	4.58%
2 years (p.a)	6.14%	4.10%	17.66%
3 years (p.a)	7.38%	4.59%	-0.49%
5 years (p.a)	8.82%	5.37%	2.60%
Annualised Return Since Inception (p.a)	9.63%	5.42%	7.25%
Standard Deviation	2.99%	0.36%	

Event Situations Deliver Returns

A strong Australian Dollar (+6.1%) weighed heavily on the Australian equity market during April. The S&P/ASX 200 fell 0.3% 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.

Our 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.

We were 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 at month end. This was the portfolio'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.

Performance after fees (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.31	0.90	0.16	1.25									2.64%
2010	0.44	-0.13	-0.73	0.43	0.91	-0.49	-1.60	0.86	0.58	1.61	1.37	1.05	4.33%
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	6.01%
2008	1.34	0.17	0.27	1.21	0.63	0.18	0.45	1.14	2.61	3.13	0.21	0.37	12.38%
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	9.55%
2006	1.71	1.82	1.38	1.82	3.63	0.57	1.55	0.27	1.32	0.61	0.14	0.80	16.75%
2005			1.02	0.96	1.50	1.58	0.92	0.18	0.52	1.34	0.28	-0.50	8.06%

FUND OVERVIEW

The Aurora Fortitude Absolute Return Fund (AFARF) aims to produce positive returns irrespective of the direction of the share market, by investing in predominantly Australian listed securities and derivatives.

The 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, and
- 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.

Annualised Return Since Inception (p.a)

INVESTMENT MANAGER

Fortitude Capital Pty Ltd is a wholly-owned subsidiary of Aurora Funds Limited (Aurora). With in excess of \$500 million in funds under management/administration, Aurora was listed on the ASX in July 2010 under the ASX Code: AFV.

The Aurora Group provides asset management and responsible entity/trustee services for over 3,500 Australian and New Zealand investors.

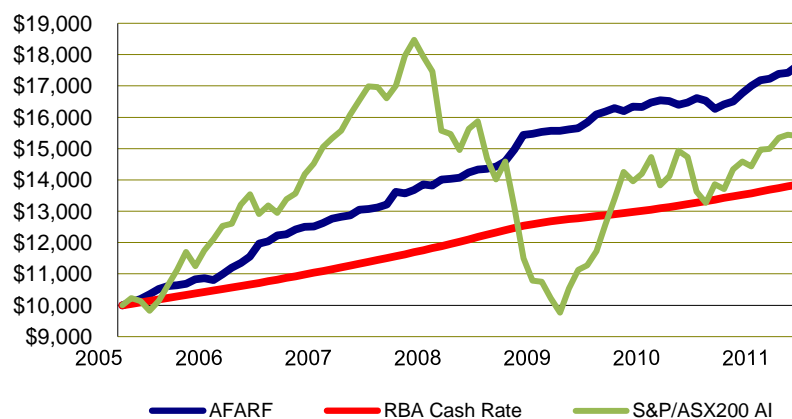
Aurora is also the issuer and/or distributor of the:

- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Absolute Return Fund (ASX Code: ABW)
- 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)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)
- CORALS Commodities Fund (ARSN 131 196 882)

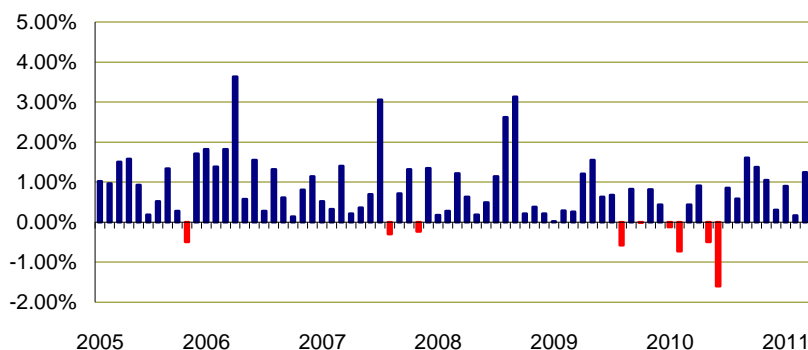
TRUST DISTRIBUTIONS (per unit)

Period (per unit)	Amount (\$)	Yield (p.a)
31/06/2005	\$0.0516	15.48%
31/06/2006	\$0.1449	14.49%
31/06/2007	\$0.1040	10.40%
31/06/2008	\$0.0961	9.75%
31/06/2009	\$0.1384	14.09%
31/06/2010	\$0.0256	2.66%
31/12/2010	\$0.0275	5.71%
Total since inception	\$0.5881	

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



Monthly Returns Since Inception (%)



KEY FACTS		AFARF	RBA Cash
Strategy	Market Neutral	Sharpe Ratio	1.42
ASX Code	ABW	Best month	3.63%
APIR Code	AFM0005AU	Worst month	-1.60%
Benchmark	RBA Cash Rate	Positive months	87.84%
Administrator	Mackenzie Coultas Funds Admin	Prime Broker/Custodian	UBS

AURORA FUNDS LIMITED

Level 2, 350 George Street, Sydney NSW 2000

PO Box R1695, Royal Exchange NSW 1225

Telephone: +61 2 9080 2377, Fax: +61 2 9080 2378

Visit: www.FortitudeCapital.com or www.AuroraFunds.com.au

Or Email: info@fortitudecapital.com or enquiries@aurorafunds.com.au

Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885, AFSL 222110) in its capacity as Issuer for the Aurora Fortitude 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 PDS dated 7th October 2010 and seek their own financial advice prior to investing in the Fund. 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. The payment of franking credits to Unit holders is subject to the Fund achieving a taxable profit in that year. For further information please visit www.fortitudecapital.com or www.aurorafunds.com.au