

Aurora Absolute Return Fund Performance Report - 30 November 2016

ASX Code: ABW



Summary

- The Fund gained 0.67% in November, ahead of the RBA Cash rate which returned 0.12%.
- The Convergence strategy was the best performing strategy during the month.

Performance¹

| | 1 month | 3 months | 6 months | 12 months | 3 years (p.a) | Since Inception (p.a) |
|--|---------|----------|----------|-----------|---------------|-----------------------|
| Aurora Absolute Return Fund (ABW) | 0.67% | 1.93% | -8.16% | -7.14% | -0.49% | 2.55% |
| RBA Cash Rate | 0.12% | 0.38% | 0.79% | 1.79% | 2.16% | 4.01% |
| S&P/ASX200 Accumulation Index (S&P/ASX200AI) | 2.99% | 1.26% | 3.36% | 10.0% | 5.35% | 5.37% |

On 1 March 2011, the Fund changed its investment strategy and commenced investing via the unlisted Aurora Fortitude Absolute Return Fund (ARSN 145 894 800, the 'Master Fund'). The performance prior to this date is of different investment strategies than those currently implemented. The Master Fund which is the current investment strategy, has been in existence since March 2005, and its historical performance is referred to in the charts and tables below.

Investment Objective*

The Fund 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 achieve absolute returns (i.e. positive returns in both rising and falling equity markets) by using a number of different investments that allow the Fund to have very little correlation to the performance of the stock market index. The focus on 'absolute returns' differs from traditional funds in that the Master Fund aims to produce positive returns regardless of equity market conditions.

We research various criteria and reasons to invest in particular situations. These criteria may pertain to fundamental and quantitative analysis, company event situations; takeovers and mergers, demergers and restructuring, liquidity events, recapitalisations, multiple share classes, option availability and pricing. Once an investment decision is made, the implementation of the trade is conducted in parallel with an active focus on risk management. The Master Fund uses derivatives for risk management as well as to create new positions.

Fund Features

| | |
|--------------------------------|--|
| ASX Listed | ASX Code: ABW |
| Distribution Policy | At least 1.0% of Net Asset Value ² per Unit per quarter plus franking credits |
| 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 daily off-market redemptions |

Fund Valuations

| | |
|--------------------------|----------|
| Net Asset Value per Unit | \$0.8505 |
|--------------------------|----------|

Fund Distributions (Per Unit)⁴

| Period (per Unit) | Cash | Franking | Total | Yield at NAV (p.a.) |
|-------------------|-----------------|-----------------|-----------------|---------------------|
| FY 06-10 | \$0.5034 | \$0.1311 | \$0.6345 | |
| FY 10-11 | \$0.0937 | \$0.0000 | \$0.0937 | 7.98% |
| FY 11-12 | \$0.0885 | \$0.0000 | \$0.0885 | 8.06% |
| 30 Sep 12 | \$0.0220 | \$0.0000 | \$0.0220 | 8.12% |
| 31 Dec 12 | \$0.0170 | \$0.0000 | \$0.0170 | 6.25% |
| 31 Mar 13 | \$0.0160 | \$0.0000 | \$0.0160 | 6.02% |
| 30 Jun 13 | \$0.0159 | \$0.0173 | \$0.0332 | 12.56% |
| 30 Sep 13 | \$0.0159 | \$0.0000 | \$0.0159 | 6.22% |
| 31 Dec 13 | \$0.0159 | \$0.0000 | \$0.0159 | 6.10% |
| 31 Mar 14 | \$0.0159 | \$0.0000 | \$0.0159 | 6.09% |
| 30 Jun 14 | \$0.0160 | \$0.0120 | \$0.0280 | 10.60% |
| 30 Sep 14 | \$0.0154 | \$0.0000 | \$0.0154 | 5.99% |
| 31 Dec 14 | \$0.0153 | \$0.0170 | \$0.0323 | 12.71% |
| 31 Mar 15 | \$0.0099 | \$0.0000 | \$0.0099 | 4.05% |
| 30 Jun 15 | \$0.0098 | \$0.0130 | \$0.0228 | 9.29% |
| 30 Sep 15 | \$0.0145 | \$0.0000 | \$0.0145 | 6.00% |
| 31 Dec 15 | \$0.0098 | \$0.0169 | \$0.0267 | 10.94% |
| 31 Mar 16 | \$0.0095 | \$0.0000 | \$0.0095 | 4.00% |
| 30 Jun 16 | \$0.0095 | \$0.0014 | \$0.0109 | 4.63% |
| 30 Sep 16 | \$0.0085 | \$0.0000 | \$0.0085 | 3.99% |
| Total | \$0.9224 | \$0.2087 | \$1.1310 | |

Performance Statistics - Master Fund

| | |
|--|--------|
| Performance Since Inception - March 05 (p.a) | 5.83% |
| Volatility % p.a. | 3.80% |
| Sharpe Ratio | -1.08 |
| % positive months | 83% |
| Best Month | 3.63% |
| Worst Month | -8.91% |
| Average positive monthly return | 0.48% |
| Average negative monthly return | -0.81% |

Performance Commentary - Master Fund

The Aurora Absolute Return Fund returned +0.67% for November.

The Convergence strategy was the best performing strategy during the month, with NAC.ASX and APW.ASX providing a good contribution.

The Yield strategy was marginally profitable, with gains in NABHA.ASX offset by other positions within the strategy.

The Long/Short portfolio was largely flat during the month.

Downside protection, through ASX index puts, decreased in value as ASX market rallied, whilst we had modest gains in ASX company issued call options.

The Master Fund did not find any suitable investments for the M&A strategy during the month.

About Aurora

Aurora Funds Management Limited is an Australian based alternative asset manager that specialises in managing absolute-return focussed strategies for high net worth, retail and institutional investors. At Aurora, we aim to achieve superior long-term results through a high conviction investment style that utilises a bottom up, value-orientated approach to select suitable investments. Our overarching goal is to provide investors with positive risk-adjusted returns that are independent of benchmarks or investment cycles.

Aurora is also the issuer of the:

- Aurora Fortitude Absolute Return Fund
(APIR Code: AFM0005AU)
- Aurora Dividend Income Trust (Managed Fund)
(ASX Code: AOD and APIR Code: AFM0010AU)
- Aurora Global Income Trust
(ASX Code: AIB)
- Aurora Property Buy-Write Income Trust
(ASX code:AUP)
- HHY Fund
(ASX code:HHY)

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1. This number represents a cumulative return and assumes reinvestment of distributions. 2. From 24 March 2015 the Fund intends to always distribute at least 1.0% 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 (ARSN 110 303 430). 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 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. In particular as the Investment strategy of the Fund was materially altered in July 2009, and March 2011 and performance prior to these dates has little bearing on future performance. The payment of franking credits to Unit holders is subject to the Fund achieving a taxable profit in that year. Please see asx.com.au for more information on the S&P/ASX200 Accumulation Index. *The investment objective is expressed after the deduction of fees and before taxation. The objective is not intended to be a forecast and is only an indication of what the investment strategy aims to achieve over the medium to long term.