

## Aurora Absolute Return Fund (ASX:ABW)

Performance <sub>1</sub>	1 month	3 months	FYTD
Aurora Absolute Return Fund	-2.39%	-1.22%	-2.28%
Benchmark	0.12%	0.38%	0.50%
Outperformance	-2.51%	-1.60%	-2.78%

### Investment Objective

The Aurora Absolute Return Fund ("Fund") seeks to achieve absolute returns and income through investing in the Master Fund which uses several different investment strategies. The focus on absolute returns differs from traditional funds in that the Master Fund aims to produce positive returns regardless of equity market conditions or global market indices.

### Investment Strategy

The Master Fund seeks to take advantage of market mispricing and arbitrage opportunities using a diverse range of investment strategies. The Responsible Entity of the Fund researches various criteria for each investment, including fundamental and quantitative analysis, company event situations such as takeovers and mergers, earnings announcements, demergers and restructuring, liquidity events, recapitalisations, multiple share classes, option availability and pricing.

The Master Fund will invest in opportunities that are considered to offer attractive risk return characteristics with a focus on potential catalysts that seek to generate a profitable return regardless of the market direction. The Master Fund may use derivatives for risk management as well as to create new positions and may opportunistically short sell securities that may be overpriced or to reduce risk on the overall portfolio.

### Master Fund Position Analysis

#### Number of Positions

Long	19
Short	1

### Fund Overview

ASX Code	ABW
NAV per Unit	\$0.6691
Structure	Fund
Investment Style	Value/Special Situation
Inception Date	10 July 2006
Management fee (incl.GST)	Nil
Performance fee (incl.GST)	Nil
Buy / sell spread	+/- 0.02%
Entry / Exit fees	Nil
Benchmark	RBA Cash Rate
Distributions	1.0% per quarter

**Fund performance summary**

- The Aurora Absolute Return Fund ("ABW" or "Fund") returned -2.39% for the month against its benchmark return of +0.12%.
- The key contributors to the Master Fund's performance were long volatility positions held in WAM Leaders Limited (ASX:WLEO) and Ellerston Global Investments Limited (ASX:EGIO), with each position primarily benefitting from an appreciation in their underlying equity market exposures.
- The key detractor from performance was a downward revaluation of the Master Fund's position in Molopo Energy Limited (ASX:MPO).
- The Master Fund's position in MPO was revalued at 13.5 cents (versus it's previously held 14.0 cent) during the month. This value was derived from the recent takeover offer Aurora Fortitude Absolute Return Fund (AFARF), which in Aurora's view and based on all available information to date, is the most appropriate carrying value for this position.
- ASX:MPO currently remains and will remain suspended, according to the company, until such time that the ASX is satisfied that MPO meets the ASX Listing Rule requirements.
- Effective 1 October 2017, the Administrator for the Fund will change to Aurora Funds Management Limited.

**About Aurora**

Aurora Funds Management Limited ("Aurora") is the Responsible Entity and Investment Manager of the Fund. Aurora is an Australian-based alternative asset manager that specialises in managing absolute-return strategies for high net worth, retail and institutional investors. Aurora specialises in value-orientated event-driven investments that aim to provide investors with positive risk-adjusted returns that are independent of benchmarks or investment cycles.

Aurora is also the Responsible Entity of the:

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

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**For further information, please contact:**

**Aurora Funds Management Limited** | 1300 553 431 | email: [enquiries@aurorafunds.com.au](mailto:enquiries@aurorafunds.com.au) | website: [www.aurorafunds.com.au](http://www.aurorafunds.com.au)

1. This number represents a cumulative return and assumes reinvestment of distributions and is generated with compounded monthly returns/net of fees.  
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 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 carefully review the Product Disclosure Statement (PDS) for the Fund and seek their own financial advice prior to investing in the Fund. The information in this Portfolio Update 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 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 investment objective for the Fund is expressed after the deduction of fees and before taxation. See the PDS for details on taxation. The investment 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. While the Fund will aim to achieve the objective, the objective and returns are not guaranteed. The payment of franking credits to investors is subject to the Fund achieving a taxable profit in that year.