

Aurora Fortitude Absolute Return Fund
ARSN 145 894 800

Annual Report
For the year ended 30 June 2018

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Directors' Report

The directors of Aurora Funds Management Limited AFML (ABN 69 092 626 885), in its capacity as the responsible entity of Aurora Fortitude Absolute Return Fund ("the Fund"), present their annual report together with the financial statements of the Fund for the year ended 30 June 2018.

Principal activities

The Fund invests in accordance with the provisions of the Fund Constitution the current Product Disclosure Statement ("PDS") and fund updates. The Fund primarily invests in Australian listed equities and exchange traded derivatives.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

Directors

The following persons held office as directors of Aurora Funds Management Limited during the year and up to the date of this report, unless otherwise stated:

John Patton
Victor Siciliano (appointed 9 January 2018)
Anthony Hartnell AM (appointed 2 March 2018)
Jeffrey E. Schwarz (appointed 25 July 2017 and resigned 31 May 2018)
Betty Poon (terminated 25 November 2017)
Jim Hallam (resigned 25 July 2017)

Units on issue

	2018	2017
At 30 June	18,316,303	22,560,516

Review and results of operations

During the year, the Fund continued to invest in accordance with the target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution.

Financial results for the year

The performance of the Fund, as represented by the results of its operations, was as follows:

	2018 \$	2017 \$
Operating profit before finance costs attributable to unitholders	(4,693,382)	(2,451,285)
Distributions paid and payable	(422,729)	(821,980)
Distribution (cents per unit) 30 September	0.62	0.75
Distribution (cents per unit) 31 December	0.62	0.73
Distribution (cents per unit) 31 March	0.60	0.74
Distribution (cents per unit) 30 June	0.28	0.73

Directors' Report

Reconciliation of net assets for unit pricing and financial reporting purposes

The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Accounting Australian Standards are outlined below:

	2018 \$	2017 \$
Net assets for unit pricing purposes	6,297,487	14,202,985
Difference between net assets for unit pricing purposes and bid/ask price held at fair value through profit or loss	-	(110,877)
Distribution payable	(51,642)	(163,863)
Other adjustments	-	-
Nets assets under Australian Accounting Standards	6,245,945	13,928,245

Information on Underlying Performance

The performance of the Fund is subject to the performance of the Fund's underlying investment portfolio. There has been no change to the investment strategy of the Fund during the year, and the Fund continues to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution and any fund updates.

Strategy and Future Outlook

The Fund is predominantly invested in listed equities, with a focus on Australian equity securities. This is expected to continue. As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations.

The Fund continues to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

Significant changes in state of affairs

Molopo Energy Limited

The Fund holds an investment in Molopo Energy Limited (ASX: MPO). For the year ended 30 June 2018, the Fund has adopted significant judgements and estimates as to the fair value of this investment. The key sources of estimation uncertainty and fair value measurement in relation to MPO are outlined in Notes 4 and 7.

Matters subsequent to the end of the financial year

RNY Property Trust (ASX:RNY)

RNY is a property trust (with commercial property assets located in New York, USA) listed on the Australian Stock Exchange. As at 30 June 2018, the Fund holds 1.58% of the issued capital of RNY Property Trust.

Directors' Report

On 2 July 2018, ASIC approved Huntley Management Services Limited ("Huntley") replacing RAML as the RE of RNY. As part of this change in RE, Huntley appointed Aurora as Investment Manager of RNY. As Investment Manager, Aurora has been responsible for renegotiating the existing loans with the US financier, Acore Capital, being the provider of non-recourse finance to the underlying properties. Aurora has also appointed Winthrop, being a New York based property management firm familiar with the assets, to manage the properties in a manner that will deliver superior returns to RNY unitholders compared to RAML's previous 'asset realisation' strategy.

Other than the changes mentioned above, no other matters or circumstances have arisen since 30 June 2018 that have significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Product Disclosure Statement

On 27 April 2017, the fund Product Disclosure Statement (PDS) was withdrawn for new off-market retail applications. The PDS is currently being updated and the Fund will re-commence accepting off-market retail applications once the PDS has been lodged with Australian Securities and Investments Commission.

In the opinion of the Directors, other than the matters already referred to in this report, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums have been paid for out of the assets of the Fund in relation to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditors of the Fund. So long as the officers of Aurora Funds Management Limited act in accordance with the Fund Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnity of auditors

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in the Statement of Profit or Loss and Other Comprehensive Income as "Management fees".

No fees were paid out of Fund property to the Directors of the Responsible Entity during the year.

The number of units in the Fund held by the Responsible Entity or its associates at the end of the financial year are disclosed in Note 16 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 12 of the financial statements.

The values of the Fund's assets and liabilities are disclosed on the Statement of Financial Position and derived using the basis set out in Note 9 to Note 11 of the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Directors' Report

Information about the directors

The following persons were Directors of the Responsible Entity during the whole or part of the year and up to the date of this report.

Name: **John Patton**
Title: Managing Director
Qualifications: Bachelor of Economics (Accounting), Chartered Accountant, Graduate Diploma in Applied Finance and Investment
Experience and expertise: John was appointed as Managing Director of Aurora Funds Management Limited on 30 June 2017. John was previously a partner with Ernst & Young in the Transactions Advisory Services division and has over 25 years of professional services and industry experience. John has extensive corporate finance credentials, having been involved in over 250 corporate transactions, including mergers & acquisitions, structuring, debt & equity raisings, IPO's, management buy-outs, valuations, due diligence, financial modeling, restructuring and corporate advisory.
Other current directorships: Keybridge Capital Limited; Metgasco Ltd
Former directorships (in the last 3 years): None
Special responsibilities: Managing Director
Interests in units: None

Name: **Victor Siciliano**
Title: Executive Director
Qualifications: Bachelor of Business (Banking & Finance), Master of Applied Finance (Investment Management), RG146 compliant.
Experience and expertise: Victor was appointed as Executive Director of Aurora Funds Management Limited on 9 January 2018. Victor has over 9 years' equity market experience, most recently as portfolio manager of the HHY Fund at Keybridge Capital Limited. Prior to this, Victor was employed as an assistant portfolio manager at boutique fund manager Sterling Equity and as an investment advisor at Macquarie Group.
Other current directorships: None
Former directorships (in the last 3 years): None
Special responsibilities: Investment Manager
Interests in units: None

Name: **Anthony Hartnell AM**
Title: Non-Executive Director
Qualifications: BEc LLB (Hons) (ANU), LL.M (Highest Hons) (George Washington University)
Experience and expertise: Anthony was appointed as Non-Executive Director of Aurora Funds Management Limited on 2 March 2018. Anthony has over 30 years of legal experience with expertise in Corporate and Commercial Law, particularly, regulatory issues, corporate financing, takeovers, trade practices and collective investments, with more recent emphasis on investigations and enforcement actions.
Other current directorships: Molopo Energy Limited, Allegra Orthopaedics Limited and Parnell Pharmaceuticals Holdings Ltd.
Former directorships (in the last 3 years): None
Special responsibilities: Member of Compliance Committee, Chairman
Interests in units: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors' Report

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Board and Committee meetings

Director	Full Board		Compliance Committee	
	Held	Attended	Held	Attended
John Patton	26	26	-	-***
Victor Siciliano	7	7	-	-
Anthony Hartnell AM	5	4	4	1*
Jeffrey E. Schwarz	23	22	-	-
Betty Poon	11	11	4	1**
Jim Hallam	4	4	-	-

Held: represent the number of meetings held during the time the director held office.

* Anthony Hartnell was appointed to the Compliance Committee on 20 June 2018.

** Betty Poon was terminated on 27 November 2017.

*** John Patton was appointed to the Compliance Committee on 29 August 2018.

Interests held by the Responsible Entity and Directors

The number of units in the Fund held by the Responsible Entity, their related parties and Directors at the date of this report are disclosed in Note 16 to the financial statements.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings. The Fund was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



John Patton
Managing Director
27 September 2018
Melbourne

Auditor's Independence Declaration

To the Directors of Aurora Funds Management Limited as the Responsible Entity of Aurora Fortitude Absolute Return Fund

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Aurora Fortitude Absolute Return Fund for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner - Audit & Assurance

Melbourne, 27 September 2018

Financial Statement

Statement of profit or loss and other comprehensive income For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Investment Income			
Interest income		2,998	232,117
Dividend and distribution income		379,844	782,986
Net gains/(Losses) on financial instruments held at fair value through profit or loss		(4,181,228)	(2,070,121)
Other operating income		45,737	30,358
Total net investment income/(loss)		(3,752,649)	(1,024,660)
Expenses			
Management fees	16	158,506	392,328
Recovery costs	16	311,164	479,120
Administration costs		1,382	91,350
Other operating expenses	14(a)	590	33,863
Takeover panel costs	14(b)	-	289,227
Legal costs		462,193	-
Unitholder meeting costs	14(c)	-	74,458
Interest expense		2,461	12,670
Dividend expense		4,437	53,609
Total operating expenses		940,733	1,426,625
Operating profit/(loss) for the year		(4,693,382)	(2,451,285)
Finance costs attributable to unitholders			
Distributions to unitholders	13	(422,729)	(821,980)
Decrease in net assets attributable to unitholders	12	5,116,111	3,273,265
Profit/(loss) for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Financial Statement

Statement of financial position As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Cash and cash equivalents	9	904	715,560
Dividends Receivable		49,252	79,031
Receivables		196,663	33,652
Due from brokers - receipts for securities sold		22,030	354,056
Financial assets held at fair value through profit or loss	10	6,075,153	13,355,015
Total assets		6,344,002	14,537,314
Liabilities			
Distributions payable	13	51,643	163,863
Due to brokers - payable for securities purchased		20,016	20
Futures margin account	9	-	100,546
Financial liabilities held at fair value through profit or loss	11	-	168,265
Other payables		26,498	176,375
Total liabilities (excluding net assets attributable to unitholders)		98,157	609,069
Net assets attributable to unitholders – liability	12	6,245,845	13,928,245
Liabilities attributable to unitholders		(6,245,845)	(13,928,245)
Net assets		-	-

The above statement of financial position should be read in conjunction with the accompanying notes.

Financial Statement

Statement of changes in equity For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Balance at the beginning of the financial year		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with unitholders in their capacity as unitholders		-	-
Total equity at the end of the financial year		-	-

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Financial Statement

Statement of cash flows For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		9,473,799	195,762,558
Purchase of financial instruments held at fair value through profit or loss		(6,385,259)	(187,304,829)
Transaction costs on sale and purchase of financial instruments		(1,382)	-
Dividends and distributions received		439,946	835,120
Interest received		2,962	284,411
Other income		(4,437)	33,240
Interest paid		45,737	(12,670)
Investment management fee paid		-	(638,647)
Recovery costs		(447,590)	(158,371)
GST received		552	27,571
Other operating expenses		(637,201)	(1,171,184)
Net cash inflow/(outflow) from operating activities	17(a)	2,487,127	7,657,199
Cash flows from financing activities			
Proceeds from applications by unitholders (excluding treasury units)		31,790	5,205,047
Payments for redemptions by unitholders (excluding treasury units)		(2,598,078)	(48,771,034)
Distributions paid		(534,949)	(1,067,530)
Net cash (inflow)/outflow from financing activities		(3,101,237)	(44,633,517)
Net (decrease)/increase in cash and cash equivalents		(614,110)	(36,976,318)
Cash and cash equivalents at the beginning of the year		615,014	37,591,332
Cash and cash equivalents at the end of the year	9	904	615,014
Non-cash financing activities	17(b)	31,790	259,834

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

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Notes to Financial Statements

Note 1. General information

These financial statements cover Aurora Fortitude Absolute Return Fund (the "Fund") as an individual entity. The Fund commenced operations on 30 April 2006, and is domiciled in Australia.

The Responsible Entity of the Fund is Aurora Funds Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3000. The financial statements are presented in Australian currency.

It is recommended that these financial statements are considered together with the current PDS and in accordance with the provisions of the governing documents of the Fund, and any public announcements made by the Fund during the year ended 30 June 2018 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

The principal activities of the Fund during the financial year were managing its investment strategy in accordance with the provision of the Fund Constitution, the Product Disclosure Statement and fund updates.

The financial statements were authorised for issue by the directors of the Responsible Entity as at the date of the directors' report.

Note 2. Adoption of new and revised Accounting Standards

New, revised or amending Accounting Standards and Interpretations adopted

The Fund has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Fund for the annual reporting period ended 30 June 2018. The Fund's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Fund, as set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. This standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align with the risk management activities of the Trust. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognize an allowance.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

Notes to Financial Statements

Note 2. Adoption of new and revised Accounting Standards (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standards is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocate the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognise revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Receivables

Receivables may include amounts for dividends, interest, Fund distributions and securities sold where settlement has not yet occurred. Dividends and Fund distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally due for settlement within 30 days of being recorded as receivables.

Notes to Financial Statements

Note 3. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within two business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

Payables

All expenses, including Responsible Entity's fees and custodian fees are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. Unpaid amount is recognised in the Statement of Financial Position as other payables.

Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 6.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts when it is probable that the economic benefit will flow to the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Dividend income is recognised on the ex-dividend date, inclusive of any related foreign withholding tax. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date. Fund distributions are recognised on an entitlements basis.

Notes to Financial Statements

Note 3. Significant accounting policies (continued)

Expenses

All expenses, including Responsible Entity's fees and custodian fees are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

Goods and Services Tax ('GST')

The GST incurred on the costs of various services provided to the Fund by third parties, have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITCs) at a rate of 55% or 75%; hence management fees, custodial fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund. The benefit of imputation credits and foreign tax paid is passed on to unitholders.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

1. Molopo Energy Limited (ASX: MPO)

As at 30 June 2018, AFARF held an investment in the ordinary shares of MPO, which was suspended from trading on the Australian Stock Exchange on 27 July 2017 and remains suspended as at the date of this report.

On 12 September 2017, the Fund announced an off-market takeover bid for 100% of the shares in Molopo at a price of \$0.135 (13.5 cents) per share through a combination of cash (capped at \$5 million) and units in the Fund.

Notes to Financial Statements

Note 4. Critical accounting judgements, estimates and assumptions (continued)

On 8 May 2018, Molopo disclosed a number of transactions which were in excess of the 'no material transaction or series of transactions of more than \$2 million' defeating condition of the Funds bid, specifically:

- "On 30 January 2018, Orient redeemed all of the JV Partner's shares in Orient for a redemption amount of USD\$7 million (Orient Redemption), resulting in the shares of the JV Partner in Orient being cancelled and Orient becoming a wholly-owned subsidiary of Molopo";
- "Following completion of the Orient Redemption, Molopo has sole funded the remaining amounts required by the Orient Project, in accordance with its current budget for the project, in an aggregate amount of USD\$21 million (Orient Funding)";
- "On 21 February 2018, Orient entered into a contribution agreement with Drawbridge Energy Holdings Ltd (Drawbridge) pursuant to which it agreed to (i) transfer its 100% interest in Orient FRC (US) LLC (Orient US), a wholly owned subsidiary of Orient; and (ii) assign Orient's interest in the Orient Project to Orient US at completion, in consideration for a 30% interest in Drawbridge (Combination Transaction)"; and
- USD\$21 million was funded by way of intercompany loan from Orient to Orient US. Following completion of the Combination Transaction on or about 7 March 2018, the loan from Orient to Orient US was extinguished.

Following completion of the Combination Transaction, Molopo reported that it had \$16.904 million of cash as at 31 March 2018.

On 11 May 2018, Aurora submitted an application to the Takeovers Panel in relation to the affairs of Molopo seeking a Declaration of Unacceptable Circumstances in relation to the Orient / Drawbridge Transactions. Amongst other things, Aurora submitted:

1. that:
 - (a) the transactions and events described in the 8 May 2018 ASX announcement constituted frustrating actions and should have been subject to shareholder approval;
 - (b) there were disclosure deficiencies in Molopo's Target Statement and Supplementary Target Statements;
 - (c) Molopo failed to comply with its continuous disclosure obligations; and
 - (d) the conduct of Molopo's (now former) directors in relation to, and the nature of, the transactions, and other circumstances, gave rise to serious concerns regarding the transactions.
2. the cumulative effect of the transactions and events was to inhibit the acquisition of control over voting shares in Molopo taking place in an efficient, competitive and informed market.
3. it appeared that Molopo had misled the Takeovers Panel in prior Takeover Panel proceedings regarding the urgency and use of the US\$4.5 million shareholder loan to Orient.
4. in relation to the Orient / Drawbridge Transactions, that certain circumstances "point to the transaction being a sham", including the uncommercial structure of the transaction, the speed at which and the secrecy with which it had been consummated, the lack of oil and gas experience of the Former Directors and the disregard for the ASX Listing Rules.
5. it sought an order that all transactions that are capable of being unwound be unwound. If that order was not made (or complied with) and Aurora withdrew its bid due to the frustrating actions, it sought an order for costs associated with its bid.

On 8 June 2018, the Takeovers Panel made a Declaration of Unacceptable Circumstances in relation to the Orient / Drawbridge Transactions and subsequently ordered Molopo to pay a portion of the costs necessarily, properly and reasonably incurred by Aurora, however did not order that the Drawbridge /Orient transaction be unwound.

On 1 August 2018, the new Molopo Board, who were elected at the Company's Annual General Meeting on 31 May 2018, made the following comments in the recent Quarterly Activities Report released by Molopo:

Notes to Financial Statements

Note 4. Critical accounting judgements, estimates and assumptions (continued)

"Following a detailed review of the Orient/Drawbridge Transactions, the current Directors of Molopo cannot see any logical or commercial reason for entering into these transactions.

*The Transactions resulted in the Company's cash reserves being depleted from **A\$66.2 million** at 30 June 2017 to **A\$15 million** as at 30 June 2018.*

The Former Directors proceeded with these transactions without seeking shareholder approval, resulting in a breach of ASX Listing Rules, as well as breaching ASX continuous disclosure obligations and the Corporations Act."

On 10 August 2018, Aurora made an ASX Announcement advising of its decision to not declare the Fund's takeover bid free from its defeating conditions and therefore to withdraw the Fund's takeover bid.

In light of the above, Aurora considers that the actions of the former Molopo directors have substantially and adversely affected the value of Molopo's assets. As such, Aurora has considered the carrying value of its investment in Molopo and has decided to write the value of its investment down from 13.5 cents to 2.6 cents. The rationale for this decision is summarised below:

- Today, Molopo's primary assets comprise its cash reserves (A\$15 million as at 30 June 2018) and its shareholding in Drawbridge. Molopo's shareholding in Drawbridge, being a 30% shareholding with no voting rights and limited rights to appoint a representative director, was reported to have gross cash of US\$14.07 million, investment and other assets of US\$4.41 million, current liabilities of US\$0.29 million and net assets of US\$18.2 million (A\$24.06 million) as at 31 March 2018; against which the projected cash outflows for the 6 month period between April and September 2018 was estimated to be US\$6.61 million (gross) or US\$1.1 million (A\$1.46 million) per month. Molopo's 30% share of the net balance equates to A\$5.235 million.
- Molopo's primary liability relates to a long-standing legal action in Canada concerning the Company and Molopo Energy Canada Ltd ("MECL"), a wholly owned subsidiary of the Company. According to the most recent financial statements released by Molopo, being the annual audited financial statements for the year ended 31 December 2017, which were released by Molopo on 8 May 2018, there was no change to the long standing provision of A\$8.6 million, with the following commentary being provided:

In March 2011, MECL was served with a statement of claim by a former joint venture partner (3105682 Nova Scotia ULC) "310 ULC" claiming MECL breached various agreements relating to the relevant joint venture, including breach of fiduciary duties, trust and good faith. 310 ULC has sought declarations, accountings, damages of 25% revenue, C\$35.0 (A\$35.9) million general damages, C\$1.0 (A\$1.0) million punitive and aggravated damages, interest, GST and indemnity costs.

Subsequent to the filing of the statement of defence, the Company undertook an extensive examination of the transactions that gave rise to the amounts in dispute. This examination resulted in the Company applying a provision in the accounts in 2012 of a net C\$5.0 (A\$5.1) million. In early 2013, the JV Partner settled a counterclaim by making a payment of C\$3.4 (A\$3.5) million to the Company, at which time the Company increased the provision to C\$8.4 (A\$8.6) million.

The matter is continuing in the ordinary course with the Court. No court date has yet been set and the standard preparatory litigation processes are being undertaken.

The movement in the past two years in the provision for legal claim arises solely from fluctuations in foreign exchange rates in the period. The Board is satisfied that the progress of the litigation process has not provided evidence to suggest the C\$8.4 (A\$8.6) million provision is inappropriate. The Board therefore considers the provision to be appropriate.

- Molopo currently has 249,040,648 ordinary shares on issue;

Notes to Financial Statements

- Based on the above, Aurora considers the appropriate carrying value of its investment in Molopo to be calculated as follows:
 - cash reserves of \$15 million; less
 - litigation provision of \$8.6 million;
 - divided by 249,040,648 ordinary shares on issue;
 - the total estimated value equates to a value of **2.6 cents per share**
- As more information is released by Molopo on the Drawbridge shareholding as well as the Canadian litigation, it may be appropriate for Aurora to revisit the carrying value of its Molopo investment.

The fair value of Aurora's investment in Molopo is based on significant estimates and judgements adopted by management of Aurora based on all available information about Molopo as at the date of the 30 June 2018 financial report.

In addition to the application made by Aurora to the Takeovers Panel, Aurora is pursuing other avenues to recover value that has been lost by the former directors of Molopo.

2. RNY Property Trust (ASX: RNY)

RNY has been valued at \$0.013 in the financial statements of AFARF, rather than the most recent traded prices. This is due to the following:

- While the last ASX traded price for RNY was \$0.006, this was on very limited traded volumes. In the period from 1 January 2018 to 30 June 2018 only \$19,886 (dollars) has traded on the ASX. Accordingly, Aurora considers that the recently traded prices have not occurred in a liquid market and therefore do not provide adequate price discovery.
- As per the current terms of the loan provided to RNY Australia Operating Company LLC (US LLC), the loan is non-recourse to the US LLC and RNY. Since 1 January 2017, the loan has been in default with the US LLC accruing default interest which as at 30 June 2018 totalled USD\$4.4 million.
- Aurora total ownership is 80.96% of which AFARF owns 1.58% of the units in RNY, which in turn owns 100% of RNY Australia LPT Corp (Maryland REIT) which in turn owns 75% of RNY Australia Operating Company LLC (US LLC) (refer org chart). As at 30 June 2018, the Maryland REIT had unencumbered cash of approximately USD \$4.2 million (less payables of circa US\$0.67million as at 30 June 2018). On a wind up of the Maryland REIT, the cash available to RNY unitholders would be approximately USD\$3.5 million, with Aurora's 80.96% share amounting to USD\$2.8 million (AUD\$3.9 million), which is greater than the carrying value of AUP's investment at 30 June 2018 of AUD\$2.6 million (based on \$0.013 per unit price).

Subsequent to 30 June 2018, the loan was renegotiated with the financier, Acore Capital (Acore). The loan remains non-recourse and the default interest (mentioned previously) has been waived.

Notes to Financial Statements

Note 5. Operating segments

Identification of reportable operating segments

The Fund comprised the single business segment which operates solely in the business of investment management within Australia. While the Fund operates within Australia only (the geographical segment), the Fund may have asset exposures in different countries and across different industries.

Operating segment information

As the Fund operates in a single business and geographic segment, these financial statements represent the required financial information of that segment.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM') which has been identified as the Board of Directors. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 6. Financial Instruments

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

Financial risk management

The Fund's activities expose it to a variety of financial risks which is reflected in the Fund's net gains/losses: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focusses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximize the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the investment management department of the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

(a) Market risk

(i) Price risk

Price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by the Responsible Entity through ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly by the investment manager on a total portfolio basis, which includes the effect of derivatives.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

The Fund is exposed to equity securities and derivative securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Investments are classified in the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

A sensitivity analysis was performed showing how the effect of a 10% increase (2017: 10%) and a 10% decrease (2017: 10%) in market prices would have increased/decreased the impact on operation profit/net assets attributable to unitholders as at 30 June 2018. The results of this analysis are disclosed in Note 6(b).

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

The Fund has no direct exposure to foreign currency and no sensitivity analysis was performed.

(iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate on financial instruments with variable interest rates.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. The only financial assets held by the Fund subject to interest rate risk are cash and cash equivalents.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as input in their valuation model. Therefore, the sensitivity analysis may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There is no significant direct interest rate risk in the Fund as the Fund does not hold interest rate sensitive financial instruments. The interest rates on deposits at bank and on bank overdrafts are both rates referenced to RBA cash rate.

A sensitivity analysis was performed showing how the effect of a 100 basis point increase (2017: 100 basis point) and a 100 basis point decrease (2017: 100 basis point) in interest rates on cash and cash equivalents would have increased/decreased the impact on operating profit/net assets attributable to unitholders as at 30 June 2018. The results of this analysis are disclosed in Note 6(b).

Notes to Financial Statements

Note 6. Financial Instruments (continued)

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair value, categorised by the earlier of contractual repricing or maturity dates.

	Floating interest rate	Fixed interest rate	Non interest bearing	Total
30 June 2018				
Financial assets	AUD	AUD	AUD	AUD
Cash and cash equivalents	904	-	-	904
Receivables	-	-	245,915	245,915
Due from brokers – receipt for securities sold	-	-	22,030	22,030
Financial assets held at fair value through profit or loss	-	-	6,075,153	6,075,153
Financial liabilities				
Futures margin account	-	-	-	-
Distribution payable	-	-	(51,643)	(51,643)
Due to brokers – receipts for securities bought	-	-	(20,016)	(20,016)
Financial liabilities held at fair value through profit or loss	-	-	(26,498)	(26,498)
Other payables	-	-	-	-
Net exposure	904	-	6,244,941	6,245,845
30 June 2017				
Financial assets	AUD	AUD	AUD	AUD
Cash and cash equivalents	715,560	-	-	715,560
Dividends receivable	-	-	79,031	79,031
Receivables	-	-	33,652	33,652
Due from brokers – receipt for securities sold	-	-	354,056	354,056
Financial assets held at fair value through profit or loss	-	-	13,355,015	13,355,015
Financial liabilities				
Futures margin account	(100,546)	-	-	(100,546)
Distribution payable	-	-	(163,863)	(163,863)
Due to brokers – receipts for securities bought	-	-	(20)	(20)
Financial liabilities held at fair value through profit or loss	-	-	(168,265)	(168,265)
Other payables	-	-	(176,375)	(176,375)
Net exposure	615,014	-	13,313,231	13,928,245

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(b) Price risk and Interest rate risk

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to the price risk and interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, foreign exchange rates and historical market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Price Risk		Interest Rate Risk	
	Impact on operating profit/net assets attributable to unitholders			
	-10%	+10%	-100 bps	+100 bps
	\$	\$	\$	\$
30 June 2018	(607,515)	607,515	(9)	9
30 June 2017	(1,318,675)	1,318,675	6,150	(6,150)

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonably possible shift in assumptions.

(c) Credit risk

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the due.

The main concentration of credit risk to which the Fund is exposed arises from cash and cash equivalents and amounts due from other receivables.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring transactions are undertaken with a large number of counterparties.

The Fund has a prime brokerage agreement with Interactive Brokers, the Fund's prime broker, and some of the Fund's assets will be pledged as collateral for amounts drawn under the overdraft facility. There was no overdraft position as at 30 June 2018 (2017: nil).

Certain assets of the Fund will be held by the Custodian in segregated accounts together with assets deposited by it on behalf of other customers of the Custodian or Prime Broker. Such assets will not be mixed with the property of the Custodian or the Prime Broker and should not be available to third party creditors of the Custodian or Prime Broker in the event of insolvency of the Custodian or Prime Broker (as the case may be). However, the assets of the Fund held by a Custodian will be subject to a charge to secure the Fund's obligations to the Prime Broker.

The main concentration of credit risk to which the Fund is exposed arises from cash and cash equivalents.

The Fund has a credit risk exposure to the banks (Westpac and Interactive Brokers) that hold the Fund's cash assets at 30 June 2018.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

An analysis of exposure by rating is set out in the table below:

	2018 \$	2017 \$
Rating		
AA (Westpac Bank)	523	82,123
BBB (Interactive Brokers)	381	633,437
Total	904	715,560
BBB (Interactive Brokers)	-	(100,546)
Total future margin account	-	(100,546)

(i) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of BBB or higher. In accordance with the Fund's Constitution, the investment manager monitors the Fund's credit position of a daily basis, and the Board of Directors reviews it on a quarterly basis.

(iii) Other

The Fund is not materially exposed to credit risk on other financial assets. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund was exposed to daily cash redemptions of redeemable units up until February 2017. From February 2017 to August 2017, daily applications and redemptions were suspended by the Responsible Entity. Daily cash redemptions recommenced on 8 September 2017 until 31 December 2017. From 1 January 2018, the Responsible Entity announced that redemption requests will be processed on a quarterly basis, with the first redemption date being 31 March 2018.

The Fund was also exposed to daily margin calls on derivatives. It therefore primarily holds investment that are traded in an active market and can be readily disposed. However, the Fund holds an investment in Molopo Energy Limited which are to be vested in ASIC to sell over a period of 6 months. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements.

The investment manager monitors liquidity on a daily basis. Compliance with the Fund's policy is reported to the Board on a monthly basis.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

30 June 2018	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Liabilities					
Futures margin account	-	-	-	-	-
Distribution payable	51,643	-	-	-	51,643
Due to brokers – payments for securities purchased	20,016	-	-	-	20,016
Financial liabilities held at fair value through profit or loss	-	-	-	-	-
Other payables	26,498	-	-	-	26,498
Net assets attributable to unitholders	-	6,245,845	-	-	6,245,845
Contractual cash flows (excluding gross settled derivatives)	98,157	6,245,845	-	-	6,344,002

30 June 2017	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Liabilities					
Futures margin account	100,546	-	-	-	100,546
Distribution payable	163,863	-	-	-	163,863
Due to brokers – payments for securities purchased	20	-	-	-	20
Financial liabilities held at fair value through profit or loss	168,265	-	-	-	168,265
Other payables	176,375	-	-	-	176,375
Net assets attributable to unitholders	-	13,928,245	-	-	13,928,245
Contractual cash flows (excluding gross settled derivatives)	609,069	13,928,245	-	-	14,537,314

30 June 2018	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Net settled derivatives					
Australian traded options	-	10,964	-	-	10,964
Australian share price index futures	-	-	-	-	-
Australian traded warrants	-	-	-	-	-
Total net settled derivatives	-	10,964	-	-	10,964

30 June 2017	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Net settled derivatives					
Australian traded options	-	980,646	-	-	980,646
Australian share price index futures	-	21,275	-	-	21,275
Australian traded warrants	-	521,971	-	-	521,971
Total net settled derivatives	-	1,523,892	-	-	1,523,892

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to Financial Statements

Note 7. Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis through profit or loss (FVTPL).

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models, volume weighted average price or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Notes to Financial Statements

Note 7. Fair value measurement (continued)

The following tables detail the Fund's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2018				
Financial assets				
Financial assets held for trading:				
Derivatives	10,964	-	-	10,964
Financial assets designated at fair value through profit or loss:				
Equity securities	5,181,836	-	882,353	6,064,189
Total financial assets	5,192,800	-	882,353	6,075,153
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	-	-	-	-
Financial liabilities designated at fair value through profit or loss:				
Equity securities	-	-	-	-
Total financial liabilities	-	-	-	-
30 June 2017				
Financial assets				
Financial assets held for trading:				
Derivatives	1,502,617	-	-	1,502,617
Financial assets designated at fair value through profit or loss:				
Equity securities	7,551,547	4,300,851	-	11,852,398
Total financial assets	9,054,164	4,300,851	-	13,355,015
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	(21,275)	-	-	(21,275)
Financial liabilities designated at fair value through profit or loss:				
Equity securities	189,540	-	-	189,540
Total financial liabilities	168,265	-	-	168,265

Transfers between levels

There has been two transfers between levels for the year ended 30 June 2018 (30 June 2017: one transfer). Please refer to Note 4 for relevant information.

Valuation techniques for fair value measurements

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Notes to Financial Statements

Note 7. Fair value measurement (continued)

Reconciliation of level 2 fair values

Financial assets measured using significant unobservable inputs (level 2) are shown below:

	2018 \$	2017 \$
Opening balance	4,300,851	
Transfers in/(out) of level 2	(4,300,851)	4,300,851
Change in value of financial asset held at fair value through profit or loss	-	-
Closing balance	-	4,300,851

Reconciliation of level 3 fair values

Financial assets measured using significant unobservable inputs (level 3) are shown below:

	2018 \$	2017 \$
Opening balance	-	-
Transfers in/(out) of level 3	4,300,851	-
Change in value of financial asset held at fair value through profit or loss	(3,418,498)	-
Closing balance	882,353	-

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assume that the transaction will take place either: in the principal market; or in the absence of a principal market; in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison where applicable, with external sources of data.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

Notes to Financial Statements

Note 8. Derivative financial instruments

In the normal course of business, the Fund enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date whose value changes in response to a change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds the following derivative instruments:

(a) Equity swaps

An equity swap is a financial derivative contract (a swap) where a set of future cash flows are agreed to be exchanged between two counterparties at set dates in the future. The two cash flows are usually referred to as "legs" of the swap; one of these "legs" is usually pegged to a floating rate. The other leg of the swap is based on the performance of either a share of stock or a stock market index. Most equity swaps involve a floating leg versus an equity leg, although some exist with two equity legs. An equity swap involves a notional principal, a specified tenor and predetermined payment intervals. Equity swaps are typically traded by Delta One trading desks.

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Fund are exchange-traded and over-the-counter. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis. Exchange traded options comply with the conditions of the Options Clearing House.

(c) Warrants

A warrant is a contractual arrangement under which the issuer grants the holder the right to purchase securities (usually equity) from the issuer at a specific price within a certain time frame. Warrants held by the Fund are exchange traded.

Notes to Financial Statements

Note 8. Derivative financial instruments (continued)

The table below details the Fund's derivative financial instruments at year end.

30 June 2018	Contractual/ notional \$	Fair values	
		Assets \$	Liabilities \$
Australian exchange traded derivatives			
Australian share price index futures	-	-	-
Exchange traded options	-	10,964	-
Exchange traded warrants	-	-	-
Total Australian exchange traded derivatives	-	10,964	-

30 June 2017	Contractual/ notional \$	Fair values	
		Assets \$	Liabilities \$
Australian exchange traded derivatives			
Australian share price index futures	1,857,200	-	(21,275)
Exchange traded options	-	980,646	-
Exchange traded warrants	199,182	521,971	-
Total Australian exchange traded derivatives	2,056,382	1,502,617	(21,275)

Refer to Note 6 for further information on financial instruments.

Refer to Note 7 for further information on fair value measurement.

Note 9. Cash and cash equivalents

	2018 \$	2017 \$
Cash at bank	904	715,560
Futures margin account	-	(100,546)
Total cash and cash equivalents	904	615,014

Accounting policy for cash and cash equivalents

Cash at bank includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the Statement of Financial Position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities in the Statement of Cash Flows, as movements in the fair value of these securities represent the Fund's main income generating activity.

Futures margin account comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls.

Notes to Financial Statements

Note 10. Financial assets held at fair value through profit or loss

	2018 \$	2017 \$
Equity securities		
Listed Australian equity securities	6,064,189	11,852,398
Total equity securities	6,064,189	11,852,398
Derivatives		
Exchange traded options	10,964	980,646
Exchange traded forwards	-	-
Exchange traded warrants	-	521,971
Total derivatives	10,964	1,502,617
Total financial assets held at fair value through profit or loss	6,075,153	13,355,015

An overview of the risk exposure relating to financial assets held at fair value through profit or loss is included in Note 6.

Note 11. Financial liabilities held at fair value through to profit or loss

	2018 \$	2017 \$
Equity securities		
Listed Australian equity securities	-	189,540
Total equity securities	-	189,540
Derivatives		
Exchange traded forwards	-	-
Exchange traded warrants	-	(21,275)
Total derivatives	-	(21,275)
Total financial liabilities held at fair value through profit or loss	-	168,265

An overview of the risk exposure relating to financial liabilities held at fair value through profit or loss is included in Note 6.

Notes to Financial Statements

Note 12. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	2018 No.	2017 No.	2018 \$	2017 \$
Opening balance	22,560,516	81,179,930	13,928,245	60,507,719
Applications	-	7,086,348	-	5,205,047
Redemptions	(4,262,593)	(66,060,102)	(2,598,078)	(48,771,090)
Units issued upon reinvestment of distributions	73,815	354,340	31,789	259,834
Increase/(decrease) in net assets attributable to unitholders	-	-	(5,116,111)	(3,273,265)
Closing balance	18,371,738	22,560,516	6,245,845	13,928,245

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

Accounting policy for net assets attributable to unitholders

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund.

Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets for the Fund, divided by the number of units on issue.

Units are redeemable at the unitholders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is considered in the best interests of unitholders. The units are classified as financial liabilities as the Fund is required to distribute its distributable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

The Fund is subject to redemption guidelines where redemption requests are processed and paid on a quarterly basis (up to a maximum of a total of 5% of Fund FUM in the relevant quarter).

Notes to Financial Statements

Note 13. Distributions to unitholders

The distributions for the year were as follows:

	2018 \$	2018 CPU	2017 \$	2017 CPU
Distributions paid	371,086	1.84	658,117	2.22
Distributions payable (30 June 2018 quarter)	51,643	0.28	163,863	0.73
Total distributions	422,729	2.12	821,980	2.95

Accounting policy for distribution to unitholders

The Fund distributes its distributable income in accordance with the Fund Constitution, to unitholders by cash or reinvestment. The distributions are recognised in profit or loss as finance costs attributable to unitholders. Unpaid amount is recognised in the Statement of Financial Position.

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

Note 14. Expenses

(a) Other operating expenses

	2018 \$	2017 \$
Bank, prime broker and brokerage fees	-	35,423
Trade commissions	-	(780)
Professional fee expenses	-	-
General fund expenses	590	(780)
Total other operating expenses	590	33,863

The Fund announced via a fund update that effective 8 August 2017, Aurora Funds Management Limited may begin charging all its normal operating expenses to the Fund in accordance with the Constitution.

(b) Takeover panel costs

	2018 \$	2017 \$
Takeover panel costs	-	289,227
Total takeover panel costs	-	289,227

The Trust incurred legal costs in relation to the Takeover Panel proceedings of Molopo Energy Limited.

(c) Unitholder meeting costs

	2018 \$	2017 \$
Unitholder meeting costs	-	74,458
Total unitholder meeting costs	-	74,458

In 2017, the Fund incurred legal costs in relation to the general meeting called by Providence Wealth Advisory Group Pty Ltd.

Notes to Financial Statements

Note 15. Remuneration of auditors

During the financial year, the following fees were paid or payable by the Responsible Entity on behalf of the Fund for services provided by the auditor of the Fund. The auditor of the Fund is Grant Thornton (2017: Deloitte Touche Tohmatsu). The Responsible Entity is responsible for paying this remuneration of auditor on behalf of the Fund.

	2018 \$	2017 \$
Audit and other assurance services		
Audit and review of financial statements (Deloitte Australia)	42,756	17,233
Audit of compliance plan (Deloitte Australia)	-	5,133
Total remuneration for audit and other assurance services	42,756	22,366
Taxation services		
Tax compliance services (Grant Thornton)	2,500	-
Tax compliance services (Deloitte Australia)	53,350	16,017
Total remuneration for tax services	55,850	16,017
Total remuneration of auditors	98,606	38,383

Note 16. Related party transactions

Responsible Entity

The Responsible Entity of Aurora Fortitude Absolute Return Fund is Aurora Funds Management Limited.

Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Fund to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Related party unitholdings

The interests in the Fund held by other management investment schemes also managed by the Responsible Entity are shown as follows:

	No. of units held opening	No. of units held closing	Fair value of investment	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund
30 June 2018							
Aurora Absolute Return Fund	10,613,844	8,701,218	\$2,958,414	47.36%	-	1,912,626	\$276,030

30 June 2017

Aurora Absolute Return Fund	19,030,897	10,613,844	\$6,601,811	47.05%	1,436,528	9,853,581	\$357,807
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Notes to Financial Statements

Note 16. Related party transactions (continued)

Other related party information

Seventh Orion

Seventh Orion Pty Ltd as Trustee for the Aurora Investments Unit Trust (Seventh Orion) owns 100% of the ordinary shares of Aurora Funds Management Limited, being the Responsible Entity of Aurora Dividend Income Trust.

Seventh Orion Pty Ltd is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited.

Sky Post Pty Ltd

Sky Post Pty Ltd periodically provides mailing services to Aurora Fortitude Absolute Return Fund. Victor Siciliano, Executive Director of Aurora Funds Management Limited, is the sole director of Sky Post Pty Ltd.

Directorships

Mr John Patton was appointed to the Boards of the following listed entities held by other managed investment schemes also managed by the Responsible Entity:

- Mr Patton was appointed to the Board of Keybridge Capital Limited as a Non-Executive Director on 10 August 2016 and was subsequently appointed to the role of Executive Chairman on 13 October 2016. The Fund holds an investment in Keybridge Capital Limited of \$1,548,474 (2017: \$Nil); and
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016. The Fund holds an investment in Metgasco Limited of nil (2017: \$165,465)

Investments

The Fund holds the following investments schemes which are also managed by the Responsible Entity.

30 June 2018	No. of units held opening	No. of units held closing	Fair value of investment	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund
Aurora Dividend Income Trust	1,015,258	-	-	-	-	1,015,258	\$22,598
Aurora Global Income Trust	1,378,988	1,413,358	\$336,141	19.39%	34,370	-	\$52,893
Aurora Property Buy Write Income Trust	544,442	389,264	\$1,341,190	19.72%	83,990	239,168	\$169,592

Notes to Financial Statements

Note 16. Related party transactions (continued)

30 June 2017	No. of units held opening	No. of units held closing	Fair value of investment	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund
Aurora Dividend Income Trust	-	1,015,258	\$642,963	6.46%	1,015,258	-	\$57,507
Aurora Global Income Trust	-	1,378,988	\$883,104	19.87%	1,378,988	-	\$63,571
Aurora Property Buy Write Income Trust	-	544,442	\$2,535,956	23.35%	544,442	-	\$170,799

Responsible entity's/manager's fees and other transactions

Under the terms of the Fund Constitution, the Responsible Entity is entitled to receive fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Fund as follows:

- Management fee payable to the Responsible Entity is 1.49% (including GST) per annum;
- Performance fee of 20.50% (including GST) per annum is applied to the total excess between the Total Unit Holder Return (TUR) and the RBA Cash Rate plus 1% daily. Performance fees are payable half-yearly.

All expenses in connection with the preparation of accounting records and the maintenance of the unit register are reimbursed in accordance with the Fund Constitution

The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity were as follows:

	2018 \$	2017 \$
Management fees for the year paid/payable by the Fund to the Responsible Entity	158,506	392,328
Recovery costs for the year paid/payable by the Fund to the Responsible Entity	311,164	479,120
Aggregate amount payable to the Responsible Entity for management fees at the end of the reporting period	26,266	19,006

No amounts were paid by the Fund directly to the key management personnel of Aurora Funds Management Limited.

Notes to Financial Statements

Note 17. Reconciliation of profit to net cash inflow/(outflow) from operating activities

	2018 \$	2017 \$
(a) Reconciliation of (loss)/profit to net cash inflow from operating activities		
Profit/(loss) for the year	-	-
Decrease in net assets attributable to unitholders	(5,116,111)	(3,273,265)
Distribution to unitholders	422,729	821,980
Proceeds from sale of financial instruments held at fair value through profit or loss	9,473,799	195,762,558
Purchase of financial instruments held at fair value through profit or loss	(6,385,259)	(187,304,829)
Net losses on financial instruments held at fair value through profit or loss	4,181,228	2,070,121
Net change in dividend receivables	-	52,134
Net change in receivables	60,618	99,326
Net change in payables	(149,877)	(570,826)
Net cash inflow from operating activities	2,487,127	7,657,199
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	31,790	259,834

Note 18. Events after the reporting period

Other than the events mentioned in the Directors' Report, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2018 or on the results and cash flows of the Fund for the year ended on that date.

Note 19. Commitments

There were no commitments for expenditure as at 30 June 2018 (2017: Nil).

Note 20. Contingent assets and liabilities

There were no contingent assets and liabilities as at 30 June 2018 (2017: Nil).

Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 2 to the financial statements;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund; and
- (d) The directors have been given the declarations of the Responsible Entity made pursuant to s295(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Responsible Entity, Aurora Fund Management Limited.



John Patton
Managing Director
27 September 2018

Independent Auditor's Report

To the Unitholders of Aurora Fortitude Absolute Return Fund

Report on the audit of the financial report

Opinion

We have audited the financial report of Aurora Fortitude Absolute Return Fund (the Fund), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Responsible Entity (the "Directors"). The other information comprises the information included in the Fund's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 27 September 2018