

Aurora Fortitude Absolute Return Fund (AFARF)

Performance ¹	1 month	3 months	FYTD
Aurora Fortitude Absolute Return Fund	-1.66%	-13.32%	-13.28%
Benchmark	0.12%	0.38%	1.53%
Outperformance	-1.78%	-13.70%	-14.81%

Investment Objective

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

Investment Strategy

The 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 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 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.

Portfolio Position Analysis

Strategy	Long	Short
Convergence	5	1
Yield	2	0
Long/Short	5	0
Options/Derivatives	8	1
Mergers & Acquisitions	0	0
Total	20	2

Fund Overview

APIR Code	AFM0005AU
NAV per Unit*	\$0.6223
Structure	Fund
Investment Style	Market Neutral
Inception Date	28 February 2005
Management Fee (incl.GST)	1.49%
Performance fee (incl.GST)	20.5%
Buy / sell spread	+/- 0.02%
Entry / Exit fees	Nil
Benchmark	RBA Cash Rate
Distributions	1.0% per quarter

*unaudited unit price

Fund performance summary

- The Aurora Fortitude Absolute Return Fund (Fund) returned -1.66% for the month against its benchmark return of +0.12%, whilst the broader S&P/ASX200 Index returned 0.17%.
- The key contributors to performance this month were volatility trades in a number of ASX-listed options, including Antipodes Global Investment Company Ltd (ASX:APLO) (+40%), Ellerston Global Investments Limited (ASX:EGIO) (+35%) and WAM Leaders Limited (ASX:WLEO) (+20%).
- The key detractor from performance this month was 8IP Emerging Companies Limited (ASX:8EC), an ASX-listed investment company that saw a widening of the discount between its share price and underlying net tangible assets (NTA) during the month.
- The Fund incurred extraordinary costs during the month in relation to the Takeovers Panel proceedings.

About Aurora

Aurora Funds Management Limited (**Aurora**) is the Responsible Entity 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 utilises a value-orientated approach to select suitable 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 Absolute Return Fund (ASX:ABW)
- 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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1. This number represents a cumulative return and assumes reinvestment of distributions and is generated with compounded monthly returns/net of fees.

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