

INVESTMENT OBJECTIVE

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

FUND PERFORMANCE TO 30 NOVEMBER 2015

	AFARF*	RBA CASH RATE	OUTPERFORMANCE
1 month	-0.21%	0.17%	-0.38%
3 months	0.20%	0.50%	-0.30%
6 months	2.32%	1.00%	1.32%
12 months	3.52%	2.17%	1.35%
2 years (p.a)	2.87%	2.35%	0.52%
3 years (p.a)	4.16%	2.50%	1.66%
5 years (p.a)	4.32%	3.23%	1.09%
Annualised Return Since Inception (Mar 05) - p.a.	7.14%	4.42%	2.72%
Standard Deviation	2.65%	0.46%	

Material Matters

Weaker commodity and energy prices weighed heavily on the S&P/ASX200 Accumulation Index (-0.68%). This was best highlighted by the Materials Index (-12.62%), with leader BHP Billiton (BHP.ASX) down 21% on falling commodity prices and a fatal dam burst in Brazil.

Global markets were mixed; despite terrorism concerns, US and Europe were generally stronger (S&P500 +0.2%, NASDAQ +1.2%, FTSE -0.1%, DAX +4.9%), Asia generally weaker (Hang Seng -2.8%, Singapore -4.7%, Nikkei +3.5%).

The Aurora Fortitude Absolute Return Fund returned -0.21% for the month. The drawdown was in **Convergence** Trading (-0.70%) largely caused in one name. We bid into a bookbuild for the NASDAQ American Depository Receipt (ADR) listing for Mesoblast Limited (MSB.ASX/MESO.US) with the view that a discounted raising to US investors for a heavily shorted Australian biotech company could result in a short covering rally; this was not the case and MSB finished -48.58% for the month. We have significantly reduced our exposure by month end but continue to maintain a small trading position.

The completion of rights trading and the associated retail sell down saw Westpac banking (WBC.ASX) as our most profitable convergence trade, whereas Santos (STO.ASX) rights trading was not profitable.

Our **Yield** Strategy (+0.35%) was the largest contribution. Virtually all names were positive. Bank names were the highlight. ANZ Bank Convertible Preference Shares 2 (ANZPA.ASX) and Macquarie Group Capital Notes (MQGPA.ASX) traded well ex-dividend, whilst National Australia Bank Perpetual Income Securities (NABHA.ASX) attracted increased buying on renewed speculation of a buyback of this issue at a future date given their improved capital position.

Dividend payments in bank ordinary shares also aided our **Option** Strategy (+0.18%). ANZ and National Australia Bank (NAB.ASX) were the stand outs in this area. We also benefited from downside exposure to Sims Metal (SGM.ASX) and Woolworths Limited (WOW.ASX). A lack of volatility in Telstra (TLS.ASX), Fortescue Mining (FMG.ASX) and Suncorp Group (SUN.ASX) saw drawdowns.

Long/Short trading (+0.03%) was just better than flat. Credit information company Veda Group (VED.ASX) reached a binding agreement for a full acquisition from US firm Equifax Inc (EFX.US) following an approach in October. Participation in block trades in the food sector saw mixed results; The A2 Milk Company (A2M.ASX) was positive but Retail Food Group (RFG.ASX) was a drawdown. We have exited A2M but still hold a position in RFG at month end.

Mergers and Acquisition (-0.06%) was also relatively flat. We re-entered a holding in Asciano (AIO.ASX) in anticipating of a potential bidding war between suitors Qube Holdings (QUB.ASX) and Brookfield Infrastructure Partners (BIP.US), however position size remains relatively small given ongoing regulatory concerns. The Board of Phoenix Gold (PGX.ASX) recommended the improved bid by Evolution Mining (EVN.ASX) which requires acceptance levels to reach 90% in order to receive the additional cash top up of 0.75 cents per share.

The Fund's largest holding is Iproperty Group (IPP.ASX) after REA Group (REA.ASX) announced a merger between the companies with a structure that provides optionality for holders to elect cash and/or scrip in an unlisted company.

MONTHLY PERFORMANCE* (after fees %)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2015	-0.04	0.75	0.55	0.34	0.31	0.17	0.50	1.44	0.59	-0.17	-0.21		4.30%
2014	0.32	0.62	0.24	0.01	0.19	-0.31	0.07	0.30	-0.07	-0.29	0.38	-0.74	0.72%
2013	-0.19	0.80	0.42	1.68	0.78	0.46	1.13	0.18	0.53	0.28	0.52	0.74	7.57%
2012	0.34	0.49	0.45	0.44	0.26	0.57	0.61	0.36	0.33	-0.23	0.54	0.02	4.23%
2011	0.31	0.90	0.16	1.25	-1.46	-0.61	0.51	1.19	0.11	0.43	0.67	0.34	3.83%
2010	0.44	-0.13	-0.73	0.43	0.91	-0.49	-1.60	0.86	0.58	1.61	1.37	1.05	4.33%
2009	0.21	0.01	0.28	0.26	1.20	1.55	0.63	0.67	-0.58	0.82	-0.02	0.82	6.01%
2008	1.34	0.17	0.27	1.21	0.63	0.18	0.45	1.14	2.61	3.13	0.21	0.37	12.38%
2007	1.14	0.52	0.32	1.40	0.21	0.36	0.63	3.06	-0.30	0.71	1.32	-0.23	9.55%
2006	1.71	1.82	1.38	1.82	3.63	0.57	1.55	0.27	1.32	0.61	0.14	0.80	16.75%
2005			1.02	0.96	1.50	1.58	0.92	0.18	0.52	1.34	0.28	-0.50	8.06%

FUND DISTRIBUTIONS (per Unit)

Period (per Unit)	Amount (\$)	Yield at NAV (p.a)
June 2005 to June 2011	\$0.5944	
31/12/2011	\$0.0194	8.00%
31/03/2012	\$0.0193	8.00%
30/06/2012	\$0.0205	8.55%
30/09/2012	\$0.0190	8.00%
31/12/2012	\$0.0142	6.00%
31/03/2013	\$0.0140	6.00%
30/06/2013	\$0.0298	12.87%
30/09/2013	\$0.0139	6.00%
31/12/2013	\$0.0139	6.00%
31/03/2014	\$0.0139	6.00%
30/06/2014	\$0.0253	10.91%
30/09/2014	\$0.0135	-0.34%
31/12/2014	\$0.0298	13.39%
31/03/2015	\$0.0085	4.00%
30/06/2015	\$0.0183	8.55%
30/09/2015	\$0.0085	4.05%
Total since inception	\$0.8762	

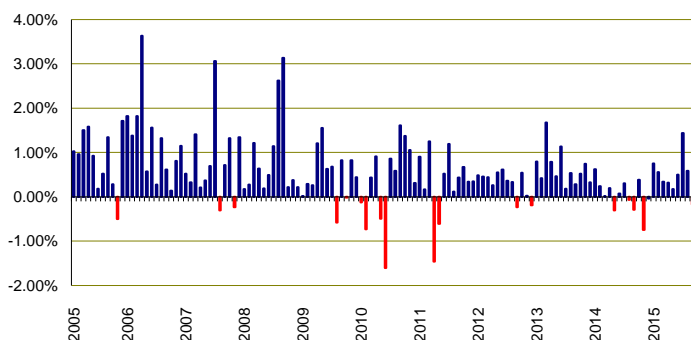
FUND OVERVIEW

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

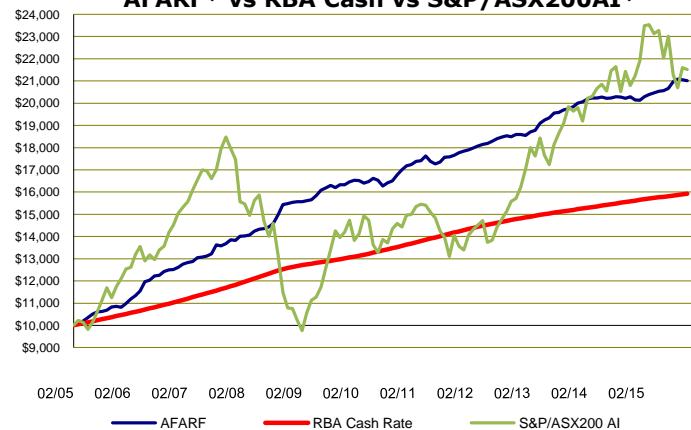
We have a wide discretion over the investments that may be held by the Fund. The pursuit of a diverse range of investments means that the Fund's returns are not necessarily dependent on the stock market's direction. In selecting investments for the Fund we follow a rigorous investment selection process which includes detailed qualitative and fundamental research.

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

Monthly Returns Since Inception (%)



AFARF* vs RBA Cash vs S&P/ASX200AI*



KEY FACTS		AFARF*	RBA Cash
Feeder Fund	Aurora Absolute Return (ABW)	Sharpe Ratio	1.03
APIR Code	AFM0005AU	Sortino Ratio	0.71
Benchmark	RBA Cash Rate	Best month	3.63%
Prime Broker/Custodian	UBS	Worst month	-1.60%
Administrator	Unity Fund Services	Positive months	84%
Auditors	Deloitte Touche Tohmatsu	Net Asset Value per Unit	\$ 0.8546
		Exit Price per Unit	\$ 0.8544

INVESTMENT MANAGER

Aurora Funds Management Limited is a fully owned subsidiary of ASX listed, Keybridge Capital (ASX Code: KBC). Aurora is a boutique investment manager that was established in 2003, and has established a long track record of producing risk adjusted returns for retail, institutional and high net worth investors. They aim to deliver income whilst also managing the risks associated in investing in Australian and global equities. The investment strategies are offered through both ASX listed investment vehicles and managed funds.

Aurora is also the issuer of the:

- Aurora Dividend Income Trust (Managed Fund) (ASX code: AOD)
- Aurora Absolute Return Fund (ASX code: ABW)
- Aurora Global Income Trust (ASX code: AIB)
- Aurora Property Buy-Write Income Trust (ASX code: AUP)
- HHY Fund (ASX code: HHY)

Level 4, 1 Alfred Street, Sydney NSW 2000
 PO Box R1695, Royal Exchange NSW 1225
 Telephone: +61 2 9080 2377, Fax: +61 2 9080 2378
 Visit: www.aurorafunds.com.au
 Email: enquiries@aurorafunds.com.au

Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885, AFSL 222110) in its capacity as responsible entity for the Aurora Fortitude Absolute Return Fund (ARSN 145 894 800). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should consider a copy of the PDS dated 29 January 2014 and seek their own financial advice prior to investing in the Fund. The information in this Performance Report is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance. The investment objective is expressed after the deduction of fees and before taxation. See the PDS for details on taxation. The objective is not intended to be a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term. While we aim to achieve the objective, the objective and returns are not guaranteed. The payment of franking credits to Unit holders is subject to the Fund achieving a taxable profit in that year. For further information please visit www.aurorafunds.com.au.

*AFARF vs RBA vs S&P/ASX200AI graph generated with compounded monthly returns, net of fees. Franking included in both AFARF and S&P/ASX 200 AI after May 2012.