

Key Facts		AFARF	RBA Cash	
Strategy	Market Neutral	1 Month Return	0.162%	0.40%
Domicile	Australia	12 Month Return	6.21%	4.69%
ASX Code	ABW	Annualised Return p.a.	9.54%	5.43%
APIR Code	AFM0005AU	Return Since Inception	74.15%	37.94%
Management Fee	1.5375% p.a. (includes GST)	Best month	3.63%	0.60%
Performance Fee	20.5% p.a. with high water mark	Worst month	-1.60%	0.25%
Benchmark	RBA Cash Rate	% Positive months	88%	100%
Administrator	Mackenzie Coultas Funds Administration	Annualised Std Deviation	3.01%	0.37%
Prime Broker & Custodian	UBS	Sharpe Ratio	1.42	-

Earth Shakes, Deals Break

March 2011 will undoubtedly be remembered for the catastrophic Japanese earthquake and tsunami. These events had a significant impact on world markets and followed on from unrest across the Middle East, and a renewed focus on European sovereign debt risks. At its lowest point the S&P/ASX 200 was down 7.32%. The Aussie market staged a strong rally to finish marginally up by 0.13%. This was similar to most Asian markets apart from Japan where the Nikkei 225 was down 8.1%. The American markets also finished only slightly higher with the S&P 500 +0.1%, whilst European markets were slightly weaker (German DAX index -3.0% and French CAC 40 -2.1%).

The radiation scares that resulted from the Japanese catastrophes resulted in a significant reassessment of Australian uranium exploration and mining companies, Energy Resources of Australia (ERA) -22.21% and Paladin Energy (PDN) -27.1% being among the high profile names impacted. It also led to Russian power company JSC Atomredmetzoloto citing a "material adverse condition" and withdrawing its cash proposal to acquire all the equity of Mantra Mining (MRU). We had a portfolio holding of approximately 1.5% in MRU which suffered a fall of 45.4%. Given the uncertainty surrounding the industry at the time we exited the position. JSC Atomredmetzoloto and MRU have subsequently agreed to a new scheme of arrangement with a lower price and the removal of "material adverse condition" protection which should be voted on by MRU shareholders in June.

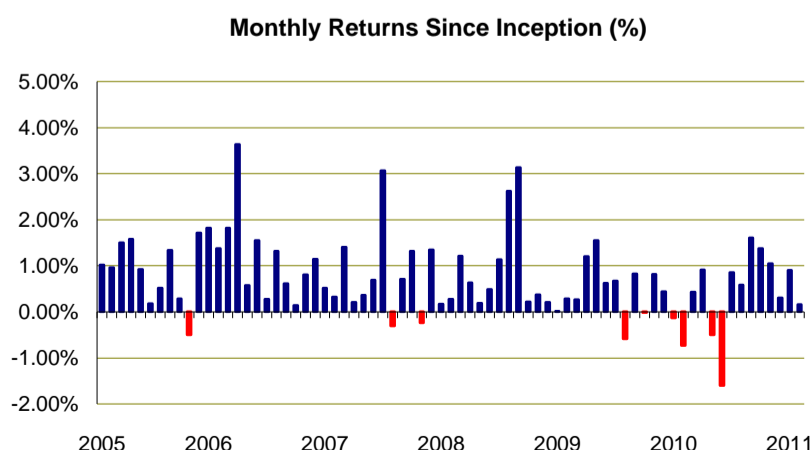
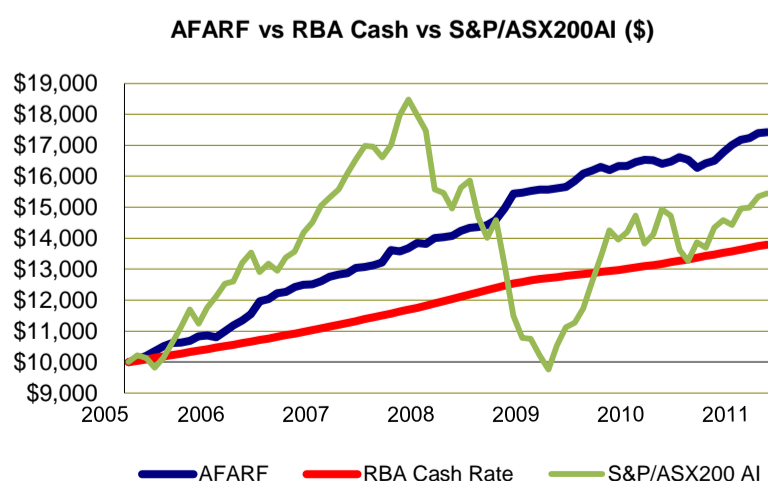
Our Mergers and Acquisitions portfolio also suffered from the withdrawal by Hong Kong based mining house Regent Pacific's proposal to acquire all the equity of BC Iron Limited (BCI). This was a much stranger development as Regent cited unconfirmed comments by BCI's largest shareholder, Consolidated Minerals, as the catalysis for withdrawing the proposal. This appeared to contravene the terms of the proposal and BCI has taken the matter to the Takeovers Panel for a ruling.

The market volatility in the first half of the month provided significant trading opportunities for our option portfolio; however the second half rally saw a significant mark down in option price levels which curbed its contribution for the month.

We were able to lock in some considerable margins in our convergence portfolio. The stand out was News Corporation (NWS) where there was significant buying in US markets which combined with currency volatility, provided some short term trading opportunities.

Our yield portfolio again provided consistent returns. Our largest position, Fairfax Media Convertible preference Securities (FXJPB), will be redeemed in April so we are selectively adding to some longer dated positions with Orica Limited Step Up Securities (ORIPB) and Woolworths Limited Floating Rate Notes (WOWHB) offering the most attractive characteristics.

Performance after fees (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.31	0.90	0.16										1.37%
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	0.55	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 OVERVIEW

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.

The Fund purchases both put and call options which allows it to profit from movements in the market both up and down. It then looks for short term trading opportunities to generate low risk returns from other strategies including;

- Mergers and Acquisitions
- Long/Short
- Share Class Arbitrage, and
- Yield securities

Each investment considers the risk, the timeline of that risk occurring and then the potential return.

Low transaction costs and liquidity are other important factors in the success and implementation of the strategies.

Trust Distributions (per unit)

Period (per unit)	Amount (\$)	Yield (p.a)
31/06/2005	\$0.0516	15.48%
31/06/2006	\$0.1449	14.49%
31/06/2007	\$0.1040	10.40%
31/06/2008	\$0.0961	9.75%
31/06/2009	\$0.1384	14.09%
31/06/2010	\$0.0256	2.66%
31/12/2010	\$0.0275	5.71%
Total since inception	\$0.5881	

INVESTMENT MANAGER

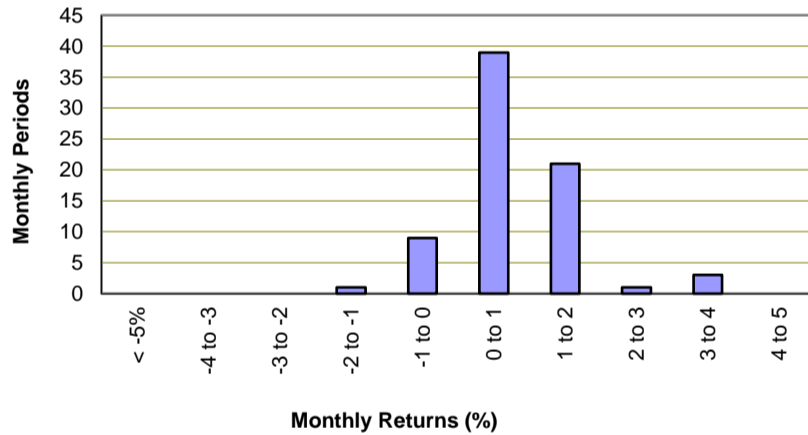
Fortitude Capital Pty Ltd is a wholly-owned subsidiary of Aurora Funds Limited (Aurora). With in excess of \$500 million in funds under management/administration, Aurora was listed on the ASX in July 2010 under the ASX Code: AFV.

The Aurora Group provides asset management and responsible entity/trustee services for over 3,500 Australian and New Zealand investors.

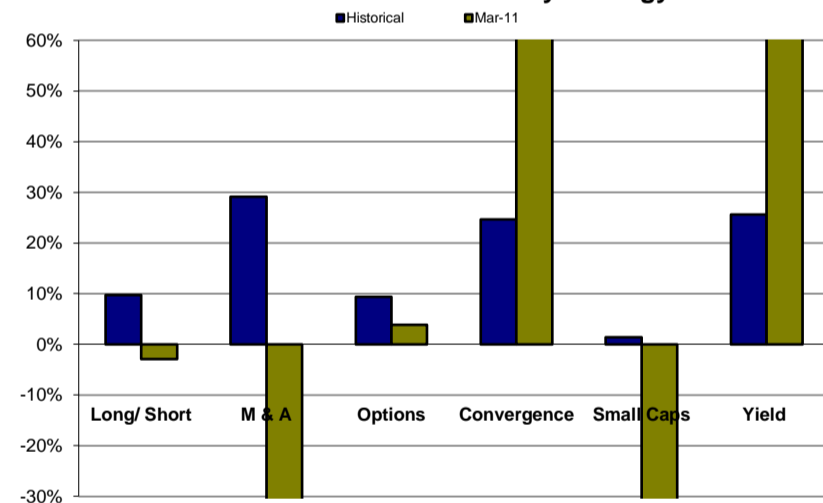
Aurora is also the issuer and/or distributor of the:

- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Absolute Return Fund (ASX Code: ABW)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- Aurora Global Income Trust (ASX code: AIB)
- Aurora Property Buy-Write Income Trust (ASX code:AUP)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)
- CORALS Commodities Fund (ARSN 131 196 882)

Distributions of Returns

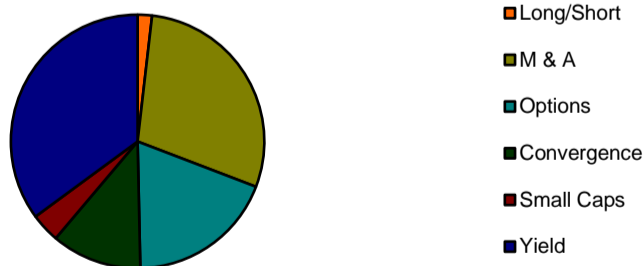


Profit & Loss Contribution by Strategy

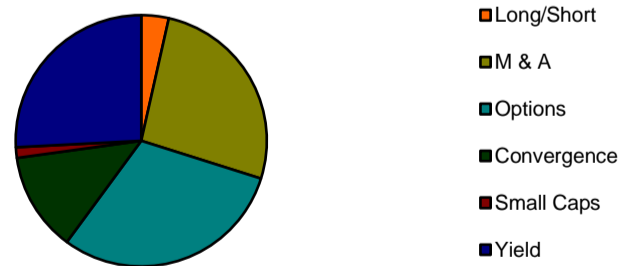


Strategy Weightings

March 2011



Historical



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