

Key Facts			AFARF	RBA Cash
Strategy	Market Neutral	1 Month Return	0.58%	0.38%
Domicile	Australia	YTD	0.24%	3.23%
Min. Investment	\$A100,000	Annualised Return p.a.	9.34%	5.48%
Management Fee	1.5% p.a.	Best month	3.63%	0.60%
Performance Fee	20% p.a. with high water mark	Worst month	-1.60%	0.00%
Min. Term	1 Month	% Positive months	86.57%	100%
Redemption	Monthly	Last 24 months	10.14%	8.04%
Prime Broker	UBS	Std Deviation	3.09%	0.38%
Administrator	Kingsway Taitz	Sharpe	1.25	-
Auditor	Ernst & Young	Sortino	3.50	-

Aurora Fortitude Absolute Return Fund
retail PDS now available online and
by contacting us on 1300 553 431

All That Glitters

September saw significant gains in global equity markets. The ASX 200 (+4.06%) was an underperformer against most major markets. The local underperformance was particularly pronounced when compared with North American markets (S&P500 +9.1% and NASDAQ +12.4%) as those investors searched for alternatives to low interest rates following the recent bond rally and the prospect of further quantitative easing by the Federal Reserve.

The Gold price continued to rally (+5.0%) again hitting all time USD highs. This was quoted by many as the reason for the strength of the Australian dollar (+8.7%) as investors started to contemplate the consequences of parity with the greenback. Gold however, was actually a weak performer relative to other commodity export prices such as copper (+7.9%), nickel (+12.1%) and sugar (+35.8%).

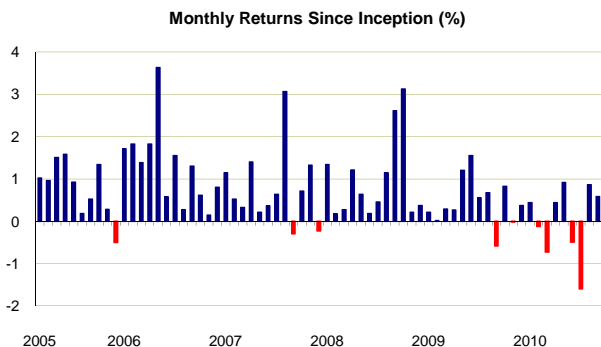
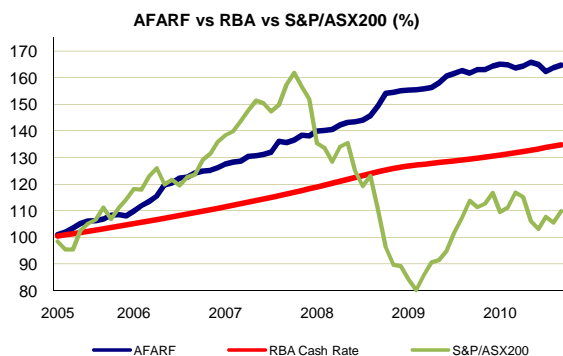
As expected in this environment, there was a reduction in realisable volatility and the implied volatilities on most equity options. Our option portfolio is structured with protection but that typically comes at a cost in strong markets. Our other strategies benefited from both the strong market and specific event news.

The strength in currency and commodities saw a number of trading opportunities in resource names within our convergence strategy. We profited from Aquarius Platinum (AQP), Equinox Minerals (EQN), Medusa Mining (MML) as well as dual listed industrials such as News Corporation (NWS), Fletcher Building Limited (FBU) and Resmed Incorporated (RMD).

Takeover and merger activity remains strong and the portfolio benefited from the completion of the schemes of arrangement by Watty Limited (WYL) and Healthscope Limited (HSP). Additionally, the Banpu Minerals bid for Centennial Coal (CEY) went unconditional following FIRB approval. We continue to add to positions in Mosaic Oil (MOS) and Intoll Group (ITO) on what we believe is attractive risk/reward parameters. We have noted an increase in risk margins and believe that this is the result a reduction in the number of market participants due to deal failures and a fear of political and regulatory uncertainty.

Our concentrated position in Fairfax Media Preference Securities (FXJPB) continued to perform well and this was the major contributor from our yield portfolio. Bank of Queensland Reset Preference Shares (BOQPA) have gone into their equity conversion pricing period so we expect to realise additional profits on this position in our convergence portfolio during October.

Performance after fees (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.44	-0.13	-0.73	0.43	0.91	-0.49	-1.60	0.86	0.58	0.82	-0.02	0.82	0.24
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	5.93
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	12.31
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	9.48
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	16.72
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) is an Australian Market Neutral Fund which deals in listed securities and derivatives over those securities. The investment focus is neutrality with a long gamma overlay. Short term opportunities, event situations and share class mispricing are targeted to generate low risk returns.

The long volatility overlay allows for more aggressive positioning within the Fund's other strategies: Long Short, Mergers and Acquisitions, Convergence and Yield.

The market provides opportunities and management provides the strategic overlay.

Risk management is a major focus.

Trading stops are implemented based on price and time along with continual hedging of positions at relatively low execution costs.

Liquidity is a major consideration of all investments.

INVESTMENT MANAGER

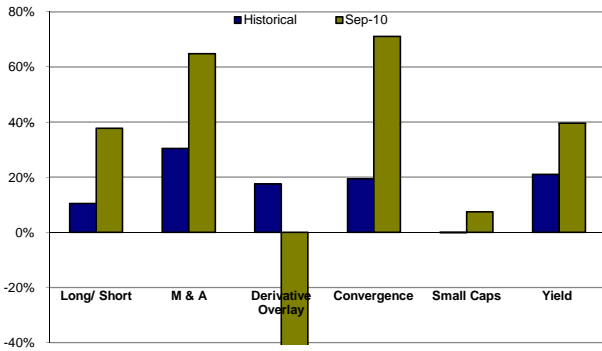
Fortitude Capital Pty Ltd is a wholly-owned subsidiary of Aurora Funds Limited (Aurora). With in excess of \$550 million in funds under management/administration, Aurora was listed on the ASX in July 2010 under the ASX Code: AFV.

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

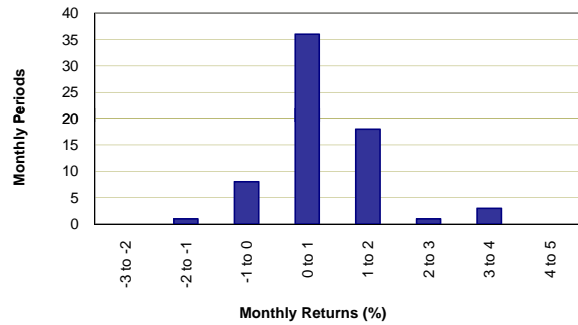
Aurora is also the issuer and/or distributor of the:

- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Sandringham Australian Equity Income Trust (ASX Code: ABW)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- Aurora Global Infrastructure 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)

Profit & Loss Contribution by Strategy

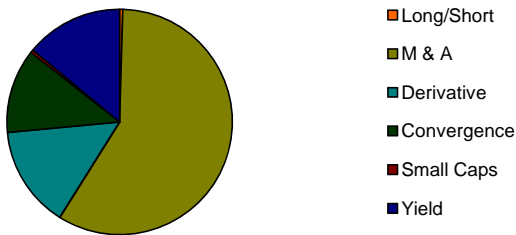


Distributions of Returns

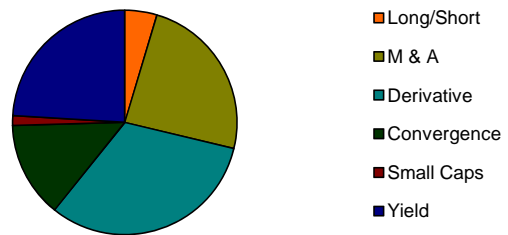


Strategy Weightings

September 2010



Historical



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