

Aurora Fortitude Absolute Return Fund

April 2015



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 APRIL 2015

	AFARF*	RBA CASH RATE	S&P/ASX200AI*
1 month	0.34%	0.19%	-1.70%
3 months	1.65%	0.56%	5.51%
6 months	1.24%	1.19%	7.89%
12 months	1.14%	2.46%	11.90%
2 years (p.a)	3.53%	2.53%	12.01%
3 years (p.a)	4.10%	2.79%	16.26%
5 years (p.a)	4.44%	3.54%	9.44%
Annualised Return Since Inception (Mar 05) - p.a.	7.29%	4.56%	8.59%
Standard Deviation	2.68%	0.44%	13.95%

Will They Sell in May?

Over the course of the month, the market repeatedly tried to break the 6000 barrier and, on each attempt, failed to do so. The S&P ASX200 Accumulation Index finished down -1.7% in April. This occurred despite strong rallies in iron ore and oil and most international markets. The AUD/USD rose undeterred by the expected rate cut in May. The Australian banks significantly underperformed, with the Financials sector falling 4.2% versus gains in Materials and Energy. This is in contrast to the long-running theme of banks outperforming resources. The month of May will see Westpac (WBC.ASX), Australia and New Zealand Banking Group (ANZ.ASX) and National Australia Bank (NAB.ASX) report their half-yearly results and pay interim dividends. The Murray Review has recommended banks hold more capital to ensure financial stability in times of credit market stress and this may provide opportunities around alternative capital raising options.

The Fund returned +0.34% as the market experienced higher volatility over the final three days of the month.

Long Short (+0.28%) was the best performing strategy in April. A smaller capitalisation company Triton Minerals (TON.ASX) undertook a discounted capital raising and performed well. Slater & Gordon (SGH.ASX) launched an entitlement offer after acquiring a unit of U.K. based Quindell PLC. This provided good trading opportunities, particularly between the institutional and retail offer.

Mergers and Acquisitions was a positive contributor (+0.13%). The best performer was Toll Holdings (TOL.ASX) with the Japan Post scheme of arrangement being called and more conditions being satisfied. Inet (IIN.ASX), whilst a small position, was profitable after M2 Group (MTU.ASX) launched a counter-bid superior to TPG's (TPM.ASX). There was a final small contribution from Recruit Holdings implementing the scheme with Chandler Macleod (CMG.ASX), as the cash consideration was received.

Options (-0.06%) was a slight detractor from performance, as broad market volatility only really occurred in the last three trading days of the month. Westpac Bank (WBC.ASX) delivered strong returns. Fortescue Metals (FMG.ASX) and Rio Tinto (RIO.ASX) both benefitted from the large rallies in the iron ore price. FMG in particular rallied in excess of 15% after announcing debt refinancing. The worst performers were Woodside (WPL.ASX), Newcrest (NCM.ASX) and Santos (STO.ASX).

Convergence (flat) opportunities were sparse, however, Resmed (RMD.ASX) performed well due to increased volatility around quarterly reporting.

In the **Yield** strategy (flat), Bendigo and Adelaide Bank (BENPB.ASX) was the best performer after they announced that the Reset Preference Shares will be redeemed in June or the holder can elect to roll into the new Convertible Preference Share (CPS3) issue. This is the Fund's largest hybrid exposure and was in line with expectations. Antares Energy (AZZG.ASX) underperformed after going ex-interest.

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								1.61%	
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 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.

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. The investment strategies are offered through both ASX listed investment vehicles and managed funds. They aim to deliver income whilst also managing the risks associated in investing in Australian and global equities.

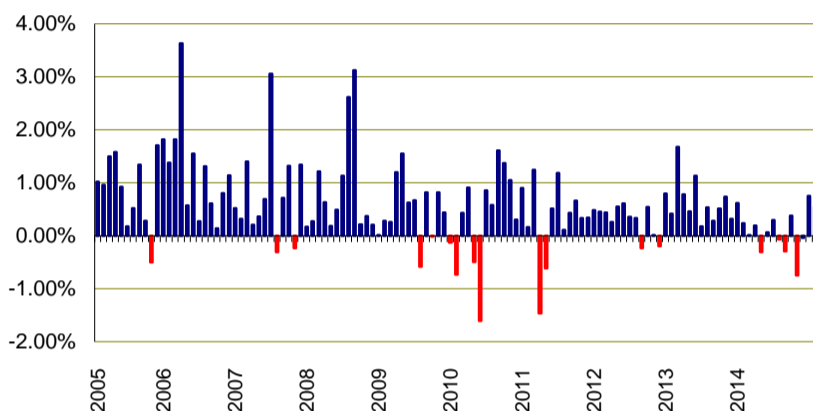
Aurora is also the issuer of the:

- 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)

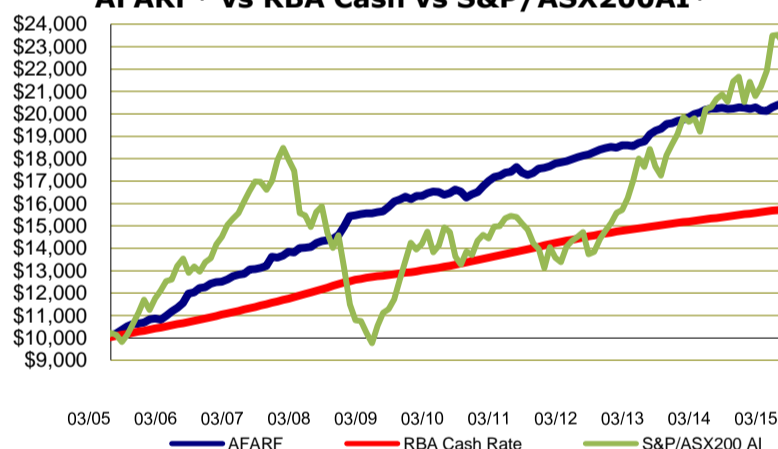
FUND DISTRIBUTIONS (per Unit)

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	6.00%
31/12/2014	\$0.0298	13.39%
31/03/2015	\$0.0085	4.00%
Total since inception	\$0.2550	

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	1.02
APIR Code	AFM0005AU	Sortino Ratio	0.69
Benchmark	RBA Cash Rate	Best month	3.63%
Prime Broker/Custodian	UBS	Worst month	-1.60%
Administrator	Unity Fund Services	Positive months	85%
Auditors	Deloitte Touche Tohmatsu	Net Asset Value per Unit	\$ 0.8591
Fund Size	\$100.1 million	Exit Price per Unit	\$ 0.8589

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.