

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 28 FEBRUARY 2015

	AFARF*	RBA CASH RATE	S&P/ASX200AI*
1 month	0.75%	0.19%	7.17%
3 months	-0.04%	0.61%	12.97%
6 months	-0.01%	1.24%	8.48%
12 months	0.49%	2.51%	16.19%
2 years (p.a)	4.15%	2.59%	14.22%
3 years (p.a)	4.10%	2.91%	17.87%
5 years (p.a)	4.19%	3.60%	10.69%
Annualised Return Since Inception (Mar 05) - p.a.	7.33%	4.60%	8.90%
Standard Deviation	2.70%	0.43%	14.04%

For Whom the Bell Tolls

The combination of lower official interest rates, domestic profit reports, offshore gains and corporate activities saw the S&P/ASX 200 Accumulation Index stage an impressive 6.9% rally during February; this compared well against strong international markets (Dow +5.6%, FTSE +2.9%, Nikkei +6.4%, Hang Seng +1.3%).

The fund had a pleasing return of +0.75%, which was an outperformance above cash of 0.56%. Some significant volatility from companies through the half yearly profit reporting period saw our **Option Strategy** (+0.76%) as the most significant contributor for the month. Woolworths Limited (WOW.ASX) was the stand out with concerns regarding profit margins seeing a 9.5% share price fall on the day of profit announcement. Woodside Petroleum (WPL.ASX) registered another solid month, as put options continued to misprice. BHP Billiton (BHP.ASX) was a detractor to performance as volatility decreased. We added volatility exposure towards the end of the month in anticipation of further large moves within the resources sector.

A significant talking point for the month was the surprise takeover bid for Toll Holdings (TOL.ASX) by Japan Post. This is an all cash bid at a 50% premium to the previous trading price, and highlights the potential opportunities for offshore corporates to buy Australian companies, given the significant fall in Australian dollar over the last six months. We see potential for more of these types of transactions to eventuate over the year and subsequently increased opportunities within our Mergers and

Mergers and Acquisitions contributed +0.13 % for the month, which was mainly from Goodman Fielder Limited (GFF.ASX), which received regulatory and shareholder approvals. We are selectively adding to our Toll Holdings (TOL.ASX) position and expect this to become a major exposure over the next few months ahead of an expected June completion.

We continue to see small opportunities in **Convergence Trading** (+0.02%), with positive returns from the Renounceable Rights trading in Borat Longyear (BLY.ASX) and Tabcorp (TAH.ASX), but little margin in the dual listed names.

Long/Short trading was again a drawdown (-0.14%) with positive returns from the larger capitalisation names Macquarie Atlas (MQA.ASX), ERM Power (EPW.ASX) and Dexs Property (DXS.ASX) offset by the continued exiting of positions with smaller capitalisations.

The **Yield Strategy** (0.01%) was flat for the month with little reaction to the Reserve Bank rate cut. Major bank issuance of longer dated paper is still weighing on shorter dated issues and we are using this as an opportunity to add to positions that we expect will play out during this calendar year.

MONTHLY PERFORMANCE* (after fees %)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2015	-0.04	0.75										0.71%	
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%

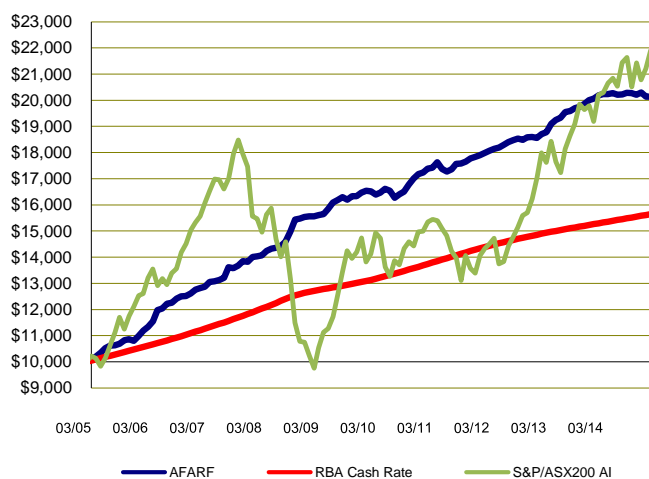
FUND OVERVIEW

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.

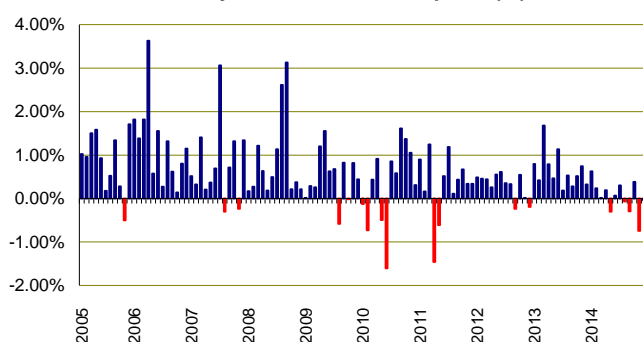
AFARF* vs RBA Cash vs S&P/ASX200AI*



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%
Total since inception	\$0.8408	

Monthly Returns Since Inception (%)



INVESTMENT MANAGER

Aurora Funds Management Ltd. (AFSL 222110) is a wholly-owned subsidiary of Aurora Funds Limited (Aurora). With over \$220 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 Australian and New Zealand investors.

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)

KEY FACTS		AFARF*	RBA Cash
Feeder Fund	Aurora Absolute Return (ABW)	Sharpe Ratio	1.01
APIR Code	AFM0005AU	Sortino Ratio	0.68
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	\$ 0.8600
Fund Size	\$119 million	Exit Price per Unit	\$ 0.8598

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.fortitudecapital.com or 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.