

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 SEPTEMBER 2015

	AFARF*	RBA CASH RATE	OUTPERFORMANCE
1 month	0.59%	0.17%	0.42%
3 months	2.54%	0.50%	2.04%
6 months	3.39%	1.03%	2.36%
12 months	4.02%	2.25%	1.77%
2 years (p.a)	3.48%	2.39%	1.09%
3 years (p.a)	4.41%	2.57%	1.84%
5 years (p.a)	5.02%	3.32%	1.70%
Annualised Return Since Inception (Mar 05) - p.a.	7.30%	4.46%	2.84%
Standard Deviation	2.65%	0.45%	

Turn-Bulent Times

September was a turbulent month for both equity markets and Australian politics. The S&P/ASX200 Accumulation index finished the month -2.96% concluding the worst quarterly performance (-6.58%) since the European debt crisis in September 2011. The Fund returned +0.59% for September against the RBA Cash benchmark of 0.17%. Global markets were relatively aligned in their declines (US S&P500 -2.6%, UK FTSE -3% Nikkei -8% and Shanghai Comp. -4.8%) in response to persistent concerns over China's economic slowdown and the timing and implications of the looming US interest rate hike. September also saw an Australian Federal leadership change, as Malcom Turnbull took over as Prime Minister from the poll-weathered Tony Abbott. Both banks and materials were sold-off aggressively during the month as CBA became the third domestic bank to raise capital in order to meet the higher capital adequacy requirements of APRA.

Yield was the biggest contributor for the month (+0.69%) with the short dated instruments all performing well. The Fund's largest position, the Primary Healthcare Bonds (PRYHA.ASX), were redeemed as expected at maturity. Antares Energy Convertible Bonds (AZZG.ASX) also rallied as the company announced large asset sales, at a significant premium to the value implied by the share price.

The **Long/Short** (-0.11%) and **Convergence** (-0.13%) positions were detractors for the month, mostly due to the tendency for positions to have a long bias. Despite the market fall, the Vitaco (VIT.ASX) IPO was our best performing long position, with the stock listing mid-month, at a >13% stag profit.

Options was a small positive contributor for the month (+0.11%), however, realised volatility only matched that of implied volatility at the end of last month. The Fund has profited from opportunities in this strategy following the sustained period of both higher realised and implied volatility. Going forward adding to these positions at higher costs needs to be balanced off against the potential benefits of owning expensive protection. Additionally the purchase of additional protection needs to be weighed off against the number and type of opportunities available in the other strategies employed. Of note within our Options portfolio, the Banks provided a net positive performance for the Fund, with CBA's \$5.1bn capital raising being the catalyst for large share price falls. A relatively small position in Oil Search (OSH.ASX) was also a positive contributor after the company received an indicative takeover proposal from Woodside Petroleum (WPL.ASX). This news caused a one-day rally of +17.4%.

Mergers and Acquisitions was slightly positive (+0.03%). Within the strategy Affinity (AFJ.ASX) negotiated an improved deal with Private Equity firm Anchorage, leaving G8's (GEM.ASX) hostile bid to fail. Sirius Resources (SIR.ASX) and Independence Group (IGO.ASX) completed their merger, with the demerged asset S2 Resources due to list on the ASX during November. During the month the risk to the Recall (REC.ASX) Iron Mountain (IRM US) deal increased, over heightened concerns the US Competition Regulator may block the merger, slightly offsetting the gains within this strategy.

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			4.70%	
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. 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.

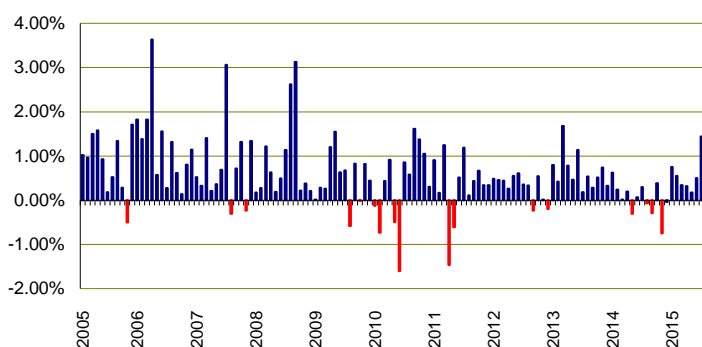
Aurora is also the issuer of the:

- 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)

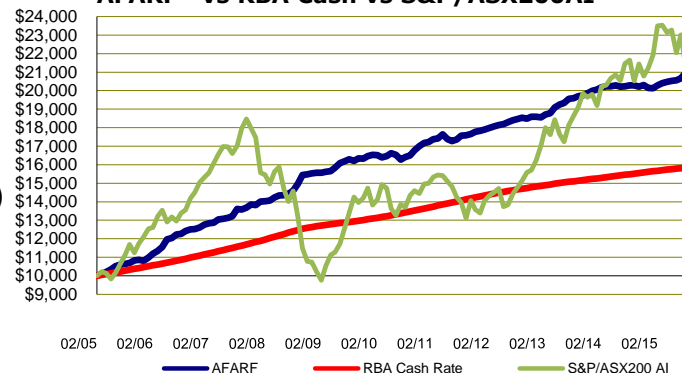
FUND DISTRIBUTIONS (per Unit)

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	5.99%
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	

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	1.08
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	86%
Auditors	Deloitte Touche Tohmatsu	Net Asset Value per Unit	\$ 0.8579
		Exit Price per Unit	\$ 0.8577

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.