

## 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 2016

	AFARF*	RBA CASH RATE
<b>1 month</b>	0.03%	0.12%
<b>3 months</b>	-1.11%	0.40%
<b>6 months</b>	-9.16%	0.86%
<b>12 months</b>	-9.28%	1.87%
<b>2 years (p.a)</b>	-2.86%	2.06%
<b>3 years (p.a)</b>	-0.96%	2.21%
<b>5 years (p.a)</b>	1.70%	2.73%
<b>Annualised Return Since Inception (Mar 05) - p.a.</b>	5.76%	4.23%
<b>Standard Deviation</b>	3.82%	0.48%

### Investment Objective

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.

### About Aurora

Aurora Funds Management Limited is an Australian based alternative asset manager that specialises in managing absolute-return focussed strategies for high net worth, retail and institutional investors. At Aurora, we aim to achieve superior long-term results through a high conviction investment style that utilises a bottom up, value-orientated approach to select suitable investments. Our overarching goal is to provide investors with positive risk-adjusted returns that are independent of benchmarks or investment cycles.

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)

### Portfolio commentary

Global equity market movements were mixed during September (in local currency) with the US S&P500 finishing -0.1%, UK FTSE +1.7%, German DAX -0.8% and the Japanese Nikkei -2.6%, whilst the Australian market (S&P/ASX200) was flat +0.1%.

The Aurora Fortitude Absolute Return Fund was up 0.03% in September whilst maintaining a large cash weighting.

Performance was driven by the **Convergence, Long/Short** and **M&A** strategies, with the **Yield** strategy largely flat whilst the **Options** strategy detracted from performance.

The **Convergence** profitability was driven by cross border trade in RIO and in a holding company trade in CSE.

**Long/Short** was largely driven by holdings in domestic companies trading at discounts to cash and marketable securities, with MPO (+8.3%) a key performer.

Key positions within the **Yield** strategy, such as Macquarie Group Capital Notes (MQGPA.ASX) and National Australia Bank Perpetual Income Securities (NABHA.ASX) produced modest returns, however form part of a longer term strategy.

The Fund continues to seek opportunities in all strategies, with a current emphasis on Long/Short, Convergence and Yield strategies.

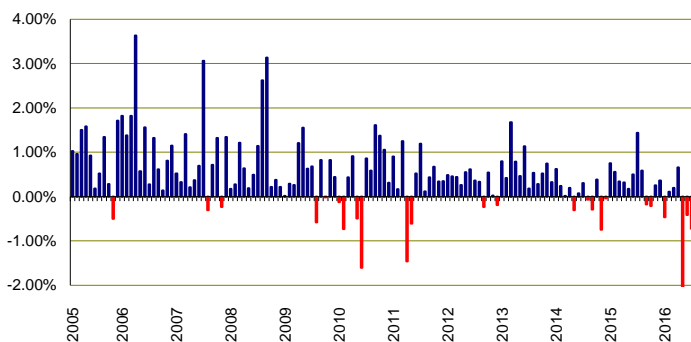
### MONTHLY PERFORMANCE\* (after fees %)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2016	0.36	-0.47	0.11	0.19	0.65	-8.91	-0.41	-0.72	0.03				-9.16%
2015	-0.04	0.75	0.55	0.34	0.31	0.17	0.50	1.44	0.59	-0.17	-0.21	0.25	4.56%
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%

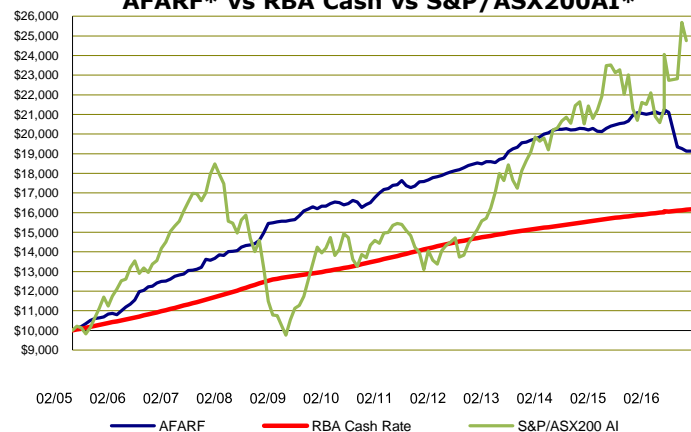
## FUND DISTRIBUTIONS (per Unit)

Period (per Unit)	Amount (\$)	Yield at NAV (p.a)
June 2005 to June 2011	\$0.5944	
31-12-11	\$0.0194	8.00%
31-03-12	\$0.0193	8.00%
30-06-12	\$0.0205	8.55%
30-09-12	\$0.0190	8.00%
31-12-12	\$0.0142	6.00%
31-03-13	\$0.0140	6.00%
30-06-13	\$0.0298	12.87%
30-09-13	\$0.0139	6.00%
31-12-13	\$0.0139	6.00%
31-03-14	\$0.0139	6.00%
30-06-14	\$0.0253	10.91%
30-09-14	\$0.0135	-0.34%
31-12-14	\$0.0298	13.39%
31-03-15	\$0.0085	4.00%
30-06-15	\$0.0183	8.55%
30-09-15	\$0.0085	4.05%
31-12-15	\$0.0239	11.12%
31-03-16	\$0.0085	4.08%
30-06-16	\$0.0091	4.41%
30-09-16	\$0.0075	4.00%
<b>Total since inception</b>	<b>\$0.9251</b>	

## Monthly Returns Since Inception (%)\*



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



KEY FACTS		AFARF*	RBA Cash
<b>Feeder Fund</b>	Aurora Absolute Return (ABW)	<b>Sharpe Ratio</b>	-1.09
<b>APIR Code</b>	AFM0005AU	<b>Sortino Ratio</b>	-0.56
<b>Benchmark</b>	RBA Cash Rate	<b>Best month</b>	3.63%
<b>Prime Broker/Custodian</b>	UBS	<b>Worst month</b>	-8.91%
<b>Administrator</b>	Unity Fund Services	<b>Positive months</b>	83%
<b>Auditors</b>	Deloitte Touche Tohmatsu	<b>Net Asset Value per Unit</b>	\$ 0.7324
		<b>Exit Price per Unit</b>	\$ 0.7322

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