AURORA
FUNDS MANAGEMENT

Aurora Absolute Return Fund
Performance Report - 31 December 2016

ASX Code: ABW

Summary

- The Fund announced a cash distribution of $0.0085 per Unit for the three months ending 31 December 2016, which represents an annualised yield of 4.07%.
- Victor Siciliano replaced Andrew Ward as the Portfolio Manager.

Performance[1]

	1 month	3 months	6 months	12 months	3 years (p.a)	Since Inception (p.a)
Aurora Absolute Return Fund (ABW)	-0.86%	0.93%	-0.08%	-8.17%	-1.01%	2.45%
RBA Cash Rate	0.12%	0.38%	0.77%	1.74%	2.13%	3.99%
S&P/ASX200 Accumulation Index (S&P/ASX200AI)	4.38%	5.18%	10.6%	11.8%	6.58%	5.77%

On 1 March 2011, the Fund changed its investment strategy and commenced investing via the unlisted Aurora Fortitude Absolute Return Fund (ARSN 145 894 800, the 'Master Fund'). The performance prior to this date is of different investment strategies than those currently implemented. The Master Fund which is the current investment strategy, has been in existence since March 2005, and its historical performance is referred to in the charts and tables below.

Investment Objective*

The Fund aims to achieve a high rate of return, comprising both income and capital growth (and preservation of the capital of the Fund) over both rising and falling equity markets. Please note that while we aim to achieve this objective, the returns are not guaranteed.

Investment Strategy - Master Fund

The Master 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 Master Fund aims to produce positive returns regardless of equity market conditions.

We research various criteria and reasons to invest in particular situations. These criteria may pertain to fundamental and quantitative analysis, company event situations; 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 Master Fund uses derivatives for risk management as well as to create new positions.

Fund Features

ASX Listed	ASX Code: ABW
Distribution Policy	At least 1.0% of Net Asset Value[2] per Unit per quarter plus franking credits
Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement
Redemptions	On market by selling on the ASX or daily off-market redemptions

Fund Valuations

Net Asset Value per Unit	$0.8347

Fund Distributions (Per Unit)[4]

Period (per Unit)	Cash	Franking	Total	Yield at NAV (p.a.)
FY 06-10	$0.5034	$0.1311	$0.6345	
FY 10-11	$0.0937	$0.0000	$0.0937	7.98%
FY 11-12	$0.0885	$0.0000	$0.0885	8.06%
30 Sep 12	$0.0220	$0.0000	$0.0220	8.12%
31 Dec 12	$0.0170	$0.0000	$0.0170	6.25%
31 Mar 13	$0.0160	$0.0000	$0.0160	6.02%
30 Jun 13	$0.0159	$0.0173	$0.0332	12.56%
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30 Jun 16	$0.0095	$0.0014	$0.0109	4.63%
30 Sep 16	$0.0085	$0.0000	$0.0085	3.99%
31 Dec 16	$0.0085	$0.0000	$0.0085	4.07%
Total	**$0.9224**	**$0.2087**	**$1.1395**	

Performance Statistics - Master Fund

Performance Since Inception - March 05 (p.a)	5.76%
Volatility % p.a.	3.80%
Sharpe Ratio	-1.08
% positive months	83%
Best Month	3.63%
Worst Month	-8.91%
Average positive monthly return	0.48%
Average negative monthly return	-0.81%

Performance Commentary - Master Fund

The Aurora Absolute Return Fund returned -0.86% for the month, underperforming its Benchmark return of 0.12%.

Abnormal costs associated with recent unitholder meetings impacted the Funds NAV.

The Yield and Long/Short strategies performed well during the month, whilst the Convergence strategy detracted from performance in the Master Fund.

Aurora Funds Management head office was relocated to Melbourne.

About Aurora

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Aurora is also the issuer of the:

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  (APIR Code: AFM0005AU)
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Aurora Absolute Return Fund
Performance Report - 30 November 2016

ASX Code: ABW

Summary

- The Fund gained 0.67% in November, ahead of the RBA Cash rate which returned 0.12%.
- The Convergence strategy was the best performing strategy during the month.

Performance[1]

	1 month	3 months	6 months	12 months	3 years (p.a)	Since Inception (p.a)
Aurora Absolute Return Fund (ABW)	0.67%	1.93%	-8.16%	-7.14%	-0.49%	2.55%
RBA Cash Rate	0.12%	0.38%	0.79%	1.79%	2.16%	4.01%
S&P/ASX200 Accumulation Index (S&P/ASX200AI)	2.99%	1.26%	3.36%	10.0%	5.35%	5.37%

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Fund Features

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Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement
Redemptions	On market by selling on the ASX or daily off-market redemptions

Fund Valuations

Net Asset Value per Unit	$0.8505

Fund Distributions (Per Unit)[4]

Period (per Unit)	Cash	Franking	Total	Yield at NAV (p.a.)
FY 06-10	$0.5034	$0.1311	$0.6345	
FY 10-11	$0.0937	$0.0000	$0.0937	7.98%
FY 11-12	$0.0885	$0.0000	$0.0885	8.06%
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Total	**$0.9224**	**$0.2087**	**$1.1310**	

Performance Statistics - Master Fund

Performance Since Inception - March 05 (p.a)	5.83%
Volatility % p.a.	3.80%
Sharpe Ratio	-1.08
% positive months	83%
Best Month	3.63%
Worst Month	-8.91%
Average positive monthly return	0.48%
Average negative monthly return	-0.81%

Performance Commentary - Master Fund

The Aurora Absolute Return Fund returned +0.67% for November.

The Convergence strategy was the best performing strategy during the month, with NAC.ASX and APW.ASX providing a good contribution.

The Yield strategy was marginally profitable, with gains in NABHA.ASX offset by other positions within the strategy.

The Long/Short portfolio was largely flat during the month.

Downside protection, through ASX index puts, decreased in value as ASX market rallied, whilst we had modest gains in ASX company issued call options.

The Master Fund did not find any suitable investments for the M&A strategy during the month.

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AURORA FUNDS MANAGEMENT

Aurora Absolute Return Fund Performance Report - 31 October 2016

ASX Code: ABW

LISTED ON ASX

Summary

- The Fund gained 1.13% in October, ahead of the RBA Cash rate which returned 0.12%
- Performance was largely driven by the Convergence strategy and long positions within the Long/Short strategy.

Performance[1]

	1 month	3 months	6 months	12 months	3 years (p.a)	Since Inception (p.a)
Aurora Absolute Return Fund (ABW)	1.13%	0.52%	-8.18%	-7.94%	-0.53%	2.50%
RBA Cash Rate	0.12%	0.38%	0.82%	1.83%	2.19%	4.03%
S&P/ASX200 Accumulation Index (S&P/ASX200AI)	-2.15%	-3.20%	3.46%	6.11%	3.86%	5.10%

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Fund Features

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Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement
Redemptions	On market by selling on the ASX or daily off-market redemptions

Fund Valuations

Net Asset Value per Unit	$0.8448

Fund Distributions (Per Unit)[4]

Period (per Unit)	Cash	Franking	Total	Yield at NAV (p.a.)
FY 06-10	$0.5034	$0.1311	$0.6345	
FY 10-11	$0.0937	$0.0000	$0.0937	7.98%
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30 Jun 16	$0.0095	$0.0014	$0.0109	4.63%
30 Sep 16	$0.0085	$0.0000	$0.0085	3.99%
Total	**$0.9224**	**$0.2087**	**$1.1310**	

Performance Statistics - Master Fund

Performance Since Inception - March 05 (p.a)	5.81%
Volatility % p.a.	3.81%
Sharpe Ratio	-1.08
% positive months	83%
Best Month	3.63%
Worst Month	-8.91%
Average positive monthly return	0.48%
Average negative monthly return	-0.81%

Performance Commentary - Master Fund

Global equity market movements were mixed for the month of October, with the S&P500 finishing down -1.94%, FTSE up +0.80% and the Nikkei strong up +5.93% for the month. The S&P/ASX200 finished down -2.15% for the month.

The Aurora Absolute Return Fund returned +1.13% for October. Performance was largely driven by the Convergence strategy and long positions within the Long/Short strategy within the Master Fund.

The Long/Short strategy performed well during the month. The biggest contributors to performance included high conviction long positions in KAR.ASX (+72.9%) and MPO.ASX (+7.7%). We were pleased to see KAR significantly re-rated during the month, which had been accumulated at a material discount to cash, whilst effectively receiving free optionality on high quality global Oil & Gas assets.

The Convergence strategy performance was driven by trading activities in a domestic holding company (CSE.ASX) and from a contraction in discount and underlying portfolio performance in NAC.ASX. The Master Fund continues to accumulate positions in domestically listed LIC’s that trade at substantial discounts to NTA with hedgeable underlying assets.

The Yield portfolio benefited from both capital appreciation in the Master Funds listed debt National Australia Bank Perpetual Securities (NABHA.ASX) position, whilst going ex-dividend late in the month.

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AURORA
FUNDS MANAGEMENT

Aurora Absolute Return Fund
Performance Report - 30 September 2016

ASX Code: ABW

LISTED ON ASX

Summary

- The Fund returned 0.12% for September equal to the RBA Cash rate.
- The Fund announced a cash distributionof $0.0085 per Unit for the three months ending 30 September 2016, which represents an annualised yield of 3.99%.

Performance[1]

	1 month	3 months	6 months	12 months	3 years (p.a)	Since Inception (p.a)
Aurora Absolute Return Fund (ABW)	0.12%	-1.01%	-9.02%	-9.10%	-0.80%	2.41%
RBA Cash Rate	0.12%	0.40%	0.86%	1.87%	2.21%	4.05%
S&P/ASX200 Accumulation Index (S&P/ASX200AI)	0.48%	5.14%	9.29%	13.17%	5.98%	5.38%

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Best Month	3.63%
Worst Month	-8.91%
Average positive monthly return	0.47%
Average negative monthly return	-0.81%

Performance Commentary - Master Fund

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 Absolute Return Fund was up 0.12% in September as the Master Fund mainted 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 Master Fund continues to seek opportunities in all strategies, with a current emphasis on Long/Short, Convergence and Yield strategies.

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1. This number represents a cumulative return and assumes reinvestment of distributions. 2. From 24 March 2015 the Fund intends to always distribute at least 1.0% of NAV per Unit, excluding any franking credits, per quarter regardless of Fund performance. This means that if the Fund has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital. 3. Incorporates all unit classes within the Fund, and also individual mandates that are external to the Fund but utilise the investment strategy or direct variants thereof. 4. Each historical distribution has been divided by six to reflect the Unit split carried out in November 2009.