



9 June 2015

Dear Unit Holder

On behalf of the Board of Aurora Funds Management Limited, the Responsible Entity of Aurora Absolute Return Fund ("the Fund"), I am pleased to invite you to attend a Meeting of Unitholders ("the Meeting"), which will take place at 11:00am (Sydney time) on Tuesday 7 July 2015, at Level 4, 1 Alfred Street, Sydney New South Wales.

The Meeting of Unitholders will be convened to consider a resolution to approve a share buy-back of up to 20% of the current Units on issue. This is to allow the Fund to continue to purchase Units on market and for any financial gain to be to the benefit of Unit Holders.

Enclosed are the Notice of Meeting, Explanatory Memorandum, proxy form, and voting instructions for the Meeting.

Yours faithfully  
**Aurora Funds Management Limited**  
as responsible entity for  
**Aurora Absolute Return Fund**

Betty Poon  
**Company Secretary**

## **NOTICE OF MEETING & EXPLANATORY MEMORANDUM**

Notice is given by Aurora Funds Management Limited, ACN 092 626 885 AFSL 222110, the Responsible Entity of Aurora Absolute Return Fund ("the Fund"), pursuant to section 252A of the Corporations Act, that a Meeting of Unitholders ("the Meeting") in the Fund will take place at 11.00am (Sydney time) on Tuesday 7 July 2015, at Level 4, 1 Alfred Street, Sydney NSW, to consider and vote on the Resolution in this Notice of Meeting.

An Explanatory Memorandum and proxy form accompany, and form part of, this Notice of Meeting. Information relevant to the proposed resolutions set out below, including information required by the Listing Rules and the Corporations Act, can be found in the Explanatory Memorandum.

### **BUSINESS**

The following business is to consider the following proposed resolution.

#### **Approval of share buy-back**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution of the Fund:

*"That the buy-back of up to 4,981,961 Units in the Fund on the terms set out in the Explanatory Memorandum be approved for all purposes (including the purposes of Section 601KH(8) of the Corporations Act 2001)."*

#### **Recommendation**

The Board considers that these resolutions are in the interests of unitholders and therefore unanimously recommends you vote in favour of this resolution.

#### **By order of the Board**

Betty Poon  
Company Secretary  
9 June 2015

# EXPLANATORY MEMORANDUM

## 1. Introduction

This Explanatory Memorandum has been prepared for the information of Unitholders in connection with the business to be conducted at the Meeting for the purposes set out in the accompanying Notice of Meeting. This Explanatory Memorandum should be read in conjunction with, and forms part of, the Notice of Meeting.

This Explanatory Memorandum provides information that the Responsible Entity believes to be material to Unitholders in deciding whether or not to vote in favour of the resolution contained in the Notice of Meeting. The Explanatory Memorandum does not take into account the individual investment objectives, financial situation or needs of Unitholders or any other person. Accordingly, they should not be relied on solely in determining how to vote on the Resolution.

The Notice of Meeting, Explanatory Memorandum, and Proxy Form are all important documents. They should be read carefully in their entirety before you make a decision on how to vote at the meeting.

## 2. Resolution: On-Market share buy-back

### 2.1 Overview

The Responsible Entity proposes to undertake a buy-back of Units in the Fund over the period of 12 months commencing on or around the date Unitholder approval is received. It is proposed that up to 20% of the number of Units currently on issue (ie. 4,981,961 Units) be bought back through this process.

### 2.2 What is proposed?

There are currently 24,909,807 Units on issue in the Fund. The Responsible Entity proposes to undertake the buy-back of up to 20% of the number of Units currently on issue (ie. 4,981,961 Units) over a period of 12 months commencing on or around the date Unitholder approval is received. Units bought back will then be cancelled, reducing the number of Units on issue.

The Responsible Entity has proposed the buy-back as it considers this to be the best way to ensure trading liquidity on the ASX.

The buy-back does not alter the Fund's investment objective of achieving positive returns regardless of market conditions.

### 2.3 Why is the buy-back being proposed

The Corporations Act imposes a limit on the number of Units that can be bought back without Member approval. If greater than 10% of the smallest number of Units at any time during the previous 12 months (the 10/12 limit), Member approval for the buy-back is required.

If the resolution is passed, the Responsibility Entity will be able to buy-back up to 4,981,961 units, being approximately 20% of the Fund's fully paid ordinary units as at 5 June 2015, within the next 12 months.

If the resolution is not approved, the Responsible Entity will continue with the current buy-back program (under the 10/12 limit) in accordance with the ASX Listing Rules.

## 2.4 Terms of the buy-back

An on-market buy-back will allow the Fund to buy-back Units over time, depending on market conditions and prices. Any such on-market buy-backs would occur in accordance with the ASX Listing Rules. The buy-back will be conducted on market, meaning that the Responsible Entity will buy-back all Units in the ordinary course of trading on the ASX. The buy-back will be open to all Members and participation is voluntary.

The Responsible Entity will buy-back Units during the course of the 12 month buy-back period within a range it determines, however, that price cannot be greater than 5% above the volume weighted average price (VWAP) of all Units sold on the ASX during the last five days on which sales in Units were recorded before the date of the relevant buy-back. The current market price of Units is \$0.97. It is intended that Taylor Collison Limited will be appointed to act as the Fund's broker for the buy-back.

### **As at 5<sup>th</sup> June 2014**

#### **Capital structure**

	<b>Units</b>
Total: Unitholders	24,909,807
Total: Top 20 unitholders	7,713,194
Total: Top 20 unitholders % of units on issue	30.96%

#### **Range Total Holders**

<b>Range</b>	<b>Number of unitholders</b>
1 – 1,000	57
1,001 – 5,000	137
5,001 – 10,000	106
10,001 – 100,000	417
More than 100,001	35
Total	752

#### **Interests of directors of the Responsible Entity**

No directors have a relevant interest in any units of the Fund.

## 2.5 Financial effect of the buy-back on the Fund

If approved, the buy-back will involve a reduction in the number of the Fund's ordinary units on issue and a corresponding reduction in its share capital.

Whilst the Fund is seeking approval to buy-back up to 4,981,961 units on-market over the 12 months following this General meeting, the actual number of units to be bought back will be assessed by the Board on an ongoing basis, having regard to, among other things, the Fund's cash flows, as well as broader market conditions and alternative investment opportunities.

The Board has determined that the buy-back will not materially prejudice the Fund's ability to pay its creditors.

Whilst it is not possible to anticipate the total actual amount that the Fund will expend on paying for the units, the buy-back is not expected to adversely affect NTA.

# INFORMATION FOR UNITHOLDERS

## Entitlement to attend and vote at the Meeting of Unitholders

The Responsible Entity has determined that for the purposes of the Meeting of Unitholders, Units will be taken to be held by the persons who are registered as members as at 7:00pm (Sydney time) on Friday, 3 July 2015. This means that if you are not the registered holder of a Unit at that time, you will not be entitled to vote in respect of that Unit.

If you wish to appoint a proxy, the completed proxy form (and any authority under which it is signed) must be received by the Responsible Entity or its share registry, Registry Direct, no later than 11:00am (Sydney time) on Friday, 3 July 2015 to be effective.

Proxy forms may be returned by any of the following means:

**By mailing to:**

Registry Direct  
PO Box 18366  
Collins Street East Vic 8003

**By faxing to:**

+61 3 9111 5652

**By delivering in person to:**

Registry Direct  
Level 2  
120 Collins Street  
Melbourne Vic 3000

**By lodging online at:**

[www.registrydirect.com.au](http://www.registrydirect.com.au)

To use this facility you will need your holder identification number (HIN) or security holder reference number (SRN)

## Proxies

A Unitholder who is entitled to attend and cast a vote at the Meeting of Unitholders may appoint a proxy to attend and vote for the member. A proxy may be an individual or body corporate and is not required to be a member of the Fund. A Unitholder who is entitled to cast two or more votes at the meeting may appoint two proxies and may specify the percentage or number of votes each proxy is appointed to exercise. Where a Unitholder appoints two proxies but does not specify the percentage or number of votes each proxy may exercise, each proxy may exercise half of the appointing Unitholders' votes. Fractions of votes will be disregarded.

A unitholder may direct the unitholder's proxy on how to vote on the proposed resolution by following the instructions on the Proxy Form that accompanies this Notice of Meeting. If the unitholder appointing the proxy directs the proxy on how to vote on the proposed resolution, then the proxy may only vote in the way directed. If the unitholder does not direct the proxy on how to vote on the proposed resolution, then the proxy may vote on that resolution as the proxy thinks fit.

A body corporate that is a unitholder, or that has been appointed as a proxy of a unitholder, may appoint an individual to act as its representative at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act 2001 (Cth). An "Appointment of Corporate Representative" Form is available from the Responsible Entity's Share Registrar (telephone 1300 55 66 35), or online at [www.registrydirect.com.au](http://www.registrydirect.com.au). The representative must bring to the meeting the completed form, or evidence of his or her appointment (including the authority under the appointment is signed).

The Chairman of the Meeting intends to vote all available proxies in favour of the resolution.

## **Voting**

Voting on the resolution at the Meeting will be decided in the first instance by a show of hands. A poll may be demanded in accordance with the Fund's Constitution.

On a show of hands, every member who is eligible to vote and is present in person or by proxy will have one vote. Upon a poll, every member who is eligible to vote and is present in person or by proxy will have one vote for each fully paid ordinary unit held by that person. The proxy has the same right as the member to speak at the Meeting, to vote and to join in a demand for a poll.

Where a member appoints two proxies, then neither proxy shall have the right to vote on a show of hands.

Where the holding is held jointly and more than one joint holder votes, the vote of the member whose name appears first in the register of members shall be accepted to the exclusion of the others whether the vote is given in person or by proxy.

Any directed proxies that are not voted on a poll at the Meeting by a member's appointed proxy will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed on a poll.

## **Unitholder Questions**

Questions that are relevant to the business of the Meeting of Unitholders (as outlined in this Notice of Meeting and Explanatory Memorandum), and to be addressed at the Meeting, can be emailed to [enquiries@aurorafunds.com.au](mailto:enquiries@aurorafunds.com.au).

+61 3 9020 7934 (outside Australia)

**Signing Instructions:** This form should be signed by the securityholder. If a joint holding, all securityholders should sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth) (or for New Zealand companies, the Companies Act 1993).

## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your shares using this form.

### Step 1 - Appoint a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in the box provided. If you leave this section blank, or your named proxy does not attend the Meeting or does not vote in accordance with your instructions, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company. A proxy may be an individual or a body corporate.

### Step 2 - Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses subject to any applicable voting exclusions. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

#### Individual:

Where the holding is in one name, the securityholder must sign.

#### Joint Holding:

Where the holding is in more than one name, either securityholder may sign.

#### Power of Attorney:

To sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

#### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

### Lodgement of a Proxy Form

This Form (and if required any Power of Attorney under which it is signed) must be received at an address given below by 11:00am Sydney time on Friday, 3 July 2015, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### Online

[www.registrydirect.com.au/investor/login](http://www.registrydirect.com.au/investor/login)

Login to the Registry Direct website using the holding details as shown on the Form. Select My Votes and follow the prompts to lodge your vote or proxy. To use the online lodgement facility, securityholders will need their "Holder Number" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Form).



#### by Mail

Aurora Absolute Return Fund  
C/- Registry Direct  
PO Box 18366  
Collins Street East VIC 8003



#### by facsimile

+61 3 9111 5652



#### by hand

**Registry Direct**  
120 Collins Street  
Melbourne VIC 3000

**If you would like to attend and vote at the meeting, please bring this form with you. This will assist in registering your attendance.**