



4 May 2016

ASX Limited  
Level 6, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000  
Attention: Company Announcements

### **AURORA ABSOLUTE RETURN FUND (ASX: ABW)**

Aurora Funds Management Limited (Aurora) as Responsible Entity for Aurora Absolute Return Fund (“the Fund”), provides the following update to investors.

The Fund invests into a Master Fund (Aurora Fortitude Absolute Return Fund) and the Master Fund has temporarily suspended applications and redemptions which means that there is no liquidity in the Master Fund. The Master Fund holds Antares Energy Limited Convertible Notes (ASX Code: AZZG) (“Antares Notes”) which is approximately 8.09% of the net asset value of the Master Fund. The Notes were due to be repaid on 31<sup>st</sup> March 2016. On Friday 29<sup>th</sup> April 2016, Antares Energy Limited (“the Company”), announced that they have appointed Bryan Kevin Hughes and Daniel Johannes Braedenkamp of Pitcher Partners as Joint and Several Administrators of the Company.

The valuation policy of Aurora is unable to accurately determine a value for the Antares Notes position in the Master Fund due to the uncertainty over the repayment of the Antares Notes to Note Holders, and the Master Fund will continue to be suspended. Aurora as a result has not been able to publish monthly Net Asset Values for the Fund since 31 January 2016 and due to the material value of the Antares Notes position will need to continue to suspend off-market redemptions.

Aurora is however working towards creating a liquidity mechanism in the Fund, which will provide an opportunity for investors to redeem the liquid portion of the Fund and provide investors with an entitlement to the illiquid portion. This is likely to be off market rather than through the ASX. Aurora’s view is that this is likely to provide the best opportunity for investors to maximise their returns. The timetable for this off market liquidity mechanism will be issued shortly.

The Net Asset Value of the Fund as at 29 April 2016 is as follows:

ABW including Antares Notes position	\$0.94 <sup>^</sup>
ABW excluding Antares Notes position	\$0.87

<sup>^</sup> Antares Notes are currently valued at \$1.82 per note in the Master Fund. The expected range of valuations for the Antares Notes is between \$0 and \$2.05 per note.

It is important to note that if investors choose to sell their units on market this could be at a significant discount (more than the Fund’s exposure to the Antares Notes). In addition, by selling units on market, investors will not be able to take advantage of the off market liquidity mechanism mentioned above and will lose any further entitlements to any value that may be attributed to the exposure to the Antares Notes.

Investors should also be aware that although the Antares Notes exposure is 8.09%, the Fund's underlying investment in the Master Fund is currently suspended and therefore illiquid. As a result, the Fund is also illiquid, and **therefore there will be no buy-back in place or off market redemptions until further notice.** The ASX has advised that they are reinstating the Fund from suspension, however, Aurora believes it is in the best interests of investors to maintain the Fund's suspension until the off market liquidity mechanism is in place.

We will continue to monitor the situation and provide any additional information on any material changes in due course through ASX announcements.

Yours faithfully

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

A handwritten signature in blue ink, appearing to read 'Betty Poon', is positioned above the printed name.

Betty Poon  
**Company Secretary**