

Aurora Sandringham Australian Equity Income Trust Performance Report - 28 February 2011

(ASX Code:ABW)



Summary

- The Trust returned an estimated 2.87% for February compared to the Benchmark which returned 2.35%
- The Trust implemented a change of investment objective and strategy from 1 March 2011

Performance¹

	1 month	3 month	6 month	12 month	3 yrs (p.a)	Since Inception (p.a)
Aurora Sandringham Aust Equity Income Trust ²	2.87%	6.26%	11.69%	7.40%	1.31%	3.02%
S&P/ASX200 Accumulation Index	2.35%	6.30%	11.98%	8.65%	-0.26%	3.03%

Investment Objective

The Trust aims to outperform the Australian equity market as measured by the S&P/ASX200 Accumulation Index. Please note that while we aim to achieve this objective, the returns are not guaranteed.

Investment Strategy

The Trust seeks to meet the Investment Objective through using multiple investment strategies that the Investment Manager expects will outperform the S&P/ASX200 Accumulation Index. These strategies will be implemented by buying and selling listed and unlisted securities, managed investment schemes and risk management instruments. This may include investments in offshore markets. Accordingly, the Trust will seek to obtain:

- the S&P/ASX200 return by continuously having approximately 100% exposure to the Australian equity market through holding either futures over the S&P/ASX200 Index, or Australian listed securities; and
- an outperformance component by investing in investment strategies the Investment Manager expects (combined with the point above) will outperform the S&P/ASX200 Accumulation Index.

Where an investment is made that does not have an exposure to the Australian equity market, that exposure will typically be hedged into the Australian equity market. This hedging / risk management process seeks to broadly result in the Trust achieving the same performance as an investment in the Australian equity market as measured by the S&P/ASX200 Accumulation Index plus or minus any value created or lost by the investment and the hedge.

The Trust may utilise debt funding through a prime broking arrangement from time to time. However, the Trust's overall market exposure to the S&P/ASX200 Accumulation Index is generally expected to remain at, or around, 100% of net assets.

Trust Features

Unit pricing	Monthly.
Distribution policy	At least 2% of Net Asset Value per Unit per quarter. ³
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 off-market at the end of each month.

Trust Valuations

Fund Size	\$6.0 million
Net Assets Value per Unit	\$1.1567
Net Assets Value per Unit-incl. franking	\$1.8392

Trust Distributions (per Unit)⁴

Period	Cash	Franking	Total	Yield at NAV (p.a)
31-Dec-06	\$0.0486	\$0.0208	\$0.0694	9.0%
30-Jun-07	\$0.1962	\$0.0371	\$0.2333	25.3%
31-Dec-07	\$0.0333	\$0.0332	\$0.0665	7.6%
30-Jun-08	\$0.0586	\$0.0400	\$0.0986	11.9%
31-Dec-08	\$0.0450	\$0.0000	\$0.0450	7.6%
30-Jun-09	\$0.0267	\$0.0000	\$0.0267	5.1%
31-Dec-09	\$0.0450	\$0.0000	\$0.0450	8.8%
31-Mar-10	\$0.0250	\$0.0000	\$0.0250	8.1%
30-Jun-10	\$0.0250	\$0.0000	\$0.0250	8.2%
30-Sep-10	\$0.0250	\$0.0000	\$0.0250	9.5%
31-Dec-10	\$0.0230	\$0.0000	\$0.0230	8.3%
Total	\$0.5514	\$0.1311	\$0.6825	

Trust Update

The S&P/ASX200 Accumulation Index finished up 2.35% for the month after escalating unrest in the Middle East and rising inflation fears erased some of the early gains.

The Trust's investment in the Aurora Sandringham Dividend Income Trust outperformed its benchmark as the updated strategy of investing in a diversified portfolio of fully franked dividend companies continued to perform well.

The Aurora Fortitude Absolute Return Fund (AFARF) also outperformed its benchmark as the ongoing concerns resulted in an increase in implied volatility and a positive return for the options strategy. The fund maintained a large option position in BHP over February which resulted in excellent profitability due to the initial negative reaction post the result (seemingly due to a lack of announced capital management initiatives). Within 7 days of the result an off-market buy back worth \$10bn was announced which resulted in aggressive upside moves. The yield strategy was the largest contributor due to Fairfax announcing the redemption of their Stapled Preference Shares as expected.

AFARF also profited as the corporate activity in the small and midcap miners continued in February allowing the fund to profit from several capital raisings and equity sell downs in this area.

The Trust maintained approximately S&P/ASX200 Index market exposure and finished up 2.87%. From 1 March the Trust will be invested solely in AFARF. This will mean the Trust will no longer hold direct exposure to the S&P/ASX200 Accumulation Index.

Significant Portfolio Holdings

Market Exposure	Weight
S&P/ASX 200 Index Futures Contract	0%
Strategy Exposure	
Aurora Sandringham Dividend Income Trust	0.0%
Aurora Fortitude Absolute Return Trust	55.7%
Total invested as a % of NAV	55.7%

About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the combined businesses of Aurora Funds Management Limited, Fortitude Capital Pty Ltd and Sandringham Capital Pty Ltd.

The combined group has in excess of \$500 million in funds under management and administration, and provides asset management and responsible entity/trustee services for over 3,500 Australian and New Zealand investors.

Aurora is also the issuer and/or distributor of the:

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- Aurora Sandringham Dividend Income Trust (ASX Code: AOD)
- Aurora Global Income Trust (ASX Code: AIB)
- Aurora Property Buy-Write Income Trust (ASX Code: AUP)
- CORALS Commodities Fund (ARSN 131 196 882)
- van Eyk Blueprint Alternatives Plus (ASX Code: VBP)

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1. This number represents an estimated cumulative return and assumes reinvestment of distributions. 2. Performance based on estimated unit price. 3. The Trust intends to always distribute at least 2.0% of NAV per Unit, excluding any franking credits, per quarter regardless of Trust performance. This means that if the Trust has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital. 4. Each historical distribution has been divided by six to reflect the Unit split carried out in November 2009. 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 Sandringham Australian Equity Income Trust (ARSN 110 303 430). 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 Product Disclosure Statement and seek their own financial advice prior to investing in the Trust. 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. In particular as the Investment strategy of the Trust was materially altered in July 2009, and March 2011 and performance prior to these dates (being from three years to 'since inception') has little bearing on future performance. The payment of franking credits to Unit holders is subject to the Trust achieving a taxable profit in that year. Please see asx.com.au for more information on the S&P/ASX200 Accumulation Index.