

Aurora Buy-Write Income Trust ASX Code: ABW

Performance Report - 31 March 2009

Summary

- The Trust returned -0.19% for the month versus the S&P/ASX200 Accumulation Index which returned +7.98%
- Since Cadence has taken over as Investment Manager, the Trust has returned -8.45% compared to the S&P/ASX200 Accumulation Index which has returned -28.24%



Monthly Performance

Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	12 mths	Index ¹
-0.16%	1.99%	3.78%	4.49%	4.04%	3.16%	2.47%	0.39%	3.36%	2.38%	0.12%	-1.56%	26.88%	28.66%
Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	12 mths	Index ¹
-2.43%	2.77%	2.23%	1.94%	-1.37%	-4.21%	-7.93%	-4.38%	0.38%	-0.27%	-1.26%	-11.35%	-22.96	-13.40%
Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09				9 mths ²	Index ¹
-1.50%	2.03%	-4.23%	-4.09%	-1.69%	1.20%	-1.20%	+1.08%	-0.19%				-8.45%	-28.24%

Investment objective

The Aurora Buy-Write Income Trust (the Trust) is an ASX listed investment that aims to provide investors with gross income and medium term capital growth returns from an active strategy of selling call options over a portfolio of Australia's largest listed companies.

Investment Manager

Cadence Asset Management Pty Ltd (Cadence) was appointed as Investment Manager on 1 July 2008³. Cadence has been providing investment management and advisory services to absolute return funds since October 2003. It has also been running multiple funds in a long/short Australian equity strategy since its inception. Cadence was awarded the 2007 Asian Investor award for Australian and New Zealand Hedge Funds. They were also recognised as the Best Emerging Manager at the 2007 Australian Hedge Fund Awards.

Investment strategy

The Trust seeks to purchase quality S&P/ASX100 listed companies and then selectively 'write' or sell exchange traded call options over these stocks in order to provide additional income to the portfolio. Between 15 and 25 S&P/ASX100 stocks may usually be selected for their income and capital growth potential. Call options may be sold (or 'written') on any of these stocks.

A risk management process (which may include the purchase of put options or other derivative positions) seeks to limit the potential impact to the Trust of extreme adverse market events. This does not provide a capital guarantee, and losses can still be incurred. If the Investment Manager's outlook on the market is negative, then the Trust may choose to hold the majority of its investments in cash. The Trust may utilise debt to increase the portfolio's exposure to the investment strategy.

Trust features

Unit pricing	Monthly.
Distribution frequency	Half yearly.
Distribution policy	The Trust will distribute 100% of its net realised gains each year.
Distribution Reinvestment Plan	Available.
Applications	Investors may acquire Units on market 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

Market capitalisation	\$8,626,722
Net Asset Value (NAV)	\$8,929,664
Units on issue	1,437,787
Net Assets Value per Unit	\$6.2107
NAV plus distributions paid (since inception)	\$9.2878

Trust distributions (per Unit)

Period	Cash	Franking	Total	Yield at NAV (p.a.)
31 Dec 06	\$0.2915	\$0.1249	\$0.4164	9.0%
30 Jun 07	\$1.1774	\$0.2227	\$1.4001	25.3%
31 Dec 07	\$0.2000	\$0.1990	\$0.3990	7.6%
30 Jun 08	\$0.3514	\$0.2402	\$0.5916	11.9%
31 Dec 08	\$0.2700	\$0.0000	\$0.2700	7.6%
Total	\$2.2903	\$0.7868	\$3.0771	

Investment Manager commentary

By Cadence Asset Management Pty Ltd

The Trust returned -0.19% for the month of March against an S&P/ASX200 Accumulation Index return of 7.98%. For the 9 months since July 2008 the Trust has returned -8.45% while the S&P/ASX200 Accumulation Index returned -28.24% and the ASX All Ordinaries Accumulation Index returned -30.86%. For the 9 months since July 2008 the Trust has outperformed these indices by 19.79% and 22.41% respectively. The Trust continues to hold significant levels of cash.

Portfolio Activity

During the month the Trust exited positions in Crown and Wesfarmers while adding to positions in Newcrest, Westpac and NAB. To increase income from the portfolio the Trust has written call options over Telstra, QBE, Newcrest, Westpac and NAB. The written call options over Telstra and QBE held at the beginning of the month expired during the month, enhancing returns for the Trust.

Calls written over Newcrest and NAB were exercised during the month and the stock was called away. The Newcrest and NAB positions both produced a positive performance for the month.

The Trust started the month with 76% cash and ended the month with 73% cash. Holding high levels of cash over the past 9 months has served the Trust well. Going forward we see opportunities to invest this cash at better valuations and would envisage the fund moving to a higher level of investment over the medium term.

The proposed takeover of Oz Minerals - Part 2

In our newsletter last month we talked about the proposed takeover of OZ Minerals by China Minmetals, and the possibility that there would be more twists and turns on the road to completion of the deal.

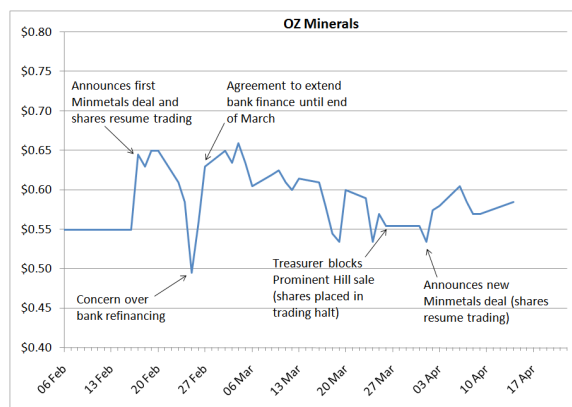
OZ Minerals' recently constructed Prominent Hill mine is located within the Woomera Prohibited Area weapons testing range in South Australia. On Friday March 27 the Treasurer of Australia, Wayne Swan, announced that "Minmetals' proposal for Oz Minerals cannot be approved if it includes Prominent Hill".

The announcement effectively stopped the proposed cash takeover of OZ Minerals by China Minmetals. Shares in OZ Minerals were halted while an alternative solution was developed. A new deal was agreed for Minmetals to pay US \$1.2 billion for most of OZ Minerals assets, while OZ Minerals will retain ownership of Prominent Hill and the Martabe gold project, and continue as an Australian listed company.

As we mentioned in our previous newsletter we bought OZ Minerals shares on February 25 after the original deal was announced. After the Treasurer blocked the original deal and the new deal was announced we re-evaluated our position.

Under the original deal, shareholders would have received cash for their shares. Under the new deal, OZ Minerals will receive cash from Minmetals, most of which will be used to repay debt. At this stage there has been no mention that any of the cash will be returned to shareholders, so we expect that it will be held inside the company to provide balance sheet strength in

the short to medium term, and potentially used for expansions and/or acquisitions in the medium to long term.



Under the new deal, an investment in OZ Minerals would essentially be an investment in the Prominent Hill mine and the Martabe project. Based on our modeling we believe that the Prominent Hill valuation implied by the current OZ Minerals share price is slightly above what the mine is worth. We sold our OZ Minerals shares recently, and while we did not receive the 82.5 cents per share proposed in the original deal, we ended up making a good return in a short time.

We believe that there is a good chance that the new deal will go ahead, but we would not be surprised if there are yet again more twists and turns on the road to completion of the deal. We will watch with interest over the next few months.

Significant portfolio holdings

	Weight (NAV%)	Calls Sold
Telstra	5.5	Yes
IAG	4.1	No
Westpac	3.8	Yes
Adelaide Asset Backed Yield Trust	3.4	No
Oz Minerals	3.3	No
Other holdings	7.2	
Total invested as a % of NAV	27.2	

About Aurora

Aurora Funds Management (Aurora) is an investment management and distribution group that aims to source, package and distribute carefully researched investment strategies that are managed by specialist wholesale investment managers.

Aurora is also the issuer of the:

- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Infrastructure Buy-Write Income Trust (ASX code: AIB)
- Aurora Property Buy-Write Income Trust (ASX code: AUP)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)

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1 S&P/ASX200 Accumulation Index. 2. Assumes reinvestment of cash distributions 3. The Investment Manager Cadence Asset Management Pty Ltd replaced Blackrock Investment Management Ltd from 1 July 2008. 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 Buy-Write 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 newsletter 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. The payment of franking credits to Unitholders is subject to the Trust achieving a taxable profit in that year.