

Aurora Infrastructure Buy-Write Income Trust ASX Code: AIB

Performance Report - 30 June 2009

Summary

- The Trust returned -1.29% for the 08/09 financial year versus the UBS Global 50/50 Infrastructure and Utility Index which returned -25.37%
- The Trust announced a review of the Investment Strategy on June 4 and placed the Trust's assets in cash
- The Trust announced a distribution of \$0.33 per Unit for the 6 months to 30 June 09, representing a total distribution for the 08/09 year of \$0.90 per Unit and a yield of 9.72%



Monthly Performance

Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec08	AIB (12 mths)*	Index (12mths)*
0.41%	0.36%	-1.72%	2.33%	2.76%	-4.66%	0.75%	3.40%	-3.86%	-3.53%	1.58%	0.60%	-1.90%	-32.7%
Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09							AIB (6 mths)*	Index(6 mths)*
-1.56%	-3.60%	0.38%	1.80%	2.94%	0.17%							-0.01%	-2.58%

Investment objective

The Aurora Infrastructure Buy-Write Income Trust (the Trust) is an ASX listed investment trust that aims to generate income from an active strategy of selling call options over a portfolio of global listed infrastructure securities.

Investment Strategy

The Trust seeks to capture returns from investing in some of the world's leading listed infrastructure entities, through an equity swap, with the objective of increasing the income generated by implementing an active call option selling ('writing') strategy. Each quarter twenty securities will be selected within the global infrastructure sector that may be anticipated to:

- provide a higher than average dividend yield over the medium term (including the influence of franking credits, and special dividends and other financial restructuring); and
- provide the scope for additional income generation by the Trust systematically writing call options on these securities.

The Trust may utilise some gearing, and will also seek to protect the portfolio against extreme market conditions through the purchase of 3-month put options on each security at, or around, 90% of the then prevailing market price.

Investment Manager

Talon Infrastructure Pty Ltd is the Investment Manager of the Trust with responsibility to advise on the Trust's global investment selection. The Managing Director of Talon Infrastructure, has approximately ten years experience in investment banking, corporate finance and the infrastructure sector.

This includes over six years at Macquarie Bank Limited in investment banking, corporate finance and funds management.

His role at Macquarie Bank Limited included approximately three years of global infrastructure securities funds management experience culminating with his appointment as the Chief Investment Officer of Macquarie Fund Adviser LLC, the adviser to two New York Stock Exchange listed infrastructure funds, with over A\$1 billion under management.

Trust features

Trust Listing	24 December 2007
Minimum Investment	\$2,000
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	\$14,840,339
Net Asset Value (NAV) – incl. franking	\$14,554,839
Units on issue	1,766,707
Net Asset Value per Unit	\$8.2384
NAV plus distributions paid (since inception)	\$9.5359

Trust distributions (per Unit)

Period	Total	Yield at NAV (p.a.)
30 Jun 08	\$0.3975	8.2%
31 Dec 08	\$0.5700	12.3%
30 Jun 09	\$0.3300	7.7%
Total	\$1.2975	

Investment Review

We are pleased to advise that we have commenced a review of the Trust's Investment Strategy and option overlay in order to seek to:

- enhance the quantum of net option premium received; and
- ensure the Trust is well placed to capture investment opportunities in the global infrastructure sector.

Given the relatively high levels of volatility in the international equity markets, the review will explore opportunities to allow the Trust to use index put options instead of individual put options over each security held. This initiative may result in greater net option premium being earned each quarter, and an increase in risk as stock specific put options are replaced with general equity index put options.

The review will also explore initiatives to provide the Investment Manager with more flexibility in choosing the extent to which call options are sold, and their exercise prices. Expanding this flexibility will seek to enhance the Trust's ability to capture both income and also capital growth opportunities in the global infrastructure sector.

Investment Manager commentary

By Talon Infrastructure Pty Ltd

The Trust achieved a return of 4.97% for the June quarter and -1.29% for the last 12 months. This compares to the UBS Global 50/50 Infrastructure and Utility Index ("Index") which returned 10.5% and -25.4% over the same periods.

Investor risk appetite returned during the quarter with good gains during April (Index +6.1%) and May (Index +3.3%), however momentum slowed during June (Index +0.8%) as the strong rally from the lows in March started to look a little tired.

The Trust's transport infrastructure holdings performed very well during the quarter and were the main contributor to performance. The US pipeline holdings were also positive. The Trust's regulated utility holdings were mixed as many investors

moved out of defensives in favour of cyclical investments, nevertheless, overall these positions still made a solid positive contribution to the Trust.

The Investment Manager's outlook is cautious at this point given the strong bounce over the last few months. The global economy continues to sustain historically high leverage which ultimately must be reduced – this structural adjustment will take many years (not a few months). More importantly, will this adjustment result in a lower trend growth rate than experienced over the past decade? If so, what are the implications for valuations? Well capitalised defensive investments (e.g. utilities) should benefit from such an environment, especially when purchased during periods when the market swings in favour of more cyclical stocks. Above all, stock selection will be critical.

At the end of June the Trust remained fully invested in cash as the investment review announced on 4 June 2009 is finalised.

About Aurora

Aurora Funds Management (Aurora) is an investment management and distribution group owned and operated by a group of professionals with considerable experience in retail funds management, stockbroking, margin lending, corporate advisory and investment banking.

Aurora 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 Buy-Write Income Trust (ASX Code: ABW)
- Aurora Property Buy-Write Income Trust (ASX Code: AUP)
- van Eyk Blueprint Alternatives Plus (ASX Code: VBP)

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* This number represents a cumulative return

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 Infrastructure Buy-Write Income Trust (ARSN 127 692 406). 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.