

# Aurora Property Buy-Write Income Trust ASX Code: AUP

## Performance Report - 31 May 2010

### Summary

- The Trust returned -2.37% for May compared to the S&P/ASX200 Property Accumulation Index which returned -4.07%
- The Trust has returned -9.42% p.a. since inception, versus the S&P/ASX200 Property Accumulation Index which returned -24.20% p.a. over the same period.



### Performance<sup>1</sup>

	1 mth	3 mths	6 mths	12 mths	2 yrs (p.a.)	Since inception (p.a.)
Aurora Property Buy-Write Income Trust	-2.37%	0.91%	3.34%	20.60%	5.07%	-9.42%
S&P/ASX200 Property Accumulation Index	-4.07%	-0.56%	1.32%	27.02%	-20.97%	-24.20%

### Investment objective

The Aurora Property 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 ASX listed Australian Real Estate Investment Trusts (AREIT).

### Investment Adviser

APN Funds Management Limited (APN FM) has been appointed as the Investment Adviser with responsibility to actively manage the Trust's investment strategy.

Established in 1998, APN FM currently manages a broad range of property securities funds with total assets under management of approximately \$2.7 billion (as at 31 December 2009). APN FM has established a strong track record and market reputation for managing domestic real estate securities with a particular focus on income returns. APN FM's expertise is widely recognised in the property funds management industry, as evidenced by the following awards:

- AFR Smart Investor Blue Ribbon Award 2008 - Australian Listed Property;
- Morningstar Fund Manager of the Year 2007 - Listed Property;
- Investor Web Research Property Securities Fund Manager of the Year for 2002, 2003 and 2004;
- Property Investment Research – Property Securities Manager of the Year 2005, 2006 and 2008; and
- Monitor Money Skilled Manager of the Year 2002-2003

An active investment management style combined with a concentrated focus on the fundamentals of commercial property investments lies at the heart of APN Funds Management's philosophy. APN FM is a leader in real estate which is driven by the investment team's longstanding experience and expert knowledge of property markets and research capability.

### Trust features

Unit pricing	Monthly.
Distribution frequency	Quarterly
Distribution policy	At least 2.0% of Net Asset Value <sup>2</sup> per Unit
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	\$19.2 million
Net Assets Value per Unit	\$5.2601
NAV plus distributions paid (since inception)	\$7.1652

### Trust distributions (per Unit)

Period	Cash	Yield at NAV (p.a)
31 Dec 07	\$0.4670	10.5%
30 Jun 08	\$0.4781	11.3%
31 Dec 08	\$0.3000	11.1%
30 Jun 09	\$0.2500	9.7%
31 Dec 09	\$0.3000	11.6%
31 Mar 10	\$0.1100	8.2%
Total	\$1.9051	

## Investment Manager Commentary

by APN Funds Management Limited

The S&P/ASX 200 Property Accumulation Index delivered a total return of -4.07% in May 2010, whilst the Trust returned -2.37%. A combination of stock selection, option premium and put protection provided the Trust's outperformance compared to the Index. The Property Index outperformed the broader market S&P/ASX 200 Index by 3.80% (which returned -7.87% for the month).

The Retail sector delivered a total return of -1.3% making it the best performing AREIT sub sector for the month of May. Westfield returned -1.4% while CFS Retail Property Trust was up 0.5% - making it the best performing stock for the month.

The Industrial sector was the weakest in the market down 11.8% led by Goodman Group (-11.9% for the month).

The Diversified sector delivered a -5.7% total return for the month; Stockland Trust Group (-2.5%) and GPT Group (-8.6%) were the two key contributors.

The Office sector was down 5.9% for the month. Commonwealth Office Property Fund and ING Office Trust were down 0.5% and 7.3% respectively.

The negative performance of the AREIT market (-4.07%) over May was principally driven by the following factors:

- Uncertainty in global equity markets following sovereign debt issues in Europe; and
- A reduction in risk appetite from Australian equity investors.

Despite the sector's negative performance for the month, AREITs delivered strong outperformance relative to the broader stock market. This total return (in a falling market) is consistent with a sector that has returned to a lower risk profile after a period of elevated volatility. Investors now appear to be steadily gaining comfort with the sector as a more conservative investment during times of elevated caution.

### Top 5 Portfolio Holdings (as at 31 May 2010)

	ASX Code
Westfield	WDC
Dexus	DXS
CFS Retail	CFX
Charter Hall Office	CQO
Mirvac	MGR

Source: APN Funds Management

## 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 and/or distributor of the:

- Aurora Global Infrastructure Income Trust (ASX code: AIB)
- Aurora Sandringham Australian Equity Income Trust (ASX code: ABW)
- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- CORALS Commodities Fund (ARSN 131 196 882)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)

## Aurora Funds Management

Level 11, 88 Phillip Street, Sydney NSW 2000 PO Box R1695, Royal Exchange NSW 1225

Telephone: 1300 553 431, Visit: [www.aurorafunds.com.au](http://www.aurorafunds.com.au), or Email: [enquiries@aurorafunds.com.au](mailto:enquiries@aurorafunds.com.au)

1. This number represents a cumulative return and assumes reinvestment of distributions. 2. The Trust intends to always distribute at least 2.0% of NAV, 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.

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