

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

## Performance Report - 30 September 2009

### Summary

- The Trust returned +19.30% for the year to September, versus the S&P/ASX200 Property Accumulation Index which returned -23.73%
- The Trust returned +3.27% for September compared to the S&P/ASX200 Property Accumulation Index which returned +9.77%.



### Monthly Performance

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
-2.90%	2.77%	0.02%	-0.74%	-7.78%	-4.83%	-16.15%	-1.05%	-0.48%	2.58%	-7.22%	-10.96%	-39.16%	-36.35%
Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	12 mths	Index
-0.99%	3.77%	-1.31%	0.34%	0.15%	0.14%	0.15%	0.17%	0.41%	-1.10%	1.13%	4.01%	6.93%	-42.27%
Jul 09	Aug 09	Sep 09										3 mths	Index
2.48%	6.91%	3.27%										13.14%	30.45%

### 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 \$2.8 billion (as at 30 June 2009). APN FM has established a strong track record and market reputation for managing domestic and global property funds with a particular focus on generating consistent, growing 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	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	\$18,459,422
Net Asset Value (NAV)	\$20,487,739
Units on issue	3,699,283
Net Assets Value per Unit	\$5.5383
NAV plus distributions paid (since inception)	\$7.0334

### Trust distributions (per Unit)

Period	Cash	Total	Yield at NAV (p.a)
31 Dec 07	\$0.4670	\$0.4670	10.5%
30 Jun 08	\$0.4781	\$0.4781	11.3%
31 Dec 08	\$0.3000	\$0.3000	11.1%
30 Jun 09	\$0.2500	\$0.2500	9.7%
Total	\$1.4951	\$1.4951	

## Investment Manager Commentary

by APN Funds Management Limited

The Trust delivered a return of +3.27% compared to the Index which delivered a return of +9.77% in September 2009. Conversely the Trust has provided a return of +19.30% for the 12 months to September, versus the S&P/ASX200 Property Accumulation Index which returned -23.73%. The selling of call options limits the capital growth of the portfolio whilst the purchase of index put protection aims to limit losses in falling markets. The market strength cannot be attributed to specific market factors, more to general sentiment including ongoing relief regarding recapitalisations and positive sentiment about thawing debt markets.

The Industrial sector was up 9.3% driven for the second month in a row by a strong rise in ING Industrial Trust (up 24.8% over the month).

The Retail sector was up 9.6% driven by Westfield (up 9.8%). CFS Retail was up 5.8%.

The Diversified sector was the outperformer, up 11.5% over the month with the most significant contributors to the sector. Dexus Property Group and Mirvac Group were up 13.4% and 15% respectively.

The Office sector was up 6.6%. Macquarie Office Trust (up 11.1%) was the leader and Commonwealth Property Office Fund (up 6.1%) the next strongest performer in the Office sub sector over the month.

Debt markets displayed more signs of normalising – particularly for the well capitalised and rated groups. Dexus tapped the US bond market raising \$300m. Macquarie Office Trust and Tishman Speyer restructured various debt tranches (as expected) and instilled further confidence in the market. In direct property transactions, AREITs were active with Mirvac Real Estate Trust selling two assets in Victoria and NSW \$17.3m and \$10.1m to pay down debt; GPT Group selling a bulky goods centre for \$20.2m; and Trinity's sale of three office assets for \$51.1m as it reduces its gearing levels.

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

## Top 5 Portfolio Holdings (as at 30 September 09)

	ASX Code	Weighting NAV (%)
Westfield	WDC	19.8
Dexus	DXS	15.3
CFS Retail	CFX	10.4
Stockland	SGP	9.8
General Property Trust	GPT	8.5

Source: APN Funds Management

## Aurora Funds Management

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