

## Aurora Sandringham Dividend Income Trust Performance Report- 31 December 2010

ASX Code:AOD



### Summary

- The Trust returned -0.30% for December compared to the UBS Australia Bank Bill Index which returned 0.42% (see Portfolio Commentary for more detail)
- The Trust announced a cash distribution of \$0.015 for the three months ending 31 December 2010, which represents an annualised yield of 6.06%

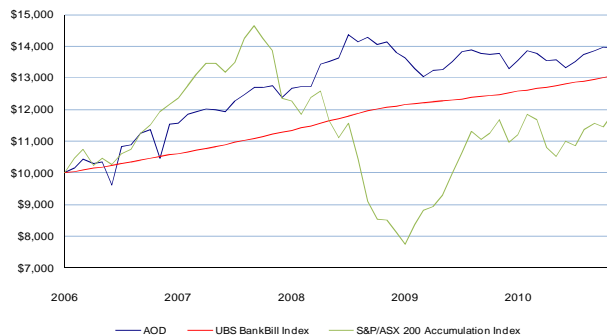
### Performance<sup>1</sup>

|  | 1 month | 3 months | 6 months | 12 months | 3 yrs (p.a) | Since Inception (p.a) |
|--|---------|----------|----------|-----------|-------------|-----------------------|
| Aurora Sandringham Dividend Income Trust | -0.30%  | 1.41%    | 2.77%    | 1.19%     | 2.98%       | 7.11%                 |
| S&P/ASX200 Accumulation Index            | 3.66%   | 4.38%    | 12.77%   | 1.57%     | -5.02%      | 3.60%                 |
| UBS Bank Bill Index (Benchmark)          | 0.42%   | 1.24%    | 2.46%    | 4.66%     | 5.23%       | 5.68%                 |

### Investment objective

The Aurora Sandringham Dividend Income Trust (the Trust) is an ASX listed investment trust that aims to provide investors with gross income returns in excess of a 50:50 combination of the UBS Australia Bank Bill Index and the S&P/ASX 200 Accumulation Index while minimising capital risk.

### Investment performance<sup>1</sup>



### Investment strategy

The Trust seeks to achieve the investment objective by investing in a diversified portfolio of ASX listed shares to take advantage of the changes in market prices around their ex-dividend dates. The holding period is typically larger than 45 days. Investments are predominantly chosen from the 100 largest ASX listed shares by market capitalisation.

The Trust will hedge its market exposure using derivatives and/or by shorting shares to maintain a target net exposure to equities in the S&P/ASX 200 Index of 50%. The Trust may use gearing to increase exposure to the strategy.

### Trust Features

|                     |   |
|---------------------|---|
| Unit pricing        | Monthly.  |
| Distribution policy | At least 1.5% of Net Asset Value plus any franking credits <sup>2</sup> per Unit per quarter. |
| 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                                   | \$35.3 million |
| Net Assets Value per Unit                   | \$0.9833       |
| Net Assets Value per Unit-incl. franking    | \$0.9897       |
| NAV Accumulation per Unit (since inception) | \$1.6083       |

### Trust distributions (per Unit)<sup>3</sup>

| Period       | Cash            | Franking (%) <sup>4</sup> | Yield at NAV (p.a) |
|--------------|-----------------|---------------------------|--------------------|
| 30-Jun-06    | \$0.0430        | \$0.0673 (367%)           | 14.70%             |
| 31-Dec-06    | \$0.0188        | \$0.0722 (899%)           | 15.90%             |
| 30-Jun-07    | \$0.0440        | \$0.0295 (154%)           | 12.60%             |
| 31-Dec-07    | \$0.0375        | \$0.0296 (184%)           | 11.60%             |
| 30-Jun-08    | \$0.0417        | \$0.0156 (87%)            | 9.90%              |
| 31-Dec-08    | \$0.0400        | \$0.0213 (124%)           | 10.40%             |
| 30-Jun-09    | \$0.0100        | \$0.0210 (491%)           | 5.30%              |
| 31-Dec-09    | \$0.0300        | \$0.0240 (188%)           | 10.20%             |
| 31-Mar-10    | \$0.0160        | \$0.0100 (146%)           | 9.90%              |
| 30-Jun-10    | \$0.0160        | \$0.0011 (16%)            | 6.60%              |
| 30-Sep-10    | \$0.0150        | \$0.0000                  | 6.00%              |
| 31-Dec-10    | \$0.0150        | \$0.0000                  | 6.06%              |
| <b>Total</b> | <b>\$0.3270</b> | <b>\$0.2917</b>           |                    |

## Portfolio Commentary

Equities, commodities and the Australian dollar all rallied strongly during December as investors added to their risk exposures amid improving economic numbers and optimism regarding 2011 corporate profits.

As at the end of December, the Trust was invested at 156% of Net Assets after adding positions late in the month ahead of the 1H 2011 earnings announcement and dividend period. Unfortunately this coincided with market weakness as the market reacted to heavy flooding in Queensland and the expectation of a material impact on earnings for those companies exposed.

The Trust's performance since inception of 7.11% per annum continues to outperform both equity market and cash returns of 3.60% and 5.68% per annum respectively.

As of 1<sup>st</sup> January 2011, the Investment Strategy will change to maintain a constant net exposure to equities in the S&P/ASX 200 Index with a target of 50%. The Trust will continue to invest in a diversified portfolio of the largest 100 ASX listed shares by market capitalization to take advantage of the changes in market prices of shares around their ex-dividend dates.

## Significant portfolio holdings

| Company                      | Weight  |
|------------------------------|---------|
| BHP BILLITON                 | 20.55%  |
| COMMONWEALTH BANK            | 13.70%  |
| ANZ BANKING GRP              | 11.13%  |
| NATL AUST BANK               | 9.88%   |
| WESTPAC BANK                 | 9.26%   |
| Total invested as a % of NAV | 156.47% |

## Dividend Calendar

| Company           | Forecast Div | Ex Date    |
|-------------------|--------------|------------|
| WESTFIELD GROUP   | \$0.32       | 7/02/2011  |
| TABCORP HOLDINGS  | \$0.44       | 8/02/2011  |
| JB HI-FI          | \$0.39       | 11/02/2011 |
| COMMONWEALTH BANK | \$1.25       | 14/02/2011 |
| COMPUTERSHARE     | \$0.15       | 16/02/2011 |
| BORAL             | \$0.15       | 17/02/2011 |
| TELSTRA CORP      | \$0.14       | 21/02/2011 |
| COCHLEAR          | \$1.03       | 22/02/2011 |
| FOSTER'S GROUP    | \$0.39       | 23/02/2011 |
| WESFARMERS        | \$0.71       | 23/02/2011 |

Source: Bloomberg. Note: The Trust may or may not make investments in the above companies

## Investment manager

Aurora Funds Limited (Aurora, ASX Code: AFV) issues and distributes investment funds to retail, wholesale and institutional investors throughout Australia and New Zealand. Aurora was listed on the ASX in July 2010, following the merger of Aurora Funds Management Limited (established in 2003), Fortitude Capital Pty Ltd (established in 2004) and Sandringham Capital Pty Ltd (established in 2005).

Aurora has offices in Sydney and Melbourne, and manages in excess of \$500 million in domestic equity, international equity, property, infrastructure and alternative asset classes for over 3,500 investors.

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

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Sandringham Australian Equity Income Trust (ASX Code: ABW)
- 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)

## Aurora Funds Management

Level 2, 350 George 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)

Notes: Since inception (17 Nov 05) the Trust has delivered an annualised return of 6.65%, assumes distributions and franking credits are reinvested. 1. This represents a cumulative return and assumes the reinvestment of distributions and franking credits. 2. The Trust intends to always distribute at least 1.5% 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. 3. Please note each historical distribution has been divided by eight to reflect the Unit split carried out in July 08. 4. The percentage franked is based on a relative comparison to a Company that may pay a 100% franked dividend. A Trust can accumulate franking credits and pass these through to Unitholders. Trusts can have distributions which are franked at more than 100%. 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 Dividend Income Trust (ARSN 108 249 154). 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. In particular as the Investment Strategy was altered in February 2006, past performance prior to this date has little bearing on future performance and is not shown. Franking credits if available will be distributed at the end of each financial year. Please see [asx.com.au](http://asx.com.au) for more information on the S&P/ASX200 Accumulation Index, and [www.ubs.com](http://www.ubs.com) for more information on the UBS Australian Bank Bill Index.