

Aurora Sandringham Dividend Income Trust ASX Code: AOD

Performance Report - 31 May 2010

Summary

- The Trust returned -1.60% for May compared to the S&P/ASX200 Accumulation Index which returned -7.51%
- The Trust has returned 7.38% p.a. since strategy inception versus the S&P/ASX200 Accumulation Index which has returned 1.83% p.a.



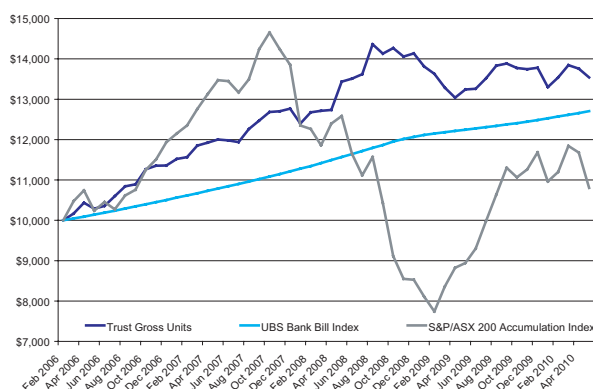
Performance²

	1 mth	3 mths	6 mths	12 mths	3 yrs	Since strategy inception (p.a.)
Aurora Sandringham Dividend Income Trust	-1.60%	0.01%	-1.49%	2.25%	4.10%	7.38%
S&P/ASX200 Accumulation Index	-7.51%	-3.54%	-4.08%	20.80%	-7.09%	1.83%
UBS Bank Bill Index	0.38%	1.05%	2.08%	3.75%	5.60%	5.79%

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 the cash rate while minimising capital risk.

Investment performance



Investment strategy

The Trust seeks to achieve the Investment Objective by investing in companies paying dividends and franking credits. Broadly, once a dividend has been earned by the Trust, the investment is realised thereby freeing up capital to invest in another dividend paying company. The holding period is typically more than 45 days. Investments are predominantly chosen from the 30 largest companies traded on the ASX.

The Trust is generally hedged in the order of 65% of share holdings at any given time. When opportunities exist, such as during the peak company reporting seasons of February-March and August-September, the Trust may use gearing to increase exposure to the strategy.

Investment Manager

Sandringham Capital Pty Limited ABN 97 112 639 648, AFSL 314178 (Sandringham) is the Investment Manager to the Trust. Sandringham is a funds management business which specialises in structured investments for institutional and wholesale investors. Sandringham, which was founded in January 2005, now manages in excess of \$250 million. Sandringham's executives have significant experience in capital markets, structured products and equities investment.

Trust features

Unit pricing	Monthly.
Distribution policy	At least 1.5% of Net Asset Value plus any franking credits ³ 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	\$41.9 million
Net Assets Value per Unit	\$1.0032
Net Assets Value per Unit – incl. franking	\$1.0078
NAV Accumulation per Unit (since inception)	\$1.5794

Trust distributions (per Unit)¹

Period	Cash	Franking (%) ⁴	Yield at NAV (p.a.)
30 Jun 06	\$0.0430	\$0.0673 (367%)	14.7%
31 Dec 06	\$0.0188	\$0.0722 (899%)	15.9%
30 Jun 07	\$0.0440	\$0.0295 (154%)	12.6%
31 Dec 07	\$0.0375	\$0.0296 (184%)	11.6%
30 Jun 08	\$0.0417	\$0.0156 (87%)	9.9%
31 Dec 08	\$0.0400	\$0.0213 (124%)	10.4%
30 Jun 09	\$0.0100	\$0.0210 (491%)	5.3%
31 Dec 09	\$0.0300	\$0.0240 (188%)	10.2%
31 Mar 10	\$0.0160	\$0.0100 (146%)	9.9%
Total	\$0.2809	\$0.2906	

Portfolio commentary

The S&P/ASX200 Accumulation Index fell sharply in May as the European sovereign debt crisis escalated and investor confidence was further shaken by the proposal of a new resource tax in Australia and continued tightening measures in China. The Index finished down 7.51% for the month. As at the end of May the Trust was invested at 34.5% of net assets and returned minus 1.60% for the month. The Trust's holding in Orica outperformed the market after it announced an underlying profit increase of 11% on the prior corresponding period together with plans to demerge its Dulux paint business. NAB was the worst performer due to negative sentiment towards financials arising from the European turmoil and a 1H10 result that came in 1 % below consensus estimates .

The Trust's performance since inception of 7.38% p.a. continues to materially outperform both equity market and cash returns of 1.83% and 5.79% p.a. respectively.

Significant portfolio holdings

Company	Weight
Orica	15.3%
NAB	14.2%
BHP	3.0%
CSR	1.1%
Metcash	1.0%
Total invested as a % of NAV	34.5%

Dividend calendar

Company	Forecast dividend	Forecast ex date
NAB	\$0.74	4 Jun 10
CSR	\$0.06	9 Jun 10
Metcash	\$0.15	18 Jun 10
MAP	\$0.11	24 Jun 10
Tabcorp	\$0.30	10 Aug 10
Rio Tinto	\$0.5156	11 Aug 10
CBA	\$1.15	16 Aug 10
AXA Asia Pacific	\$0.0925	16 Aug 10
Coca-Cola Amatil	\$0.185	17 Aug 10
Telstra	\$0.14	23 Aug 10

Source: www.asx.com.au

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

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 Sandringham Australian Equity Income Trust (ASX Code: ABW)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- Aurora Global Infrastructure 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)

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Notes: Since inception (17 Nov 05) the Trust has delivered an annualised return of 6.85%, assumes distributions and franking credits are reinvested. 1. Please note each historical distribution has been divided by eight to reflect the Unit split carried out in July 08. 2. This number represents a cumulative return and assumes the reinvestment of distributions and franking credits. 3. 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. 4. The % 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 investors. Trusts can have distributions which are greater than 100% franked.

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