

## Aurora Sandringham Dividend Income Trust Performance Report - December 2012

### Summary

- The Trust had an outstanding return of 3.9% for the month given the hedged equity market exposure
- Since inception, the Trust has outperformed the equity market by 3.1% per annum
- The Trust's volatility has been and remains materially below the equity market's

### Performance after Fees<sup>1</sup>

		1 month	3 months	12 months	2 yrs (p.a)	5 yrs (p.a)	Since Inception 16-Nov-05 (p.a)
Return	Dividend Income Trust	3.9%	7.8%	16.5%	8.3%	5.1%	7.1%
inc. franking credits	S&P/ASX 200 Accum Index	3.4%	7.1%	21.7%	5.2%	-0.1%	4.0%
Income	Dividend Income Trust		1.5%	10.5%	9.8%	8.8%	11.0%
inc. franking credits	S&P/ASX 200 Accum Index		1.1%	7.1%	6.2%	5.9%	5.8%
Volatility	Dividend Income Trust			6.3%	8.2%	7.4%	6.7%
	S&P/ASX 200 Accum Index			10.0%	11.4%	16.2%	14.6%

### Objective

The objective of the Trust, relative to the Australian equity market, is to provide investors with:

- greater total returns over rolling 5 year periods;
- more income and franking credits each year; and
- less volatility.

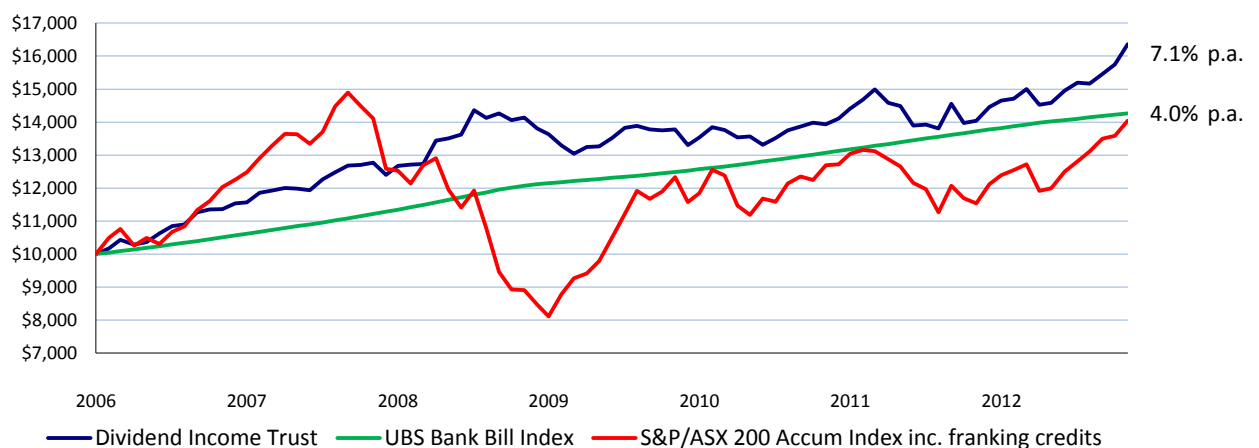
The Australian equity market is measured by the S&P/ASX 200 Accumulation Index adjusted to include franking credits.

### Investment Strategy

The Trust seeks to achieve the objective by investing in an actively managed portfolio of fully franked dividend paying companies listed on the Australian Securities Exchange while hedging part of the equity market exposure .

Consequently, the Trust is expected to outperform when the market is weak and underperform when the market is strong.

### Historic Performance Chart



### Commentary

December was dominated by posturing and horse trading over the fiscal cliff in the United States. The market also saw a reversal in fortunes for mining stocks with positive data emerging from China while the hunt for yield continued as offshore investors appear to have embraced a higher Australian Dollar and dominated flow in high yielding equities.

The Trust was well positioned for these conditions and produced a return 3.9% for the month. The S&P/ASX 200 Accumulation Index finished the month up 3.4% with the Materials and Industrials sectors particularly strong (+4.9% and +5.2% respectively). Given that over the month the Trust maintained an exposure to the market of around 50%, the Trust's return was outstanding on a risk adjusted basis.

With the fiscal cliff negotiated (at time of writing) and sovereign quantitative easing ("QE") continuing, short term downside risk has been negated. However, 2013 will not be without further turmoil as debt ceiling negotiations approach (remember the last round in August 2011?) and China continues to navigate a soft landing.

## Trust Valuations

Strategy Size	\$20 million
Net Assets Value per Unit-incl. franking	\$0.9609

## Significant Portfolio Holdings

Company	Weight
BHP Billiton	18.5%
Telstra	11.0%
Commonwealth Bank	7.8%
Wesfarmers	6.6%
Woolworths	6.3%

## Trust Details

ASX Code	AOD
ARSN	108 249 154
Minimum suggested timeframe	5 Years
Entry Fee	Nil
Exit Fee	Nil
Buy/Sell Spread	0.1%/0.1%
Total Management Cost	1.3% p.a.
Distribution frequency	Quarterly
Minimum quarterly distribution <sup>2</sup>	1.5% cash + franking

## About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the combined businesses of Aurora Funds Management Limited and Fortitude Capital Pty Ltd.

The combined group has in excess of \$500 million in funds under management and administration, and provides asset management and responsible entity/trustee services for over 2,500 Australian and New Zealand investors.

Aurora is also the issuer of the:

- Aurora Dividend Income Trust  
(ARSN 151 947 732)
- Aurora Fortitude Absolute Return Fund  
(ARSN 145 894 800)
- Aurora Absolute Return Fund  
(ASX Code: ABW)
- Aurora Global Income Trust  
(ASX Code: AIB)
- Aurora Property Buy-Write Income Trust  
(ASX Code: AUP)
- van Eyk Blueprint Alternatives Plus  
(ASX Code: VBP)

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### Notes:

1. This represents a cumulative return and assumes the reinvestment of distributions and franking credits. The performance references against the S&P/ASX 200 Accumulation Index plus the value of franking credits as determined by Aurora.
2. The Trust intends to always distribute at least 1.5% of NAV in cash plus any available franking credits, per quarter regardless of performance. This means that if there is insufficient net income in a given quarter, investors may receive a partial (or full) return of capital.