

Aurora Dividend Income Trust (Managed Fund)
ARSN 151 947 732

Annual Report
For the year ended 30 June 2019

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Director's Report

The directors of Aurora Funds Management Limited ("AFML") (ABN 69 092 626 885), in its capacity as the responsible entity of Aurora Dividend Income Trust (Managed Fund) ("the Trust"), present their annual report together with the financial statements of the Trust for the year ended 30 June 2019.

Principal activities

The Trust invests in equities and derivatives, in accordance with the provision of the Trust Constitution and the current Product Disclosure Statement ("PDS").

The Trust did not have any employees during the year.

Up to 20 December 2018, the Trust had two classes of units; an unlisted class and an AQUA quoted class. From 21 December 2018, the Trust has an unlisted class of units only.

The Responsible Entity's Australian Financial Services Licence permits it to facilitate the Trust investing in itself (via 'Treasury Units') in order to provide trading liquidity. The Responsible Entity manages a market making service for the Trust, and offers units for sale and bids to purchase units. Treasury unit trading is conducted to facilitate applications and redemptions through the ASX AQUA platform.

On 20 December 2018, ASX Limited determined that the Responsible Entity should have its approval as an AQUA Product Issuer revoked, and that the Trust should have its trading status on the ASX market revoked.

Directors

The following persons held office as directors of Aurora Funds Management Limited during the year and up to the date of this report, unless otherwise stated:

John Patton
Victor Siciliano
Anthony Hartnell AM

Units on issue

	2019	2018
At 30 June	8,756,334	12,252,233

Review and results of operations

During the year, the Trust continued to invest in accordance with the target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution and Trust updates announced on the ASX.

Director's Report

Financial results for the year

The performance of the Trust, as represented by the results of its operations, was as follows:

	2019 \$	2018 \$
Operating profit before finance costs attributable to unitholders	(126,467)	440,245
Distributions paid and payable	(287,638)	(434,942)
Unquoted units		
Distribution (cents per unit) 30 September	0.87	0.93
Distribution (cents per unit) 31 December	0.80	0.99
Distribution (cents per unit) 31 March	0.71	0.97
Distribution (cents per unit) 30 June	0.70	0.90
Quoted units		
Distribution (cents per unit) 30 September	0.87	0.93
Distribution (cents per unit) 31 December	0.80	0.99
Distribution (cents per unit) 31 March	0.71	0.97
Distribution (cents per unit) 30 June	0.70	0.90

Financial position

Net Tangible Assets (NTA) per unit as disclosed to the ASX (to 20 December 2018) and on the website of Aurora Funds Management Limited are shown as follows:

	2019 \$	2018 \$
At 30 June	0.4787	0.5998
High during period	0.5782	0.6563
Low during period	0.4397	0.5962

Based on the audited financial statements of the Trust for the year ended 30 June 2019, the NTA at 30 June 2019 is \$0.5594 per unit.

Reconciliation of net assets for unit pricing and financial reporting purposes

The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Accounting Australian Standards are outlined below:

	2019 \$	2018 \$
Net assets for unit pricing purposes	4,920,495	6,253,186
Difference between net assets for unit pricing purposes and bid/ask price held at fair value through profit or loss	-	-
Distribution payable	(21,891)	(31,104)
Franking credits included in unit pricing	-	-
Other adjustments	-	-
Nets assets under Australian Accounting Standards	4,898,604	6,222,082

Director's Report

Information on Underlying Performance

The performance of the Trust is subject to the performance of the Trust's underlying investment portfolio. There has been no change to the investment strategy of the Trust during the year, and the Trust continues to invest in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution and any Trust updates.

Strategy and Future Outlook

The Trust is predominantly invested in listed equities, with a focus on Australian equity securities. This is expected to continue. As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Trust provides regular updates, including monthly NTA announcements, which can be found in the announcement section of the Australian Securities Exchange website.

The Trust continues to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

Significant changes in state of affairs

Product Disclosure Statement

On 17 May 2019, Replacement Product Disclosure Statement No. 5 was lodged with ASIC. This replaces the previous Product Disclosure Statement No. 4 dated 2 August 2017.

RNY Property Trust

As at 30 June 2019, the combined ownership of the units in RNY by entities for which AFML is the Responsible Entity is 80.96%. The Trust owns 9.9% of the units in RNY.

Over the last eighteen months AFML, in its capacity as the Investment Manager of RNY, has been actively working to value from its investment in RNY by negotiating with the US lender of the underlying five (5) US commercial properties held RNY, working with the property sub-manager to attract new tenants and working with various stakeholders to improve the properties.

On 8 February 2019, AFML successfully extended the senior loan with ACORE for a further one year term. CBRE have replaced Winthrop as property sub-manager of the properties.

For the year ended 30 June 2019, the Trust has adopted significant judgements and estimates to calculate the fair value of this investment. The key sources of estimation uncertainty and fair value measurement in relation to RNY are outlined in Notes 4 and 7.

In the opinion of the Directors, other than the matters already referred to in this report, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Director's Report

Matters subsequent to the end of the financial year

At 30 June 2019 the Trust has valued its investment in 8IP Emerging Companies Limited ("8EC") at \$0.765 per share. On 21 August 2019 the Trust received an initial Capital Distribution of \$0.52 per 8EC share. On 13 September 2019 8EC announced a second Capital Distribution of \$0.22 per share for payment to investors on 3 October 2019. The last traded price per 8EC share on the ASX on 20 September 2019 was \$0.077 per share.

Other than the changes mentioned above, no other matters or circumstances have arisen since 30 June 2019 that have significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums have been paid for out of the assets of the Trust in relation to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditors of the Trust. So long as the officers of Aurora Funds Management Limited act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Indemnity of auditors

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Cost recovery and interests held in the Trust by the Responsible Entity or its associates

Costs recovered by the Responsible Entity and its associates out of Trust property during the year are disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

No fees were paid out of Trust property to the Directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 14 to the financial statements.

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 10 of the financial statements.

The values of the Trust's assets and liabilities are disclosed in the Statement of Financial Position and derived using the accounting policies set out in Note 8 to Note 9 of the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Director's Report

Information about the directors

The following persons were Directors of the Responsible Entity during the whole or part of the year and up to the date of this report.

Name:	John Patton
Title:	Managing Director
Qualifications:	Bachelor of Economics (Accounting), Chartered Accountant, Graduate Diploma in Applied Finance and Investment
Experience and expertise:	John was appointed as Managing Director of Aurora Funds Management Limited on 30 June 2016. John was previously a partner with Ernst & Young in the Transactions Advisory Services division and has over 25 years of professional services and industry experience. John has extensive corporate finance credentials, having been involved in over 250 corporate transactions, including mergers & acquisitions, structuring, debt & equity raisings, IPO's, management buy-outs, valuations, due diligence, financial modelling, restructuring and corporate advisory.
Other current directorships:	Keybridge Capital Limited; Metgasco Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Managing Director, Member of Compliance Committee
Interests in units:	None

Name:	Victor Siciliano
Title:	Executive Director
Qualifications:	Bachelor of Business (Banking & Finance) and Master of Applied Finance (Investment Management) and is RG146 compliant.
Experience and expertise:	Victor was appointed as Executive Director of Aurora Funds Management Limited on 9 January 2018. Victor has over 10 years' equity market experience, most recently as portfolio manager of the HHY Fund at Keybridge Capital Limited. Prior to this, Victor was employed as an assistant portfolio manager at boutique fund manager Sterling Equity and as an investment advisor at Macquarie Group.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Investment Manager
Interests in units:	None

Director's Report

Name:	Anthony Hartnell AM
Title:	Non-Executive Director
Qualifications:	BEC LLB (Hons) (ANU), LLM (Highest Hons) (George Washington University)
Experience and expertise:	Anthony was appointed as Non-Executive Director of Aurora Funds Management Limited on 2 March 2018. Anthony has over 30 years of legal experience with expertise in Corporate and Commercial Law, particularly, regulatory issues, corporate financing, takeovers, trade practices and collective investments, with more recent emphasis on investigations and enforcement actions.
Other current directorships:	Molopo Energy Limited, Allegra Orthopaedics Limited and Parnell Pharmaceuticals Holdings Ltd.
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of Compliance Committee, Chairman
Interests in units:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorship of all other types of entities, unless otherwise stated.

Board and Committee meetings

Director

	Full Board		Compliance Committee	
	Held	Attended	Held	Attended
John Patton	17	17	4	4
Victor Siciliano	17	15	-	-
Anthony Hartnell AM	17	15	4	4

Held: represent the number of meetings held during the time the director held office.

Interests held by the Responsible Entity and Directors

The number of units in the Trust held by the Responsible Entity, their related parties and Directors at the date of this report are disclosed in Note 14 to the financial statements.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings. The trust was not a party to any such proceedings during the year.

Director's Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'John Patton', with a stylized, flowing script.

John Patton
Managing Director
30 September 2019
Melbourne

Auditor's Independence Declaration

To the Directors of Aurora Funds Management Limited as the Responsible Entity of Aurora Dividend Income Trust

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Aurora Dividend Income Trust for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 September 2019

Financial Statement

Statement of profit or loss and other comprehensive income For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Investment income			
Interest income		875	5,776
Dividend and distribution income		235,483	302,710
Net gains/(losses) on financial instruments held at fair value through profit or loss		53,914	445,052
Total net investment income/(loss)		290,272	753,538
Expenses			
Management fees	14	42,004	63,624
Transaction costs		388	4,342
Other operating expenses	12	374,348	245,327
Total operating expenses		416,740	313,293
Operating profit/(loss) for the year		(126,468)	440,245
Finance costs attributable to unitholders			
Distributions to unitholders	11	(287,638)	(434,942)
Decrease in net assets attributable to unitholders	10	414,106	(5,303)
Profit/(loss) for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Financial Statement

Statement of financial position As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Cash and cash equivalents	8	143	19,385
Receivables		25,098	29,840
Due from brokers - receipts for securities sold		-	24,145
Financial assets held at fair value through profit or loss	9	5,160,034	6,206,070
Total assets		5,185,275	6,279,440
Liabilities			
Distributions payable	11	21,891	31,104
Due to brokers - payable for securities sold		-	11,275
Other payables		264,780	14,979
Total liabilities (excluding net assets attributable to unitholders)		286,671	57,358
Net assets attributable to unitholders – liability	10	4,898,604	6,222,082
Liabilities attributable to unitholders		(4,898,604)	(6,222,082)
Net assets		-	-

The above statement of financial position should be read in conjunction with the accompanying notes.

Financial Statement

Statement of changes in equity For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Balance at the beginning of the financial year		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with unitholders in their capacity as unitholders		-	-
Total equity at the end of the financial year		-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Financial Statement

Statement of cash flows For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		2,513,134	7,351,327
Purchase of financial instruments held at fair value through profit or loss		(1,400,315)	(6,781,002)
Dividends and distributions received		235,483	305,617
Interest received		949	5,509
GST recovered/(paid)		6,092	20,138
Dividend expense short sold		-	(8,703)
Management fees and recoverable costs of Responsible Entity paid		(137,905)	(130,761)
Other operating expenses paid		(106,038)	(234,204)
Net cash inflow/(outflow) from operating activities	15(a)	1,111,400	527,921
Cash flows from financing activities			
Proceeds from applications by unitholders (excluding treasury units)		59,187	110,178
Payments for redemptions by unitholders (excluding treasury units)		(494,427)	(1,110,872)
Proceeds from treasury unit applications		27,853	110,973
Payments for treasury unit redemptions		(443,634)	(965,075)
Distributions paid		(279,621)	(602,087)
Net cash inflow/(outflow) from financing activities		(1,130,642)	(2,456,883)
Net (decrease)/increase in cash and cash equivalents		(19,242)	(1,928,962)
Cash and cash equivalents at the beginning of the year		19,385	1,948,347
Cash and cash equivalents at the end of the year	8	143	19,385
Non-cash financing activities	15(b)	59,187	110,178

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

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Notes to Financial Statements

Note 1. General information

These financial statements cover Aurora Dividend Income Trust (Managed Fund) (the "Trust") as an individual entity. The Trust commenced operations on 8 February 2011 and is domiciled in Australia.

The Responsible Entity of the Trust is Aurora Funds Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004. The financial statements are presented in Australian currency.

It is recommended that these financial statements are considered together with the Product Disclosure Statement and in accordance with the provisions of the governing documents of the Trust, and any public announcements made by the Trust during the year ended 30 June 2019 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

The principal activities of the Trust during the financial year were managing its investment strategy in accordance with its investment strategy, the provisions of the Trust Constitution, the Product Disclosure Statement and any Trust updates.

The financial statements were authorised for issue by the directors of the Responsible Entity as at the date of the directors' report. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

Note 2. Adoption of new and revised Accounting Standards

New, revised or amending Accounting Standards and Interpretations adopted

The Trust has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Trust for the annual reporting period ended 30 June 2019. The Trust's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Trust, are set out below.

The Trust applies, for the first time, AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014). AASB 15 establishes a new revenue recognition model and changes the basis for determining whether revenue is to be recognised over time or at a point in time. This standard has had no material impact on the Trust's revenue recognition. AASB 9 introduces new classification and measurement requirements for financial assets, a forward-looking impairment model and revised hedge accounting requirements. The Trust's only material financial assets are its equity investments and its derivatives financial instruments which continue to be accounted for at fair value through profit or loss under AASB 9. Accordingly, the first-time application of AASB 9 has not had a material impact on the Trust.

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Notes to Financial Statements

Note 3. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Receivables

The Trust recognises an allowance for Expected Credit Losses (ECLs) for all receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Loan receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less expected credit losses (ECLs) if any. For loan receivables, the Trust applies the low credit risk simplification. At every reporting date, the Trust evaluates whether the loan receivable is considered to have a low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Trust reassess the internal credit rating of the loan receivable. In addition, the Trust considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days overdue.

Other receivables may include amounts for dividends, interest, trust distributions and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally due for settlement within 30 days of being recorded as receivables. For other receivables, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Notes to Financial Statements

Note 3. Significant accounting policies (continued)

Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within two business days. For amounts due from brokers, the Trust applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Trust does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Payables

All expenses, including Responsible Entity's fees, management fees, audit and tax fees and other operating expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. Unpaid amount is recognised in the Statement of Financial Position as other payables.

Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts when it is probable that the economic benefit will flow to the Trust and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Dividend income is recognised on the ex-dividend date, inclusive of any related foreign withholding tax. The Trust currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date. Fund distributions are recognised on an entitlements basis.

Expenses

All expenses, including Responsible Entity's fees are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

Goods and Services Tax ('GST')

The GST incurred on the costs of various services provided to the Trust by third parties, have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITCs) at a rate of 55% or 75%; hence management fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the statement of cash flows on a net basis.

Notes to Financial Statements

Note 3. Significant accounting policies (continued)

Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Fund. The benefit of imputation credits and foreign tax paid is passed on to unitholders.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for funds and is regulated. The Australian dollar is also the Trust's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Notes to Financial Statements

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Key sources of estimation uncertainty

The Directors have determined to carry the Fund's investment in RNY Property Trust (RNY) at \$0.044 (being 4.4 cents) per unit 30 June 2019. In reaching this position, the Directors considered the following factors:

- RNY units are thinly traded on the ASX, and were suspended from trading on 1 April 2019 due to the failure to lodge audited financial statements for the year. Historically, RNY have traded at a discount to the underlying net asset position.
- The unaudited net asset position of RNY is \$0.049 per unit, as advised by RNY to the ASX on 27 September 2019.

Having regard to the above factors, the Directors have determined a fair value of \$0.044 per unit in RNY.

On 2 July 2018, Huntley received confirmation from ASIC that its request for a variation of its Australian Financial Services Licence had been approved, thereby enabling Huntley to become the responsible entity of RNY, replacing RAML, effective immediately. Also, as at that date, Huntley appointed Aurora Funds Management Limited as the Investment Manager of RNY.

On 31 August 2018, Aurora Funds Management Limited, in its capacity as Investment Manager of RNY, successfully executed a Loan Modification deed with RNY's US lender, ACORE Capital, effectively curing the loan default that previously existed over the five commercial properties.

On 8 February 2019, Aurora agreed a one year senior loan extension with ACORE. CBRE also replaced Winthrop as the sub-manager for the RNY properties.

For the majority of the Trust's other financial instruments, quoted market prices are readily available. However, there may be certain financial instruments, for example, over-the-counter derivatives or unquoted securities which are fair valued using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the team that created them. For more information on how fair value is calculated please see Note 7 to the financial statements.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Notes to Financial Statements

Note 5. Operating segments

Identification of reportable operating segments

The Trust comprised the single business segment which operates solely in the business of investment management within Australia. While the Trust operates within Australia only (the geographical segment), the Trust may have asset exposures in different countries and across different industries.

Operating segment information

As the Trust operates in a single operating segment, these financial statements represent the required financial information of that segment.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM') which has been identified as the Board of Directors. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 6. Financial Instruments

Capital risk management

The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Trust's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Trust Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

Financial risk management

The Trust's activities expose it to a variety of financial risks which is reflected in the Trust's net gains/losses: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Trust's overall risk management program focusses on ensuring compliance with the Trust's Product Disclosure Statement and seeks to maximize the returns derived for the level of risk to which the Trust is exposed. Financial risk management is carried out by the investment management department of the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Trust uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

(a) Market risk

(i) Price risk

Price risk is the risk that the value of the Trust's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by the Responsible Entity through ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly by the investment manager on a total portfolio basis, which includes the effect of any derivatives.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The Trust is exposed to equity securities and derivative securities price risk. This arises from investments held by the Trust for which prices in the future are uncertain. Investments are classified in the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

A sensitivity analysis was performed showing how the effect of a 10% increase and a 10% decrease in market prices would have increased/decreased the impact on operation profit/net assets attributable to unitholders as at 30 June 2019. The results of this analysis are disclosed in Note 6(b).

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

The Trust has no direct exposure to foreign currency and no sensitivity analysis was performed.

(iii) Interest rate risk

The Trust is exposed to interest rate risk on financial instruments with variable interest rates.

The Trust's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. The only financial assets held by the Trust subject to interest rate risk are cash and cash equivalents.

The Trust has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Trust invests and impact on the valuation of certain assets that use interest rates as input in their valuation model. Therefore, the sensitivity analysis may not fully indicate the total effect on the Trust's net assets attributable to unitholders of future movements in interest rates.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There is no significant direct interest rate risk in the Trust as the Trust does not hold interest rate sensitive financial instruments. The interest rates on deposits at bank and on bank overdrafts are both rates referenced to RBA cash rate.

A sensitivity analysis was performed showing how the effect of a 100 basis point increase and a 100 basis point decrease in interest rates on cash and cash equivalents would have increased/decreased the impact on operating profit/net assets attributable to unitholders as at 30 June 2019. The results of this analysis are disclosed in Note 6(b).

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The table below summarises the Trust's exposure to interest rate risks. It includes the Trust's assets and liabilities at fair value, categorised by the earlier of contractual repricing or maturity dates.

	Floating interest rate	Fixed interest rate	Non interest bearing	Total
30 June 2019				
Financial assets	AUD	AUD	AUD	AUD
Cash and cash equivalents	143	-	-	143
Dividends receivable	-	-	-	-
Receivables	-	-	25,098	25,098
Due from brokers - receipt for securities sold	-	-	-	-
Financial assets held at fair value through profit or loss	-	-	5,160,034	5,160,034
Financial liabilities				
Distribution payable	-	-	(21,891)	(21,891)
Dividend payable	-	-	-	-
Due to brokers - receipts for securities bought	-	-	-	-
Financial liabilities held at fair value through profit or loss	-	-	-	-
Other payables	-	-	(264,780)	(264,780)
Net exposure	143	-	4,898,461	4,898,604

	Floating interest rate	Fixed interest rate	Non interest bearing	Total
30 June 2018				
Financial assets	AUD	AUD	AUD	AUD
Cash and cash equivalents	19,385	-	-	19,385
Dividends receivable	-	-	-	-
Receivables	-	-	29,840	29,840
Due from brokers - receipt for securities sold	-	-	24,145	24,145
Financial assets held at fair value through profit or loss	-	-	6,206,070	6,206,070
Financial liabilities				
Distribution payable	-	-	(31,104)	(31,104)
Dividend payable	-	-	-	-
Due to brokers - receipts for securities bought	-	-	(11,275)	(11,275)
Financial liabilities held at fair value through profit or loss	-	-	-	-
Other payables	-	-	(14,979)	(14,979)
Net exposure	19,385	-	6,202,697	6,222,082

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(b) Price risk and Interest rate risk

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to price risk and interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, foreign exchange rates and historical market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Trust invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Price Risk		Interest Rate Risk	
	Impact on operating profit/net assets attributable to unitholders			
	-10%	10%	-100 bps	+100 bps
	\$	\$	\$	\$
30 June 2019	(516,003)	516,003	(1)	1
30 June 2018	(620,607)	620,607	(194)	194

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonably possible shift in assumptions.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust.

The main concentration of credit risk to which the Trust is exposed arises from cash and cash equivalents and amounts due from other receivables.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring transactions are undertaken with a large number of counterparties.

The Trust has a prime brokerage agreement with Interactive Brokers, the Trust's prime broker, and some of the Trust's assets will be pledged as collateral for amounts drawn under the overdraft facility. There was no overdraft position as at 30 June 2019 (2018: nil).

Certain assets of the Trust will be held by the Prime Broker in segregated accounts together with assets deposited by it on behalf of other customers of the Prime Broker. Such assets will not be mixed with the property of the Prime Broker and should not be available to third party creditors of the Prime Broker in the event of insolvency of the Prime Broker. However, the assets of the Trust held by the Prime Broker will be subject to a charge to secure the Trust's obligations to the Prime Broker.

The main concentration of credit risk to which the Trust is exposed arises from cash and cash equivalents.

The Trust has credit risk exposure to the banks (Westpac and Interactive Brokers) that hold the Trust's cash assets at 30 June 2019.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(c) Credit risk (continued)

An analysis of exposure by rating is set out in the table below:

	2019 \$	2018 \$
Rating		
AA	57	696
BBB	86	18,689
Total	143	19,385

(i) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is considered low as all counterparties have a rating of BBB or higher.

In accordance with the Trust's Constitution, the investment manager monitors the Trust's credit position of a daily basis, and the Board of Directors reviews it on a quarterly basis.

(iii) Other

The Trust is not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired, nor past due.

(d) Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Trust is exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. It therefore primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

The majority of the Trust's listed securities are considered readily realisable, as they are listed on the Australian Securities Exchange.

Derivatives may also be used to improve the efficiency of implementing the investment strategy. Derivatives will only be held for a short period of time. The investment manager may not use derivatives or borrowings to gear the portfolio.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(d) Liquidity risk (continued)

In order to manage the Trust's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders. Units are redeemed on demand at the unitholder's option. However, the Board does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The table below analyses the Trust's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

30 June 2019	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Liabilities					
Distribution payable	21,891	-	-	-	21,891
Dividend payable	-	-	-	-	-
Due to brokers – payments for securities purchased	-	-	-	-	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-
Other payables	264,780	-	-	-	264,780
Net assets attributable to unitholders	-	4,898,604	-	-	4,898,604
Contractual cash flows (excluding gross settled derivatives)	286,671	4,898,604	-	-	5,185,275
30 June 2018	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Liabilities					
Distribution payable	31,104	-	-	-	31,104
Dividend payable	-	-	-	-	-
Due to brokers – payments for securities purchased	11,275	-	-	-	11,275
Financial liabilities held at fair value through profit or loss	-	-	-	-	-
Other payables	14,979	-	-	-	14,979
Net assets attributable to unitholders	-	6,222,082	-	-	6,222,082
Contractual cash flows (excluding gross settled derivatives)	57,358	6,222,082	-	-	6,279,440

Note 7. Fair value measurement

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis through profit or loss (FVTPL).

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Notes to Financial Statements

Note 7. Fair value measurement (continued)

Fair value hierarchy

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Trust values its investments in accordance with the accounting policies within this note to the financial statements. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models, volume weighted average prices or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds.

Notes to Financial Statements

Note 7. Fair value measurement (continued)

The following tables detail the Trust's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2019				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	3,972,806	36,459	1,150,769	5,160,034
Total financial assets	3,972,806	36,459	1,150,769	5,160,034
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Listed equity securities sold short	-	-	-	-
Total financial liabilities	-	-	-	-
30 June 2018				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	6,206,070	-	-	6,206,070
Total financial assets	6,206,070	-	-	6,206,070
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Listed equity securities sold short	-	-	-	-
Total financial liabilities	-	-	-	-

Refer to Note 4 for further information on how the fair value of the Level 3 investment has been determined.

Transfers between levels

There was one transfer between levels for the year ended 30 June 2019, being the transfer of the investment in Copper Strike Limited from Level 1 to Level 2 (30 June 2018: no transfers).

Valuation techniques for fair value measurements

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Notes to Financial Statements

Note 7. Fair value measurement (continued)

Reconciliation of level 3 fair values

Financial assets measured using significant unobservable inputs (level 3) are shown below:

	2019 \$	2018 \$
Opening balance	-	-
Acquisition of financial asset held at fair value through profit or loss	1,150,769	-
Closing balance	1,150,769	-

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assume that the transaction will take place either: in the principal market; or in the absence of a principal market; in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison where applicable, with external sources of data.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

Notes to Financial Statements

Note 8. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	143	19,385
Total cash and cash equivalents	143	19,385

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the Statement of Financial Position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities in the Statement of Cash Flows, as movements in the fair value of these securities represent the Trust's main income generating activity.

Note 9. Financial assets held at fair value through profit or loss

	2019 \$	2018 \$
Designated at fair value through profit or loss		
Listed equity securities	5,160,034	6,206,070
Total financial assets held at fair value through profit or loss	5,160,034	6,206,070

An overview of the risk exposure relating to financial assets held at fair value through profit or loss is included in Note 6.

Notes to Financial Statements

Note 10. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	2019 No.	2018 No.	2019 \$	2018 \$
Opening balance - excluding treasury units	10,361,327	13,305,214	-	-
Applications	-	-	-	-
Redemptions	(1,752,569)	(3,116,472)	-	-
Units issued upon reinvestment of distributions	113,963	172,585	-	-
Cancellation of treasury units	33,613	-	-	-
Closing balance - excluding treasury units	8,756,334	10,361,327	-	-
Opening balance - treasury units	1,890,906	2,400,568	-	-
Applications	784,423	1,546,345	-	-
Redemptions	(2,641,716)	(2,056,007)	-	-
Cancellation of treasury units	(33,613)	-	-	-
Closing balance - treasury units	-	1,890,906	-	-
Opening balance - including treasury units	12,252,233	15,705,782	6,222,082	8,078,712
Applications	784,423	1,546,345	27,853	110,972
Redemptions	(4,394,285)	(5,172,479)	(996,412)	(2,083,083)
Units issued upon reinvestment of distributions	113,963	172,585	59,187	110,178
Cancellation of treasury units	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	(414,106)	5,303
Closing balance - including treasury units	8,756,334	12,252,233	4,898,604	6,222,082

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust.

Accounting policy for net assets attributable to unitholders

Applications and redemptions for units can be conducted by using the current PDS (off market). Up to 20 December 2018, applications and redemptions for units were able to be conducted on the ASX platform (on market).

On Market

Up to 20 December 2018, unitholders were able to instruct their stockbroker or financial adviser to purchase or sell units on the the ASX platform.

Off Market

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets for the Trust, divided by the number of units on issue.

Units are redeemable at the unitholders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Trust is required to distribute its distributable income. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Trust.

Notes to Financial Statements

Note 11. Distribution to unitholders

The distributions for the year were as follows:

	2019 \$	2019 CPU	2018 \$	2018 CPU
Quoted Units				
Distributions paid	133,617	2.85	395,704	3.49
Distributions payable (30 June quarter)	-	0.23	30,460	0.30
Total distributions	133,617	3.08	426,164	3.79
Unquoted Units				
Distributions paid	132,130	2.85	8,134	3.49
Distributions payable (30 June quarter)	21,891	0.23	644	0.30
Total distributions	154,021	3.08	8,778	3.79

Accounting policy for distribution to unitholders

The Trust distributes its distributable income in accordance with the Trust Constitution, to unitholders by cash or reinvestment. The distributions are recognised in profit or loss as finance costs attributable to unitholders. Any unpaid amount is recognised in the Statement of Financial Position.

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

Note 12. Expenses

Other operating expenses

	2019 \$	2018 \$
Interest expense	8,238	239
Recoverable costs of Responsible Entity	104,265	67,773
Legal fees	124,854	24,399
Recovery expenses	134,101	152,916
Other expenses	2,890	-
Total other operating expenses	374,348	245,327

The Trust announced via a Trust update on the ASX and its website that effective 8 August 2017, Aurora Funds Management Limited may begin charging all of its normal operating expenses to the Trust in accordance with the Trust's Constitution.

Notes to Financial Statements

Note 13. Remuneration of auditors

During the financial year, the following fees were paid or payable by the Responsible Entity on behalf of the Trust for services provided by the auditor of the Trust. The auditor of the Trust is Grant Thornton. The previous auditor of the Trust was Deloitte Australia. The Responsible Entity is responsible for paying this remuneration of auditor on behalf of the Trust.

	2019 \$	2018 \$
Audit and other assurance services		
Audit and review of financial statements (Grant Thornton)	17,713	13,459
Audit and review of financial statements (Deloitte Australia)	-	37,506
Audit of compliance plan (Grant Thornton)	4,692	-
Total remuneration for audit and other assurance services	22,405	50,965
Taxation services		
Tax compliance services (Grant Thornton)	7,976	2,500
Tax compliance services (Deloitte Australia)	-	30,400
Total remuneration for tax services	7,976	32,900
Total remuneration of auditors	30,381	83,865

Note 14. Related party transactions

Responsible Entity

The Responsible Entity of Aurora Dividend Income Trust (Managed Fund) is Aurora Funds Management Limited.

Key management personnel unitholdings

No key management personnel of Aurora Funds Management Limited held units in the Trust.

Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Trust to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Notes to Financial Statements

Note 14. Related party transactions (continued)

Related party unitholdings

Aurora Fortitude Absolute Return Fund holds Nil units (30 June 2018: Nil units) in the Trust, the fair value of which is \$Nil (30 June 2018: \$Nil). Distributions of \$Nil (30 June 2018: \$22,598) were paid/payable by the Trust to Aurora Fortitude Absolute Fund.

Treasury Units

The Trust holds Nil units (30 June 2018: 1,890,906 units) in itself, the fair value of which is \$Nil (30 June 2018: \$1,134,165). Distributions of \$Nil (30 June 2018: \$Nil) were paid/payable by the Trust to itself.

Other related party information

Aurora Corporate

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) as Trustee for the Aurora Investments Unit Trust (Aurora Corporate) owns 100% of the ordinary shares of Aurora Funds Management Limited, being the Responsible Entity of Aurora Dividend Income Trust (Managed Fund).

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited, and 50% owned by Victor Siciliano, an Executive Director of Aurora Funds Management Limited.

Directorships

Mr John Patton was appointed to the Boards of the following listed entities held by other managed investment schemes also managed by the Responsible Entity:

- Mr Patton was appointed to the Board of Keybridge Capital Limited as a Non-Executive Director on 10 August 2016 and was subsequently appointed to the role of Executive Chairman on 13 October 2016.
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016.

Investments

The Trust holds 26,153,846 units in RNY Property Trust. Aurora Funds Management Limited was appointed as Investment Manager of RNY Property Trust on 2 July 2018.

Notes to Financial Statements

Note 14. Related party transactions (continued)

Responsible Entity's/manager's fees and other transactions

Under the terms of the Trust Constitution, the Responsible Entity is entitled to receive fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Trust as follows:

- Management fee payable to the Responsible Entity is 0.97% (including GST) per annum;

The Trust announced via a fund update on its website that effective 8 August 2017, Aurora Funds Management Limited may begin charging all of its normal operating expenses to the Trust in accordance with the Trust's Constitution.

The transactions during the year and amounts payable at year end between the Trust and the Responsible Entity were as follows:

	2019 \$	2018 \$
Management fees for the year paid/payable by the Trust to the Responsible Entity	42,004	63,624
Recoverable costs of Responsible Entity for the year paid/payable by the Trust to the Responsible Entity	104,265	67,773
Legal fees reimbursed for the year paid/payable by the Trust to the Responsible Entity	124,854	24,399
Other expenses reimbursed for the year paid/payable by the Trust to the Responsible Entity	134,101	152,916
Balance owing to the Responsible Entity at the end of the reporting period	152,078	7,843

No amounts were paid by the Trust directly to the key management personnel of Aurora Funds Management Limited.

Note 15. Reconciliation of profit to net cash inflow/(outflow) from operating activities

	2019 \$	2018 \$
(a) Reconciliation of (loss)/profit to net cash inflow from operating activities		
Profit/(loss) for the year	-	-
(Decrease)/increase in net assets attributable to unitholders	(414,106)	5,303
Distribution to unitholders	287,638	434,942
Proceeds from purchase or sale of financial instruments held at fair value through profit or loss	2,513,134	7,351,328
Purchase of financial instruments held at fair value through profit or loss	(1,400,315)	(6,781,001)
Net losses/(gains) on financial instruments held at fair value through profit or loss	(53,914)	(445,052)
Net change in receivables	4,742	22,726
Net change in payables	174,221	(60,325)
Net cash inflow/(outflow) from operating activities	1,111,400	527,921

Notes to Financial Statements

Note 15. Reconciliation of profit to net cash inflow/(outflow) from operating activities (continued)

	2019 \$	2018 \$
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	59,187	110,178

Note 16. Events after the reporting period

At 30 June 2019 the Trust has valued its investment in 8IP Emerging Companies Limited ("8EC") at \$0.765 per share. On 21 August 2019 the Trust received an initial Capital Distribution of \$0.52 per 8EC share. On 13 September 2019 8EC announced a second Capital Distribution of \$0.22 per share for payment to investors on 3 October 2019. The last traded price per 8EC share on the ASX on 20 September 2019 was \$0.077 per share.

Other than the events mentioned in the Directors' Report, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

Note 17. Commitments

There were no commitments for the expenditure as at 30 June 2019 (2018: Nil).

Note 18. Contingent assets and liabilities

There were no contingent assets and liabilities as at 30 June 2019 (2018: Nil).

Director's Declaration

The Directors of the Responsible Entity declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 2 to the financial statements;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund; and
- (d) The directors have been given the declarations of the Responsible Entity made pursuant to s295(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Responsible Entity, Aurora Fund Management Limited.



John Patton
Managing Director
30 September 2019

Independent Auditor's Report

To the Unitholders of Aurora Dividend Income Trust

Report on the audit of the financial report

Opinion

We have audited the financial report of Aurora Dividend Income Trust (the Trust), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Trust is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Trust's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The Directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the information included in the Trust's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 September 2019

Additional Information

The additional information required by Australian Stock Exchange Limited Listing Rules and not disclosed anywhere in the report.

Investments

As at 30 June 2019, the Fund held the following investments:

8IP Emerging Companies Limited FPO
Aurora Dividend Income Trust (Managed Fund) Managed Fund Units
Copper Strike Limited FPO
RNY Property Trust Units

Investment Strategy

The Trust seeks to achieve the objective by investing in a portfolio of companies listed on the Australian Securities Exchange (ASX) the Investment Manager expects will pay fully franked dividends.

The investments will be actively managed and selected at the discretion of the Investment Manager. The Investment Manager may also reduce part of the equity market exposure by short selling securities (by borrowing those securities and selling them).

The purpose of selling borrowed shares is to reduce the risk of loss from adverse market movements. This risk reduction is expected because most securities on the ASX are positively correlated. That is, on average, their prices tend to go up and down together. Consequently, when the market falls, we expect the securities the Trust owns (the long securities) will fall. Similarly, when the market falls we expect the securities the Trust is short will fall. If this is the case, the Trust will make a profit on the short securities. When the market falls, the profit on the short securities is expected to partially offset the loss on the long securities. The extent of the offset will depend upon the value of the short securities relative to the long securities and the extent to which the short securities and long securities are correlated. The opposite is expected to occur when the market rises.

Investment Transactions

The total number of trades for the Aurora Dividend Income Trust (Managed Fund) for the year was 52.

The total brokerage paid on these trades was \$4,079

Unitholder Information

The unitholder information set out below was applicable as at 24 September 2019.

Distribution of holdings

	Total holders	Units	Percentage of issued units
1 - 1,000	85	11,744	0.14%
1,001 - 5,000	78	224,101	2.76%
5,001 - 10,000	86	676,925	8.32%
10,001 - 100,000	193	5,180,369	63.66%
100,001 and over	9	2,044,042	25.12%
Total	451	8,137,181	100.00%

The names of the twenty largest unitholders of ordinary units are listed below

		Number of units held	Percentage of issued units
1	MR BAILEY HUNTER & MRS BEVERLEY HUNTER <B & B HUNTER SUPER FUND A/C>	427,688	5.26%
2	KALAM ENTERPRISES PTY LTD <BROTT FAMILY A/C>	381,900	4.69%
3	MR DAVID WILLMORE	320,000	3.93%
4	HOWELL THE THIRD PTY LTD <CHRIS LEACH SUPER FUND A/C>	228,119	2.80%
5	MR PETER DAVID CROOKS	175,500	2.16%
6	HEATHROB NOMINEES PTY LTD <NEILSON SUPER FUND A/C>	137,280	1.69%
7	MR ROBERT HUGH BOWMAN TAPLEY & MRS MAUREEN TERESA TAPLEY <TAPLEY &	131,364	1.61%
8	RLM SERVICES PTY LTD <BOYES-MOTYER FAMILY A/C>	123,118	1.51%
9	JAGER INTERIORS PTY LTD <JAGER INTERIORS P/L SUPER FUND A/C>	119,073	1.46%
10	EGLIT SUPERANNUATION ASSET'S PTY LTD <EGLIT SUPER FUND A/C>	95,491	1.17%
11	MR MARK PATRICK BALDWIN	94,426	1.16%
12	ELKSTONE PTY LIMITED <THE WILSHAW SUPER FUND A/C>	88,521	1.09%
13	MR PETER JOSEPH GILLOOLY & MRS SANDRA BEVERLY GILLOOLY <GILLLOOLY SU	80,000	0.98%
14	MR ALAN FRANCIS	77,326	0.95%
15	ROZALIND SUPER PTY LTD <ROZALIND SUPER FUND A/C>	76,000	0.93%
16	LINKWATER NOMINEES PTY LTD	72,336	0.89%
17	MR PHILIP JACOBS <PHILIP JACOBS S/F A/C>	67,093	0.82%
18	MS PATRICIA HELEN COLGAN	66,242	0.81%
19	MR GUO QIANG FANG & MRS REN LIN ZHU	61,333	0.75%
20	ASGARD CAPITAL MANAGEMENT LTD <ACML - ASGARD & IBS HOLDING>	56,885	0.70%
	Total held by top twenty holders	2,879,695	35.36%

Corporate Directory

Directors of Responsible Entity	John Patton - <i>Managing Director</i> Victor Siciliano - <i>Executive Director</i> Anthony Hartnell AM – <i>Non-Executive Director</i>
Company Secretaries	Adrian Tilley John Patton
Registered Office	Suite 613, Level 6, 370 St Kilda Road Melbourne, VIC 3004
Share Register	Boardroom Pty Limited Level 12, 225 George Street Sydney, VIC 3000
Auditor and Taxation Advisor	Grant Thornton Collins Square, Tower 5 727 Collins Street Melbourne, VIC 3008
Solicitors	Jeremy Kriewaldt Lawyers Suite 502, 75-85 Elizabeth Street Sydney, NSW 2000
Stock Exchange Listing	Up to 20 December 2018, Aurora Dividend Income Trust (Managed were listed on the Australian Securities Exchange (ASX code: AOD)
Website	www.aurorafunds.com.au
Corporate governance statement	Aurora Funds Management's Corporate Governance Statement can be found on its website: http://www.aurorafunds.com.au/wp-content/uploads/Corporate-Governance-Statement.pdf