Aurora Dividend Income Trust (Managed Fund)

ARSN 151 947 732

Annual Report

For the year ended 30 June 2020

Contents

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 2020.

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.

There were no significant changes in the nature of the Trust's activities during the year.

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

	2020	2019
At 30 June	7,476,403	8,607,145

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.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID – 19) as a pandemic, which continues to spread globally. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is considerable uncertainty regarding the breadth and duration of the business disruptions related to COVID-19. The Trust continues to monitor the performance of its investments closely, and in-particular the investment in units issued by RNY Property Trust ("RNY"). RNY has specific exposure to the United States Commercial Property Market. The underlying five (5) US commercial properties held by RNY were reassessed by independent third party valuation experts at 30 June 2020, noting no decline in valuation.

Director's Report

Financial results for the year

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

	2020 $	2019 $
Operating profit/(loss) before finance costs attributable to unitholders	(1,068,497)	(126,467)
Distributions paid and payable	(253,001)	(287,638)
Unquoted units		
Distribution (cents per unit) 30 September	0.74	0.87
Distribution (cents per unit) 31 December	0.93	0.80
Distribution (cents per unit) 31 March	0.95	0.71
Distribution (cents per unit) 30 June	0.80	0.70
Quoted units		
Distribution (cents per unit) 30 September	-	0.87
Distribution (cents per unit) 31 December	-	-
Distribution (cents per unit) 31 March	-	-
Distribution (cents per unit) 30 June	-	-

Financial position

Net Tangible Assets (NTA) per unit as disclosed on the website of Aurora Funds Management Limited are shown as follows:

	2020 $	2019 $
At 30 June	0.5047	0.4787
High during period	0.5923	0.5782
Low during period	0.4705	0.4397

Based on the audited financial statements of the Trust for the year ended 30 June 2020, the NTA at 30 June 2020 is $0.3906 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:

	2020 $	2019 $
Net assets for unit pricing purposes	3,773,532	4,119,780
Subsequent change in valuation of financial assets held at fair value through profit or loss	(851,283)	777,779
Franking credits included in unit pricing	(1,894)	-
Other adjustments	(292)	1,045
Net assets under Australian Accounting Standards	2,920,063	4,898,604

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 Fund Updates section of AFML's 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

RNY Property Trust (ASX:RNY)

As at 30 June 2020, the combined ownership of the units in RNY by entities for which AFML is the Responsible Entity is 80.96%. The Trust owns 9.93% of the units in RNY.

Since 2 July 2018 AFML, in its capacity as the Investment Manager of RNY, has been actively working to create value from its investment in RNY, including by working with the US lender of the underlying five (5) US commercial properties held by RNY, working with the property sub-manager to attract new tenants, and working with various stakeholders to improve the properties.

On 6 October 2020, Huntley Management Limited ("Huntley"), as responsible entity for RNY, announced that the Amended and Restated Senior Loan Agreement ("Loan Agreement") with its US lender, ACORE Capital, has been executed. The term of the Loan Agreement is three years, comprising an initial 6-month term, one 6-month extension and two 12-month extension terms following the initial term.

For the year ended 30 June 2020, 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.

Off-market takeover bid for Keybridge Capital Limited (ASX:KBC)

Pursuant to the acceptance by KBC shareholders of offers in relation to an off-market takeover bid, as set out in the Bidder's Statement dated 7 February 2020 and the Supplementary Bidders Statement dated 5 March 2020, issued by AFML in its capacity as responsible entity of the Trust, the Trust acquired 7,004,996 ordinary shares in KBC. At 30 June 2020 the Trust held 7,004,996 shares in KBC, representing 3.72% of the issued share capital of KBC.

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

On 28 August 2020 Keybridge Capital Limited ("Keybridge") issued the Bidder's Statement for its off-market all scrip takeover bid for RNY at an implied offer price of $0.011 per RNY unit ("Keybridge Offer"). The Trust has disposed if its investment in RNY Property Trust by accepting the Keybridge Offer, and has received additional Keybridge securities as consideration.

On 6 October 2020 Huntley Management Limited ("Huntley"), as responsible entity for RNY, announced that:

- the Amended and Restated Senior Loan Agreement ("Loan Agreement") with its US lender, ACORE Capital ("Lender"), has been executed, and
- Huntley is finalising the documentation for its previously announced 1:1 Non-Renounceable Rights Issue, and will provide unitholders with its proposed timetable after the closure of the off-market all scrip takeover bid for RNY by Keybridge Capital Limited, which has been extended and will now close at 7:00pm on Wednesday 16 December 2020.

Other than the changes mentioned above, no other matters or circumstances have arisen since 30 June 2020 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 polices set out in Note 6 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:	Metgasco Ltd
Former directorships (in the last 3 years):	Keybridge Capital Limited (retired 21 January 2020)
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

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 50 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

Director's Report

Information about the directors (continued)

'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	18	18	4	3*
Victor Siciliano	18	18	-	1*
Anthony Hartnell AM	18	15	4	3

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

*For the Compliance Committee meeting held 12 September 2019, Victor Siciliano was appointed by Internal Member John Patton as his delegated representative.

Interests held by the Responsible Entity and Directors

There are no units in the Trust held by the Responsible Entity, their related parties and Directors at the date of this report. Details on other related party transactions 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.

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

John Patton
Managing Director
30 November 2020
Melbourne

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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 2020, 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 November 2020

Financial Statement

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Investment income			
Interest income		3,306	875
Dividend and distribution income		47,494	235,483
Other income		32,686	-
Net gains/(losses) on financial instruments held at fair value through profit or loss		(838,085)	53,914
Total net investment income/(loss)		(754,599)	290,272
Expenses			
Management fees	14	38,095	42,004
Transaction costs		706	388
Other operating expenses	12(a)	245,491	374,348
Takeover costs	12(b)	29,606	-
Total operating expenses		313,898	416,740
Operating (loss)/profit for the year		(1,068,497)	(126,468)
Finance costs attributable to unitholders			
Distributions to unitholders	11	(253,001)	(287,638)
Decrease in net assets attributable to unitholders	10	1,321,498	414,106
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 2020

	Note	2020 $	2019 $
Assets			
Cash and cash equivalents	8	396,367	143
Receivables		6,603	25,098
Financial assets held at fair value through profit or loss	9	2,633,352	5,160,034
Total assets		3,036,322	5,185,275
Liabilities			
Distributions payable	11	19,602	21,891
Other payables		96,657	264,780
Total liabilities (excluding net assets attributable to unitholders)		116,259	286,671
Net assets attributable to unitholders – liability	10	2,920,063	4,898,604
Liabilities attributable to unitholders		(2,920,063)	(4,898,604)
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 2020

	Note	2020 $	2019 $
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 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		5,628,284	2,513,134
Purchase of financial instruments held at fair value through profit or loss		(3,939,687)	(1,400,315)
Dividends and distributions received		46,286	235,483
Interest received		3,306	949
GST recovered/(paid)		19,703	6,092
Recovery of penalties and interest from ATO		32,686	-
Management fees and recoverable costs of Responsible Entity paid		(106,267)	(137,905)
Other operating expenses paid		(341,940)	(106,038)
Net cash inflow/(outflow) from operating activities	15(a)	1,342,371	1,111,400
Cash flows from financing activities			
Proceeds from applications by unitholders (excluding treasury units)		-	59,187
Payments for redemptions by unitholders (excluding treasury units)		(738,832)	(494,427)
Proceeds from treasury unit applications		-	27,853
Payments for treasury unit redemptions		-	(443,634)
Distributions paid		(207,315)	(279,621)
Net cash (outflow)/inflow from financing activities		(946,147)	(1,130,642)
Net increase/(decrease) in cash and cash equivalents		396,224	(19,242)
Cash and cash equivalents at the beginning of the year		143	19,385
Cash and cash equivalents at the end of the year	8	396,367	143
Non-cash financing activities	15(b)	47,975	59,187

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 2020 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 investments 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. There were no new, revised or amending Accounting Standards and Interpretations that were applicable and had a material impact.

The Trust has adopted AASB 16 Leases, however the impact is not material as the Trust has not entered into any leases as lessee which expire more than twelve months after 30 June 2020.

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

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.

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.

Note 3. Significant accounting policies (continued)

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.

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. AASB 9's impairment requirements use more forward looking information to recognize ECLs – the 'expected credit losses model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost, and trade receivables.

The Trust considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

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.

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.

Note 3. Significant accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets - initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at either amortised cost or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and business model. With the exception of trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient, the Trust initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the asset.

(ii) Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments). The Trust's financial assets at amortised cost consists of trade receivables and cash.
- Financial assets at fair value through profit or loss. The Trust's financial assets at fair value through profit or loss consists of listed equity investments.

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. Any 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.

Note 3. Significant accounting policies (continued)

Investment income (continued)

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.

Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust. 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.

Key sources of estimation uncertainty

The Directors have determined to carry the Trust's investment in RNY Property Trust (RNY) at $0.011 (being 1.1 cents) per unit at 30 June 2020. 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 delays experienced in finalising its audited financial statements for the year ended 31 December 2018 and half year ended 30 June 2019, followed by the Audit Disclaimer Opinion issued in relation to the year ended 31 December 2019. Historically, RNY has traded at a discount to the underlying net asset position.

- On 23 September 2019, RNY announced it had completed an independent valuation of its five (5) commercial office properties in the New York tri-state area, resulting in a 16% uplift on previous valuations and a material uplift in RNY's Net Tangible Asset ("NTA") backing. Given RNY's suspension from trading on the ASX, there was no actively traded market available for the Directors to determine the market value for RNY's securities. As such, the independent valuation obtained by RNY was considered the most appropriate basis on which to determine the carrying value of RNY, with the Trust's direct investments being carried at $0.044 per unit, a small discount to RNY's improved NTA of $0.05 per unit.

- On 29 June 2020, Keybridge Capital Limited ("Keybridge") announced its intention to make an off-market all scrip takeover bid for RNY at an implied offer price of $0.011 per RNY unit ("Keybridge Offer"), with its Bidder's Statement being dispatched on 28 August 2020. On 28 September 2020, Keybridge issued a substantial holder notice stating it had acquired a relevant interest of 1.01% in RNY (from parties not related to AFML) through acceptances into the Keybridge Offer. AFML has also elected to accept a portion of the holdings of the Managed Investment Schemes for which it is the Responsible Entity into the Keybridge Offer. Subsequent to the end of the financial year, the Trust accepted all of its holding in RNY into the Keybridge Offer. On 16 November 2020 Keybridge announced the extension of offer period for the Keybridge Offer, which will now close at 7.00pm on Wednesday, 16 December 2020.

Having regard to the above factors, and as consequence of the acceptances into the Keybridge Offer, the implied offer price of $0.011 per RNY unit is now the most readily observable price for RNY securities. Therefore, the Directors have determined a fair value of $0.011 per unit in RNY.

On 6 October 2020 Huntley Management Limited ("Huntley"), as responsible entity for RNY, announced that:

- the Amended and Restated Senior Loan Agreement ("Loan Agreement") with its US lender, ACORE Capital ("Lender"), has been executed.
- Huntley is finalising the documentation for its previously announced 1:1 Non-Renounceable Rights Issue, and will provide unitholders with its proposed timetable after the closure of the Keybridge Offer.

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.

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

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

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.

Note 6. Financial Instruments (continued)

(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.

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 2020. 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 2020. The results of this analysis are disclosed in Note 6(b).

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.

30 June 2020	**Floating interest rate**	**Fixed interest rate**	**Non interest bearing**	**Total**
Financial assets	AUD	AUD	AUD	AUD
Cash and cash equivalents	396,367	-	-	396,367
Dividends receivable	-	-	1,208	1,208
Receivables	-	-	5,395	5,395
Financial assets held at fair value through profit or loss	-	-	2,633,352	2,633,352
Financial liabilities				
Distribution payable	-	-	(19,602)	(19,602)
Other payables	-	-	(96,657)	(96,657)
Net exposure	396,367	-	2,523,696	2,920,063

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

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 2020	(263,335)	263,335	(3,964)	3,964
30 June 2019	(516,003)	516,003	(1)	1

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 2020 (2019: 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 a credit risk exposure to the banks (Westpac and Interactive Brokers) that hold the Trust's cash assets at 30 June 2020.

Note 6. Financial Instruments (continued)

(c) Credit risk (continued)

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

	2020 $	2019 $
Rating		
AA (Westpac Bank)	116	57
BBB (Interactive Brokers)	396,251	86
Total	396,367	143

(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.

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 2020	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Liabilities					
Distribution payable	19,602	-	-	-	19,602
Other payables	96,657	-	-	-	96,657
Net assets attributable to unitholders	-	2,920,063	-	-	2,920,063
Contractual cash flows (excluding gross settled derivatives)	116,259	2,920,063	-	-	3,036,322

30 June 2019	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Liabilities					
Distribution payable	21,891	-	-	-	21,891
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

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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:

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.

Note 7. Fair value measurement (continued)

(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.

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:

30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	1,500,872	906,769	225,711	2,633,352
Total financial assets	1,500,872	906,769	225,711	2,633,352
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Listed equity securities sold short	-	-	-	-
Total financial liabilities	-	-	-	-

30 June 2019	Level 1 $	Level 2 $	Level 3 $	Total $
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	-	-	-	-

Refer to Note 4 for further information on how the fair value of the Level 2 investment in RNY Property Trust ($287,692) has been determined.

Transfers between levels

There were three transfers between levels for the year ended 30 June 2020, being the transfer of the investment in Copper Strike Limited from Level 2 to Level 1, the transfer of the investment in 8IP Emerging Companies Limited from Level 1 to Level 3, and the transfer of the investment in RNY Property Trust from Level 3 to Level 2 (30 June 2019: one transfer).

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.

Note 7. Fair value measurement (continued)

Valuation techniques for fair value measurements (continued)

The investment in Copper Strike Limited (ASX: CSE) was valued at 30 June 2020 using the most recent sale price on the ASX. The investment in Copper Strike Limited was valued at 30 June 2019 using the most recent sale price to Keybridge Capital Limited due to limited trading volumes on the ASX.

The investment in 8IP Emerging Companies Limited (ASX: 8EC) was valued at 30 June 2020 using the most recent sale price on the ASX prior to the suspension from quotation of the securities of 8EC on 16 March 2020, reduced by the return of capital paid by 8EC on 28 April 2020. The investment in 8IP Emerging Companies Limited was valued at 30 June 2019 using the most recent sale price on the ASX.

Keybridge Capital Limited (ASX: KBC) last traded on the ASX at 16 July 2019 for 7.1 cents and remains suspended from trading at the date of this report. The investment in KBC was valued at 30 June 2020 using the cash consideration offered by WAM Active Limited (ASX:WAA) of 6.9 cents for each fully paid ordinary share as per the Replacement Bidder's Statement issued by WAM Active Limited on 6 July 2020. KBC reported a Net Tangible Asset backing per share of 4.9 cents at 30 June 2020 as per the audited Annual Report lodged with the ASX on 2 November 2020.

Aurora Property Buy-Write Income Trust (ASX: AUP) last traded on the ASX at 2 April 2020 for $2.99 and remains suspended from trading at the date of this report. The investment in AUP was valued at 30 June 2020 based on the Net Tangible Assets of AUP at 30 June 2020. AUP reported a Net Tangible Asset backing per share of $3.4707 at 30 June 2020 as per the audited Annual Report lodged with the ASX on 30 October 2020.

Reconciliation of level 3 fair values

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

	2020 $	2019 $
Opening balance	1,150,769	-
Acquisition of financial asset held at fair value through profit or loss	-	1,150,769
Transfers in/(out) of level 3	(925,058)	-
Closing balance	225,711	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.

Note 7. Fair value measurement (continued)

Accounting policy for fair value measurement (continued)

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.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID – 19) as a pandemic, which continues to spread globally. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is considerable uncertainty regarding the breadth and duration of the business disruptions related to COVID-19. The Trust continues to monitor the performance of its investments closely, and in-particular the investment in units issued by RNY Property Trust ("RNY"). RNY has specific exposure to the United States Commercial Property Market. The underlying five (5) US commercial commercial properties held by RNY were reassessed by independent third party valuation experts at 30 June 2020, noting no decline in valuation.

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.

Note 8. Cash and cash equivalents

	2020 $	2019 $
Cash at bank	396,367	143
Total cash and cash equivalents	396,367	143

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

	2020 $	2019 $
Designated at fair value through profit or loss		
Listed equity securities	2,633,352	5,160,034
Total financial assets held at fair value through profit or loss	2,633,352	5,160,034

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

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

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:

	2020 No.	2019 No.	2020 $	2019 $
Opening balance - excluding treasury units	8,607,145	10,361,327	-	-
Applications	-	-	-	-
Redemptions	(1,213,631)	(1,901,758)	-	-
Units issued upon reinvestment of distributions	82,889	113,963	-	-
Cancellation of treasury units	-	33,613		
Closing balance - excluding treasury units	7,476,403	8,607,145	-	-
Opening balance - treasury units	-	1,890,906	-	-
Applications	-	784,423	-	-
Redemptions	-	(2,641,716)	-	-
Cancellation of treasury units	-	(33,613)	-	-
Closing balance - treasury units	-	-	-	-
Opening balance - including treasury units	8,607,145	12,252,233	4,898,604	6,222,082
Applications	-	784,423	-	27,853
Redemptions	(1,213,631)	(4,543,474)	(705,018)	(996,412)
Units issued upon reinvestment of distributions	82,889	113,963	47,975	59,187
Cancellation of treasury units	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	(1,321,498)	(414,106)
Closing balance - including treasury units	7,476,403	8,607,145	2,920,063	4,898,604

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).

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.

Note 11. Distribution to unitholders

The distributions for the year were as follows:

	2020 $	2020 CPU	2019 $	2019 CPU
Quoted Units				
Distributions paid	-	-	133,617	2.85
Distributions payable (30 June quarter)	-	-	-	0.23
Total distributions	-	-	133,617	3.08
Unquoted Units				
Distributions paid	233,399	3.16	132,130	2.85
Distributions payable (30 June quarter)	19,602	0.26	21,891	0.23
Total distributions	253,001	3.42	154,021	3.08

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. The 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

(a) Other operating expenses

	2020 $	2019 $
Interest expense	148	8,238
Recoverable costs of Responsible Entity	-	104,265
Legal fees	81,312	124,854
Recovery expenses	127,303	134,101
Other expenses	36,728	2,890
Total other operating expenses	245,491	374,348

The Trust announced via a Trust update on its website that effective 8 August 2016, Aurora Funds Management Limited may begin charging all of its normal operating expenses to the Trust in accordance with the Trust's Constitution.

(b) Takeover costs

	2020 $	2019 $
Takeover costs	29,606	-
Total takeover costs	29,606	-

The Trust incurred certain costs in relation to the takeover offer for Keybridge Capital Limited (ASX:KBC), including legal advice and ASIC fees.

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 Audit Pty Ltd. The Responsible Entity is responsible for paying this remuneration of auditor on behalf of the Trust.

	2020 $	2019 $
Audit and other assurance services		
Audit and review of financial statements	17,500	17,713
Audit of compliance plan	4,500	4,692
Total remuneration for audit and other assurance services	22,000	22,405
Taxation services		
Tax compliance services	9,436	7,976
Total remuneration for tax services	9,436	7,976
Total remuneration of auditors	31,436	30,381

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.

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.

Note 14. Related party transactions (continued)

Other related party information (continued)

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 Chairman on 13 October 2016. On 21 January 2020, Mr Patton retired from his position as Director and Chairman of Keybridge Capital Limited.
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016.

Aurora Funds Management Limited ("AFML") was appointed as Investment Manager of RNY Property Trust ("RNY") on 2 July 2018. Mr Victor Siciliano was appointed to the Boards of the following entities:

- Aurora Funds Management Corp. ("AFMC")
- Aurora Asset Management Corp. ("AAMC")
- RNY Australia Operating Company LLC ("RAOC")
- RA 560 White Plains Road LLC ("RA560")
- RA 580 White Plains Road LLC ("RA580")
- RA 55 CLB LLC ("RA55CLB")
- RA 6800 Jericho Turnpike LLC ("RA6800")
- RA 6900 Jericho Turnpike LLC ("RA6900")
- RNY Australia AC Mezz Borrower LLC ("RAAMB")

RNY owns 100% of RNY Australia LPT Corp ("RALPT"), which in turn owns 75% of RAOC, which in turn owns 100% of RAAMB, which in turn owns 100% of each of RA560, RA580, RA55CLB, RA6800 and RA6900. AFMC owns the other 25% of RAOC.

AFML owns 100% of each of AFMC and AAMC.

Investments

The Trust holds 26,153,846 units (30 June 2019: 26,153,846 units) in RNY Property Trust, the fair value of which is $287,692 (30 June 2019: $1,150,769). Distributions of $Nil (30 June 2019: $Nil) were paid/payable by RNY Property Trust to the Trust. Aurora Funds Management Limited was appointed as Investment Manager of RNY Property Trust on 2 July 2018.

The Trust holds 39,108 units (30 June 2019: Nil units) in Aurora Property Buy-Write Income Trust, the fair value of which is $135,732 (30 June 2019: $Nil). Distributions of $Nil (30 June 2019: $Nil) were paid/payable by Aurora Property Buy-Write Income Trust to the Trust.

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 2016, 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:

	2020 $	2019 $
Management fees for the year paid/payable by the Trust to the Responsible Entity	38,095	42,004
Recoverable costs of Responsible Entity for the year paid/payable by the Trust to the Responsible Entity	-	104,265
Legal fees reimbursed for the year paid/payable by the Trust to the Responsible Entity	81,312	124,854
Other expenses reimbursed for the year paid/payable by the Trust to the Responsible Entity	127,303	134,101
Balance owing to to the Responsible Entity at the end of the reporting period	7,265	152,078

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

	2020 $	2019 $
(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	(1,321,498)	(414,106)
Distribution to unitholders	253,001	287,638
Proceeds from sale of financial instruments held at fair value through profit or loss	5,628,284	2,513,134
Purchase of financial instruments held at fair value through profit or loss	(3,939,687)	(1,400,315)
Net (gains)/losses on financial instruments held at fair value through profit or loss	838,085	(53,914)
Net change in receivables	18,495	4,742
Net change in payables	(134,309)	174,221
Net cash inflow/(outflow) from operating activities	1,342,371	1,111,400

	2020 $	2019 $
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	47,975	59,187

Note 16. Events after the reporting period

On 28 August 2020 Keybridge Capital Limited ("Keybridge") issued the Bidder's Statement for its off-market all scrip takeover bid for RNY at an implied offer price of $0.011 per RNY unit ("Keybridge Offer"). The Trust has disposed if its investment in RNY Property Trust by accepting the Keybridge Offer, and has received additional Keybridge securities as consideration.

On 6 October 2020 Huntley Management Limited ("Huntley"), as responsible entity for RNY, announced that:

- the Amended and Restated Senior Loan Agreement ("Loan Agreement") with its US lender, ACORE Capital ("Lender"), has been executed, and
- Huntley is finalising the documentation for its previously announced 1:1 Non-Renounceable Rights Issue, and will provide unitholders with its proposed timetable after the closure of the off-market all scrip takeover bid for RNY by Keybridge Capital Limited, which has been extended and will now close at 7:00pm on Wednesday 16 December 2020.

Other than the above, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the Statement of Financial Position as at 30 June 2020 or on the results and cash flows of the Trust for the year ended on that date.

Note 17. Commitments

There were no commitments for the expenditure as at 30 June 2020 (2019: Nil).

Note 18. Contingent assets and liabilities

There were no contingent assets and liabilities as at 30 June 2020 (2019: 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 Trust 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 Funds Management Limited.

John Patton
Managing Director
30 November 2020

Grant Thornton

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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 2020, 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 2020 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 2020, 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 Responsible Entity 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 November 2020

Additional Information

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

Investments

As at 30 June 2020, the Trust held the following investments:

8IP Emerging Companies Limited FPO
Copper Strike Limited FPO
RNY Property Trust Units
Aurora Property Buy-Write Income Trust Ordinary Units Fully Paid
Blue Sky Alternatives Access Fund Limited FPO
Centrepoint Alliance Limited FPO
Cadence Capital Limited FPO
Forager Australian Shares Fund Ordinary Units Fully Paid
Fat Prophets Global Contrarian Fund Ltd FPO
Fat Prophets Global Property Fund Ordinary Units Fully Paid
K2 Asset Management Holdings Ltd FPO
Keybridge Capital Limited FPO
NAOS Ex-50 Opportunities Company Limited FPO
NAOS Small Cap Opportunities Company Limited FPO
Seven West Media Limited FPO
Thorney Opportunities Ltd FPO
WAM Active Limited FPO

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 181.

The total brokerage paid on these trades was $4,476.

Unitholder Information

The unitholder information set out below was applicable as at 30 November 2020.

Distribution of holdings

	Total holders	Units	Percentage of issued units
1 - 1,000	80	11,629	0.16%
1,001 - 5,000	76	223,072	3.01%
5,001 - 10,000	76	601,958	8.12%
10,001 - 100000	165	4,524,516	61.02%
100,001 and over	9	2,053,076	27.69%
Total	406	7,414,252	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	5.72%
2	KALAM ENTERPRISES PTY LTD <BROTT FAMILY A/C>	381,900	5.11%
3	MR DAVID WILLMORE	320,000	4.28%
4	HOWELL THE THIRD PTY LTD <CHRIS LEACH SUPER FUND A/C>	228,119	3.05%
5	MR PETER DAVID CROOKS	175,500	2.35%
6	HEATHROB NOMINEES PTY LTD <NEILSON SUPER FUND A/C>	137,280	1.84%
7	RLM SERVICES PTY LTD <BOYES-MOTYER FAMILY A/C>	132,152	1.77%
8	MR ROBERT HUGH BOWMAN TAPLEY & MRS MAUREEN TERESA TAPLEY <TAPLEY S/FUI	131,364	1.76%
9	JAGER INTERIORS PTY LTD <JAGER INTERIORS P/L SUPER FUN D A/C>	119,073	1.59%
10	ELKSTONE PTY LIMITED <THE WILSHAW SUPER FUND A/C>	95,015	1.27%
11	MR MARK PATRICK BALDWIN	94,426	1.26%
12	MR PETER JOSEPH GILLOOLY & MRS SANDRA BEVERLY GILLOOLY <GILLLOOLY SUPER	80,000	1.07%
13	MR ALAN FRANCIS	79,239	1.06%
14	LINKWATER NOMINEES PTY LTD	77,642	1.04%
15	ROZALIND SUPER PTY LTD <ROZALIND SUPER FUND A/C>	76,000	1.02%
16	MR PHILIP JACOBS <PHILIP JACOBS S/F A/C>	72,012	0.96%
17	MS PATRICIA HELEN COLGAN	66,242	0.89%
18	MR GUO QIANG FANG & MRS REN LIN ZHU	61,333	0.82%
19	ASHWORTH NOMINEES PTY LTD <ASHWORTH MANAGEMENT S/F A/C>	56,750	0.76%
20	MR PAUL DOUGLAS SHANNON	56,066	0.75%
	Total held by top twenty holders	2,867,801	38.37%

Corporate Directory

Directors of Responsible Entity	John Patton - *Managing Director* Victor Siciliano - *Executive Director* Anthony Hartnell AM – *Non-Executive Director*
Company Secretary	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 Audit Pty Ltd 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 Fund) units 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