

# **Aurora Dividend Income Trust (Managed Fund)**

**ARSN 151 947 732**

**Annual Report**

**For the year ended 30 June 2021**

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**Aurora Dividend Income Trust**  
**Directors' report**  
**30 June 2021**

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 2021.

**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**

	2021	2020
At 30 June	6,808,295	7,476,403

**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.

COVID-19 continued to have an impact on both the Australian and International markets during FY2021.

**Financial results for the year**

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

	2021	2020
	\$	\$
Operating profit/(loss) before finance costs attributable to unitholders	910,905	(1,068,497)
Distributions paid and payable	(211,574)	(253,001)
Distribution (cents per unit) 30 September	0.71	0.74
Distribution (cents per unit) 31 December	0.69	0.93
Distribution (cents per unit) 31 March	0.76	0.95
Distribution (cents per unit) 30 June	0.76	0.80

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**Financial position**

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

	2021	2020
	\$	\$
At 30 June	0.4896	0.5047
High during period	0.5169	0.5923
Low during period	0.4199	0.4705

Based on the audited financial statements of the Trust for the year ended 30 June 2021, the NTA at 30 June 2021 is \$0.4900 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:

	2021	2020
	\$	\$
Net assets for unit pricing purposes	3,333,181	3,773,532
Subsequent change in valuation of financial assets held at fair value through profit or loss	3,185	(851,283)
Franking credits included in unit pricing	(53,366)	(1,894)
Other adjustments	-	(292)
Net assets under Australian Accounting Standards	3,283,000	2,920,063

**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**

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.

**Aurora Dividend Income Trust**  
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**Matters subsequent to the end of the financial year**

The carrying value of 8IP Emerging Companies Limited (8EC) at 30 June 2021 was \$171,702. This is based on the audited Net Tangible Asset price reported by 8EC of \$0.7462.

Other than the changes mentioned above, no other matters or circumstances have arisen since 30 June 2021 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 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.

**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.

## Aurora Dividend Income Trust

### Directors' report

30 June 2021

Name: **John Patton**  
Title: Managing Director  
Qualifications: Bachelor of Economics, 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 30 years of professional services and industry experience. John has extensive corporate finance credentials, having been involved in over 250 corporate transactions, including mergers and acquisitions, structuring, debt and equity raising, IPO's, management buy-outs, valuations, due diligence, financial modelling, restructuring and corporate advisory.  
Other current directorships: Metgasco Ltd, Yowie Group Ltd, Molopo Energy Limited  
Former directorships (in the last 3 years): Keybridge Capital Limited (retired 21 January 2020). John Patton currently holds the position of Company Secretary of Keybridge Capital Limited.  
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.  
Former directorships (in the last 3 years): Parnell Pharmaceuticals Holdings Ltd. (resigned 4 March 2021)  
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.

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***Board and Committee meetings***

Director	Full Board		Compliance Committee	
	Held	Attended	Held	Attended
John Patton	10	10	4	4
Victor Siciliano	10	10	-	-
Anthony Hartnell AM	10	10	4	4

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

***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 Trust***

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  
29 October 2021  
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 2021, 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, \_\_ September 2021



# Financial Statement

## Statement of profit or loss and other comprehensive income For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Investment income</b>			
Interest income		76	3,306
Dividend and distribution income		123,630	47,494
Other income		-	32,686
Net gains/(losses) on financial instruments held at fair value through profit or loss		956,110	(838,085)
<b>Total net investment income/(loss)</b>		<b>1,079,816</b>	<b>(754,599)</b>
<b>Expenses</b>			
Management fees	14	31,612	38,095
Transaction costs		338	706
Other operating expenses	12(a)	116,403	245,491
Takeover costs	12(b)	20,558	29,606
<b>Total operating expenses</b>		<b>168,911</b>	<b>313,898</b>
<b>Operating (loss)/profit for the year</b>		<b>910,905</b>	<b>(1,068,497)</b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	11	(211,574)	(253,001)
(Increase)/Decrease in net assets attributable to unitholders	10	(699,331)	1,321,498
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

*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 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
Cash and cash equivalents	8	17,790	396,367
Receivables		19,653	6,603
Financial assets held at fair value through profit or loss	9	3,302,350	2,633,352
<b>Total assets</b>		<b>3,339,793</b>	<b>3,036,322</b>
<b>Liabilities</b>			
Distributions payable	11	17,021	19,602
Other payables		39,772	96,657
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>56,793</b>	<b>116,259</b>
<b>Net assets attributable to unitholders – liability</b>	10	<b>3,283,000</b>	<b>2,920,063</b>
<b>Liabilities attributable to unitholders</b>		<b>(3,283,000)</b>	<b>(2,920,063)</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>

*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 2021

	Note	2021 \$	2020 \$
Balance at the beginning of the financial year		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
<b>Total comprehensive income</b>		-	-
Transactions with unitholders in their capacity as unitholders		-	-
<b>Total equity at the end of the financial year</b>		-	-

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 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		2,515,760	5,628,284
Purchase of financial instruments held at fair value through profit or loss		(2,228,648)	(3,939,687)
Dividends and distributions received		107,806	46,286
Interest received		76	3,306
GST recovered/(paid)		2,774	19,703
Recovery of penalties and interest from ATO		-	32,686
Management fees and recoverable costs of Responsible Entity paid		(5,402)	(106,267)
Other operating expenses paid		(188,722)	(341,940)
<b>Net cash inflow/(outflow) from operating activities</b>	15(a)	203,644	1,342,371
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders (excluding treasury units)		-	-
Payments for redemptions by unitholders (excluding treasury units)		(407,802)	(738,832)
Proceeds from treasury unit applications		-	-
Payments for treasury unit redemptions		-	-
Distributions paid		(174,419)	(207,315)
<b>Net cash (outflow)/inflow from financing activities</b>		(582,221)	(946,147)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(378,577)	396,224
Cash and cash equivalents at the beginning of the year		396,367	143
<b>Cash and cash equivalents at the end of the year</b>	8	17,790	396,367
<b>Non-cash financing activities</b>	15(b)	39,736	47,975

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

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**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 2021 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.

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.

***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.

**Note 3. Significant accounting policies (continued)**

***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.

***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.

**Note 3. Significant accounting policies (continued)**

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.

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.

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 3. Significant accounting policies (continued)**

***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.



**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

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

*Key sources of estimation uncertainty*

8IP Emerging Companies Limited ("8EC")

The Trust holds an investment in 8IP Emerging Companies Limited ("8EC") which is listed on the ASX but has been suspended from trading since 15 October 2020. The valuation of 8EC at 30 June was based on the audited Net Tangible Assets. The Net Tangible Assets consisted of cash, payables and one investment. That one investment was identified in the financial report as a level 3 investment in Fremantle Octopus Group Limited as at 30 June 2021.

The basis of valuation of the unlisted equity securities in Fremantle Octopus Group Limited ("FOG") is fair value. As at 30 June 2021, the Directors of 8IP Emerging Companies obtained an independent equity valuation based on the net asset and revenue multiple methods.

On this basis, the best evidence of value for the investment at 30 June 2021 is the Net Tangible Assets.

Aurora Property Buy-Write Income Trust ("AUP")

The Trust holds an investment in Aurora Property Buy-Write Income Trust ("AUP") which is listed on the ASX but has been suspended from trading since 2 April 2020. The Directors have determined to carry ADIT's investment in Aurora Property Buy-Write Income Trust ("AUP") at the 30 June 2021 net tangible asset price of \$3.3374 as released to the ASX on 14 July 2021.

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 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.

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**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.

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 2021. 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.

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
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**Note 6. Financial Instruments (continued)**

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 2021. The results of this analysis are disclosed in Note 6(b).

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 2021				
<b>Financial assets</b>	AUD	AUD	AUD	AUD
Cash and cash equivalents	17,790	-	-	17,790
Dividends receivable	-	-	17,032	17,032
Receivables	-	-	2,621	2,621
Financial assets held at fair value through profit or loss	-	-	3,302,350	3,302,350
<b>Financial liabilities</b>				
Distribution payable	-	-	(17,021)	(17,021)
Other payables	-	-	(39,772)	(39,772)
Net exposure	17,790	-	3,265,210	3,283,000

	Floating interest rate	Fixed interest rate	Non interest bearing	Total
30 June 2020				
<b>Financial assets</b>	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
<b>Financial liabilities</b>				
Distribution payable	-	-	(19,602)	(19,602)
Other payables	-	-	(96,657)	(96,657)
Net exposure	396,367	-	2,523,696	2,920,063

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**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 2021	(330,235)	330,235	(178)	178
30 June 2020	(263,335)	263,335	(3,964)	3,964

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 2021 (2020: 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 (National Australia Bank and Interactive Brokers) that hold the Trust's cash assets at 30 June 2021.

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 6. Financial Instruments (continued)**

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

	2021 \$	2020 \$
<b>Rating</b>		
A+ (National Australia Bank)	2,282	-
AA (Westpac Bank)	-	116
BBB (Interactive Brokers)	15,508	396,251
<b>Total</b>	<b>17,790</b>	<b>396,367</b>

(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.

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.

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 6. Financial Instruments (continued)**

30 June 2021	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
<b>Liabilities</b>					
Distribution payable	17,021	-	-	-	17,021
Other payables	39,772	-	-	-	39,772
Net assets attributable to unitholders	-	3,283,000	-	-	3,283,000
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<b>56,793</b>	<b>3,283,000</b>	<b>-</b>	<b>-</b>	<b>3,339,793</b>

  

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

*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.

**(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.

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
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**Note 7. Fair value measurement (continued)**

**(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.

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 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	3,000,129	302,221	-	3,302,350
<b>Total financial assets</b>	<b>3,000,129</b>	<b>302,221</b>	<b>-</b>	<b>3,302,350</b>
<b>Financial liabilities</b>				
Financial liabilities designated at fair value through profit or loss:				
Listed equity securities sold short	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 7. Fair value measurement (continued)**

*Transfers between levels*

There were two transfers between levels for the year ended 30 June 2021, being the transfer of the investment in Keybridge Capital Limited (ASX: (KBC) from Level 2 to Level 1 and the transfer of the investment in 8IP Emerging Companies Limited from Level 3 to Level 2 (30 June 2020: three 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.

The investment in 8IP Emerging Companies Limited ("8EC") which is listed on the ASX but has been suspended from trading since 15 October 2020. The valuation of 8EC at 30 June was based on the audited Net Tangible Assets. The Net Tangible Assets consisted of cash, payables and one investment. That one investment was identified in the financial report as a level 3 investment in Fremantle Octopus Group Limited as at 30 June 2021.

The basis of valuation of the unlisted equity securities in Fremantle Octopus Group Limited ("FOG") is fair value. As at 30 June 2021, the Directors of 8IP Emerging Companies obtained an independent equity valuation based on the net asset and revenue multiple methods.

On this basis, the best evidence of value for the investment at 30 June 2021 is the Net Tangible Assets.

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 2021 based on the Net Tangible Assets of AUP at 30 June 2021. AUP reported a Net Tangible Asset backing per share of \$3.3374 at 30 June 2021.

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

	2021 \$	2020 \$
<b>Opening balance</b>	225,711	1,150,769
Acquisition of financial asset held at fair value through profit or loss	-	-
Transfers in/(out) of level 3	(225,711)	(925,058)
<b>Closing balance</b>	-	225,711

*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.



**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 7. Fair value measurement (continued)**

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.

**Note 8. Cash and cash equivalents**

	2021 \$	2020 \$
Cash at bank	17,790	396,367
<b>Total cash and cash equivalents</b>	<b>17,790</b>	<b>396,367</b>

*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**

	2021 \$	2020 \$
<b>Designated at fair value through profit or loss</b>		
Listed equity securities	3,302,350	2,633,352
<b>Total financial assets held at fair value through profit or loss</b>	<b>3,302,350</b>	<b>2,633,352</b>

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

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**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:

	2021 No.	2020 No.	2021 \$	2020 \$
<b>Opening balance</b>	7,476,403	8,607,145	2,920,063	4,898,604
Applications	-	-	-	-
Redemptions	(749,066)	(1,213,631)	(376,130)	(705,018)
Units issued upon reinvestment of distributions	80,958	82,889	39,736	47,975
Increase/(decrease) in net assets attributable to unitholders	-	-	699,331	(1,321,498)
<b>Closing balance</b>	<b>6,808,295</b>	<b>7,476,403</b>	<b>3,283,000</b>	<b>2,920,063</b>

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:

	2021 \$	2021 CPU	2020 \$	2020 CPU
Distributions paid	194,553	2.67	233,399	3.16
Distributions payable (30 June quarter)	17,021	0.25	19,602	0.26
<b>Total distributions</b>	<b>211,574</b>	<b>2.92</b>	<b>253,001</b>	<b>3.42</b>

*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.

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
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**Note 12. Expenses**

**(a) Other operating expenses**

	2021 \$	2020 \$
Interest expense	-	148
Recoverable costs of Responsible Entity	-	-
Legal fees	21,364	81,312
Recovery expenses	95,039	127,303
Other expenses	-	36,728
<b>Total other operating expenses</b>	<b>116,403</b>	<b>245,491</b>

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**

	2021 \$	2020 \$
Takeover costs	20,558	29,606
<b>Total takeover costs</b>	<b>20,558</b>	<b>29,606</b>

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.

	2021 \$	2020 \$
<b>Audit and other assurance services</b>		
Audit and review of financial statements	17,500	17,500
Audit of compliance plan	4,500	4,500
<b>Total remuneration for audit and other assurance services</b>	<b>22,000</b>	<b>22,000</b>
<b>Taxation services</b>		
Tax compliance services	9,436	9,436
<b>Total remuneration for tax services</b>	<b>9,436</b>	<b>9,436</b>
<b>Total remuneration of auditors</b>	<b>31,436</b>	<b>31,436</b>

**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.

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 14. Related party transactions (continued)**

*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.

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 by 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 position as Director and Chairman of Keybridge Capital Limited.
- Mr Patton was appointed to the Board of Metgasco Ltd as a Non-Executive Director on 19 September 2016.
- Mr Patton was appointed to the Board of Yowie Group Ltd as a Non-Executive Director on 5 February 2021.
- Mr Patton was appointed to the Board of Molopo Energy Limited as a Non-Executive Director on 5 July 2021.

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 39,108 units (30 June 2020: 39,108 units) in Aurora Property Buy-Write Income Trust, the fair value of which is \$130,519 (30 June 2020: \$135,732). Distributions of \$Nil (30 June 2020: \$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:

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 14. Related party transactions (continued)**

- 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:

	2021 \$	2020 \$
Management fees for the year paid/payable by the Trust to the Responsible Entity	31,612	38,095
Recoverable costs of Responsible Entity for the year paid/payable by the Trust to the Responsible Entity	-	-
Legal fees reimbursed for the year paid/payable by the Trust to the Responsible Entity	21,364	81,312
Other expenses reimbursed for the year paid/payable by the Trust to the Responsible Entity	95,039	127,303
Balance owing to to the Responsible Entity at the end of the reporting period	39,772	7,265

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**

	2021 \$	2020 \$
<b>(a) Reconciliation of (loss)/profit to net cash inflow from operating activities</b>		
Profit/(loss) for the year	-	-
(Decrease)/increase in net assets attributable to unitholders	699,331	(1,321,498)
Distribution to unitholders	211,574	253,001
Proceeds from sale of financial instruments held at fair value through profit or loss	2,515,760	5,628,284
Purchase of financial instruments held at fair value through profit or loss	(2,228,648)	(3,939,687)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(956,110)	838,085
Net change in receivables	(13,050)	18,495
Net change in payables	(25,213)	(134,309)
Net cash inflow/(outflow) from operating activities	203,644	1,342,371

	2021 \$	2020 \$
<b>(b) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	39,736	47,975

**Aurora Dividend Income Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 16. Events after the reporting period**

The carrying value of 8IP Emerging Companies Limited (8EC) at 30 June 2021 was \$171,702. This is based on the audited Net Tangible Asset price reported by 8EC of \$0.7462 on its annual report released on 1 September 2021.

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 2021 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 2021 (2020: Nil).

**Note 18. Contingent assets and liabilities**

There were no contingent assets and liabilities as at 30 June 2021 (2020: 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  
29 October 2021

# 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 2021, 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 2021 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 (Including Independence Standards)* (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 2021, 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](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, 29 October 2021