

Aurora Dividend Income Trust Performance Report - May 2014

Summary

- The Trust fell by 0.9% in May, underperforming the market's rise of 0.9%
- The Trust was impacted by the underperformance of the large resources companies during the month
- The Trust will pay a distribution of 0.5% in cash and 0.1% in franking credits for the month of May

Performance after Fees¹

		1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Return inc. franking credits	Dividend Income Trust	-0.9%	1.3%	12.1%	10.0%	10.2%	8.0%
	S&P/ASX 200 Accum Index	0.9%	3.0%	17.7%	11.7%	10.7%	8.1%
Income inc. franking credits	Dividend Income Trust		3.5%	12.5%	13.7%	12.6%	11.8%
	S&P/ASX 200 Accum Index		1.4%	6.2%	6.4%	6.3%	7.6%
Volatility	Dividend Income Trust			6.8%	8.5%	8.3%	7.0%
	S&P/ASX 200 Accum Index			9.3%	11.9%	11.3%	14.1%

Objective

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

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

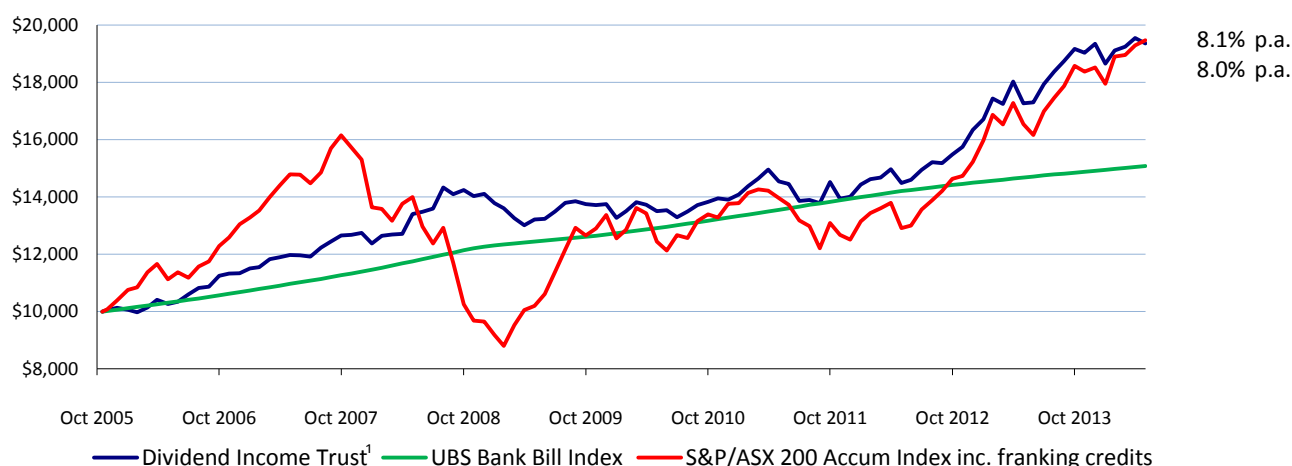
The Australian equity market is measured by the S&P/ASX 200 Accumulation Index adjusted to include franking credits.

Investment Strategy

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

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

Historic Performance Chart



Commentary

The conventional "Sell in May" effect did not apply to global markets in 2014. International equity markets (S&P500 +2.1%, FTSE +1.0%, Nikkei 2.3%) seemed to take comfort from a rally in US Bond prices and the expectation that the European Central Bank would continue with loose monetary policy indicating interest rates are likely to stay at accommodating levels for an extended period.

Specific Australian related factors held the domestic market back in comparison (S&P/ASX200 Accumulation Index +0.9%); Spot Iron Ore prices fell by approximately 13% dragging heavyweight miners lower (BHP -1.96%, RIO -3.89%, FMG -12.89%) – which was the main contributor to the Trust's underperformance due to our overweight holdings in these stocks – and the Coalition Government's first Federal Budget caused a significant backlash in opinion polls and the potential for minority parties to block the budget bills in the senate.

Overall, the Trust fell by 0.9% in May to underperform the broader market. Since inception, the Trust has returned 8.0% p.a. which has performed in-line with the underlying market, and has achieved this with materially less risk.

Trust Valuations

Trust Size	\$28 million
Net Assets Value per Unit-incl. franking	\$0.9970

Significant Portfolio Holdings

Company
BHP Billiton
Telstra
Commonwealth Bank
Westpac Bank
Wesfarmers

Trust Details

ARSN	151 947 732
ASX Code (Quoted Unit)	AOD
APIR Code (Managed Fund)	AFM0010AU
Minimum suggested timeframe	5 Years
Entry Fee	Nil
Exit Fee	Nil
Buy/Sell Spread	0.1%/0.1%
Total Management Cost	1.3% p.a.
Distribution frequency	Monthly
Minimum monthly distribution ²	0.5% cash + franking

About Aurora

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

The combined group has approximately \$250 million in funds under management and administration, and provides asset management and responsible entity/trustee services for Australian and New Zealand investors.

Aurora is also the issuer of the:

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Absolute Return Fund (ASX Code: ABW)
- Aurora Global Income Trust (ASX Code: AIB)
- Aurora Property Buy-Write Income Trust (ASX Code: AUP)

Aurora Funds Limited

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Notes:

1. This represents a cumulative return and assumes the reinvestment of distributions and franking credits. These returns describe the consolidated returns after fees of the Trust and the Aurora Sandringham Dividend Income Trust (ARSN 108 249 154, 'ASDIT' established 16 November 2005). The performance references against the S&P/ASX 200 Accumulation Index plus the value of franking credits as determined by Aurora. The investment strategy of these trusts was modified on 31 December 2010.
2. The Trust intends to always distribute at least 0.5% of NAV in cash plus any available franking credits, per month regardless of performance. This means that if there is insufficient net income in a given month, investors may receive a partial (or full) return of capital.