



## Aurora Dividend Income Trust Performance Report - February 2015

### Summary

- The Trust rose by 3.6% in February while the benchmark rose by 3.7%.
- The Australian equity market was exceptionally strong delivering 7.1% return over the month.
- BHP Billiton reversed recent underperformance and returned 15% for the month.

### 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.

### Performance after Fees

Returns including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust <sup>1</sup>	3.6%	3.2%	0.5%	9.5%	8.1%	7.3%
Benchmark*	3.7%	6.7%	9.4%	10.4%	7.8%	7.0%
<b>Value add</b>	<b>-0.1%</b>	<b>-3.5%</b>	<b>-8.9%</b>	<b>-0.9%</b>	<b>0.3%</b>	<b>0.3%</b>
S&P/ASX 200 Accumulation Index	7.1%	13.0%	16.1%	17.8%	11.9%	8.8%

\* The Benchmark is calculated as 50% of the return on the S&P/ASX 200 Accumulation Index adjusted to include franking credits plus 50% of the return on the UBS Australia Bank Bill Index. The weights in the benchmark are the same as the target weights of the Trust.

### Distributions

The Trust distributes at least 0.5% of net assets in cash per month. In addition, the Trust distributes franking credits monthly.

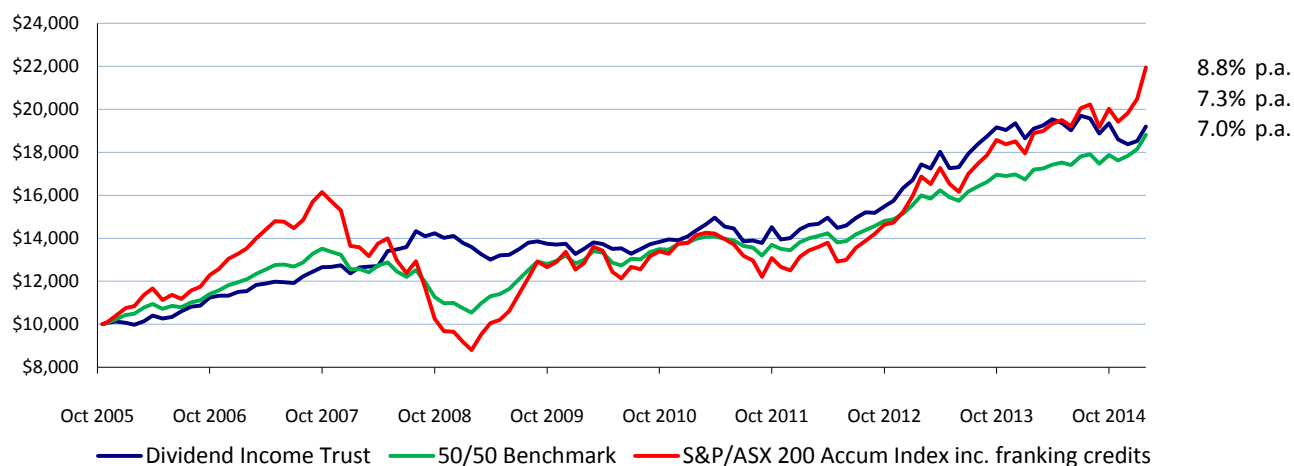
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	0.8%	1.8%	9.5%	13.1%	11.7%	11.1%
S&P/ASX 200 Accumulation Index		1.4%	6.4%	6.5%	6.4%	6.1%

### Volatility

Volatility is a measure of risk. The volatility of the Trust is expected to be less than the volatility of the market.

Volatility	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	8.4%	8.6%	7.2%
S&P/ASX 200 Accumulation Index	11.2%	11.6%	14.1%

### Historic Performance Chart



## Commentary

The combination of lower official interest rates, strong domestic profit reports, offshore gains and corporate activities saw the S&P/ASX 200 Accumulation Index stage an impressive 7.1% rally during February; this compared well against strong international markets (Dow +5.6%, FTSE +2.9%, Nikkei +6.4%, Hang Seng +1.3%).

After underperforming for much of the last twelve months, BHP Billiton was the most significant contributor to the Trust's performance with a return of 15% over the month.

Since inception the Trust has outperformed the benchmark by 0.3% per annum. The outperformance since the strategy was refined in 2010 is also 0.3% per annum.

With the exceptionally strong equity market returns over the last three years of 17.8% per annum the Trust has materially underperformed. This is expected as the Trust has a net 50% exposure to the market due to hedging. The goal of the hedging is to reduce risk. This risk reduction is borne out in lower volatility of returns. Specifically, the volatility of the Trust over the last three years has been 8.4% while the volatility of the market over the same period was 11.2%.

## Trust Valuations

Trust Size	\$25.9 million
Net Assets Value per Unit-incl. franking	\$0.9267

## 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 <sup>2</sup>	0.5% cash + franking

## 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.

## Significant Portfolio Holdings

Company
Telstra
BHP Billiton
Commonwealth Bank
Wesfarmers
Westpac

## About Aurora

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

The combined group has in excess of \$220 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)

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### Notes:

1. The 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). They assume the reinvestment of distributions and franking credits. The performance references against the S&P/ASX 200 Accumulation Index plus the value of franking credits as determined by Aurora. The investment strategy of these trusts were 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.