



Aurora Dividend Income Trust Performance Report - April 2016

Summary

- The Trust had a steady month returning +0.4% as the Trust sat on the sidelines observing the volatility in commodity prices, which saw iron ore +22% and oil +21%. The current outlook for the resources companies is very opaque with significant volatility in commodity prices. As I have difficulty in predicting both earnings and dividends in the near term, these stocks don't fit the criteria for ownership in a stable dividend income fund.
- In April we were able to frank the Trust's monthly distribution at the rate of 88%.

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.

Performance after Fees

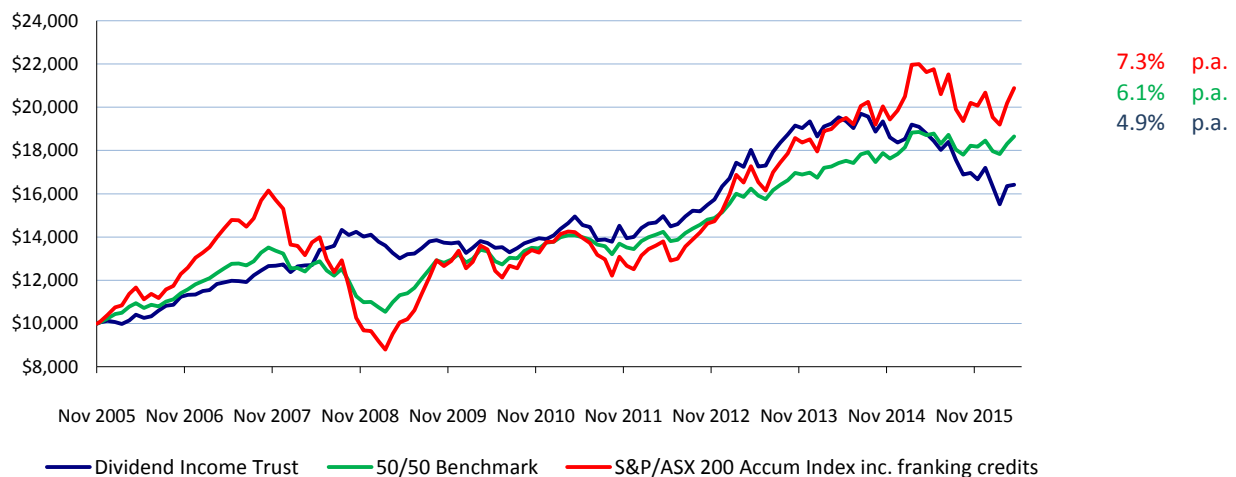
Returns including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust ¹	0.4%	0.4%	-12.6%	-3.1%	4.9%
Benchmark*	1.8%	3.7%	-0.4%	4.7%	6.1%
Value add	-1.4%	-3.3%	-12.2%	-7.8%	-1.2%

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 Inception 16-Nov-05 (p.a)
Dividend Income Trust	9.8%	7.9%
S&P/ASX 200 Accumulation Index	12.7%	14.1%

Historic Performance Chart



Commentary

Performance Update

April on the ASX was all about resources, which dragged up the overall performance of the market. Outside resources, the performance of the other sectors were pretty steady. We see that the gain in the commodity stocks is very brittle and built on speculation by Chinese retail investors, rather than significant increases in fundamental demand. In April according to Goldman Sachs, the total tonnes of iron ore produced globally changed hands four times on Chinese commodity exchanges.

The top performing stocks in April were Fortescue (+34%), BHP (+23%) and Rio Tinto (+21%). The weakest performers were not surprisingly those stocks hurt by a rising oil price Qantas (-21%), Flight Centre (-9%) as well as Lend Lease (-8%).

Portfolio Performance

The Trust gained +0.4% under the enhanced strategy, but underperformed the benchmark, as this was not a month which suited our strategy of owning stable dividend payers and shorting companies with earnings and dividend risk.

In April the Trust benefited from long positions in Westpac (+2%), CSL (+4%), Amcor (+7%) and Medibank (+7%). On the negative side of the ledger performance was hurt by our short positions in S32 (+17%), Newcrest (+12%) and Santos (+22%).

Trust Valuations

Current Distribution yield	8.2%
Net Assets Value per Unit-incl. franking	\$0.7124

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 Management Limited is a fully owned subsidiary of ASX listed, Keybridge Capital (ASX Code: KBC). Aurora is a boutique investment manager that was established in 2003, and has a long track record of producing risk adjusted returns for retail, institutional and high net worth investors. They aim to deliver income whilst also managing the risks associated in investing in Australian and global equities. The investment strategies are offered through both ASX listed investment vehicles and managed funds.

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)
- HHY Fund (ASX Code: HHY)

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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