



## Aurora Dividend Income Trust Performance Report - July 2016

### Summary

- The Trust gained +3.7% as the Australian market digested the impact of Brexit and decided that it was not as bad as was feared in June. We noted that profits sourced from the UK only accounts for 2.4% of total ASX profits.
- Over the month the top performing sectors were retailers, consumer staples and materials. All sectors were strong except for energy, which was impacted by a falling oil price.
- As no companies paid dividends in July, we were unable to find any franking credits to boost this month's distribution. We continue to be happy with the enhancements made in March to the Trust's strategy and note that the Trust has delivered a total return of +11.4% since the changes were made.

### 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 and greater stability in distributions.

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

### Performance after Fees

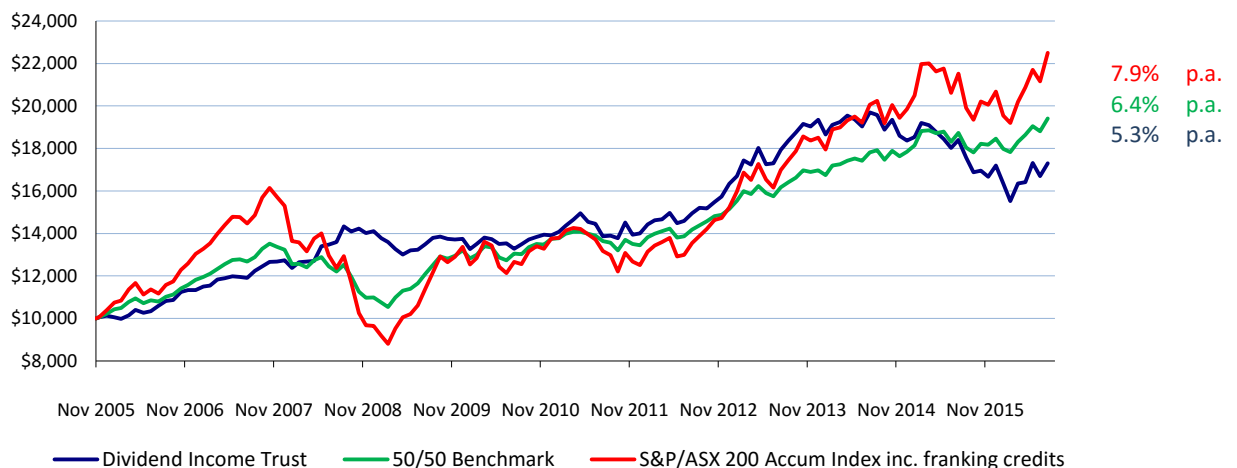
Returns including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust <sup>1</sup>	3.7%	5.4%	-5.9%	-1.2%	5.3%
Benchmark*	3.2%	4.1%	3.6%	6.3%	6.4%
<b>Value add</b>	<b>0.5%</b>	<b>1.3%</b>	<b>-9.5%</b>	<b>-7.5%</b>	<b>-1.1%</b>

### 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	10.2%	8.1%
S&P/ASX 200 Accumulation Index	12.6%	14.1%

### Historic Performance Chart



## Commentary

### Performance Update

The Australian stock market had a strong month recovering from falls in June. Globally investors digested the impact of Brexit and came to the conclusion that Australia represents a safe haven. The AUD gained +2% vs the USD, iron ore rose 8%, but oil fell -15% over the month.

The top performing stocks in July were BlueScope (+33%), Fortescue (+27%) and Sirtex (+23%). The weakest performers were CIMIC (-18%) and the energy stocks Santos (-5%), and Origin Energy (-4%).

### Portfolio Performance

The Trust had a better month gaining +3.7%. The biggest drivers of performance were our financials that took a Brexit-related beating last month namely Westpac (+6%), AMP (+13%) and Macquarie (+8%), along with our energy shorts; Beach (-9%) and Origin (-4%). On the negative side of the ledger we were hurt by a surprisingly downbeat and early profit result from takeover candidate CIMIC (-18%). Additionally value was detracted by short positions in Metcash (+12%) and Woolworths (+12%), as the grocery sector rallied on the announcement from Woolworths of asset write-downs and a new operating model.

### Portfolio Trading

Over the month we sold out of a position in packaging company Orora (+4%). After rallying 30% in 2016, we found the company's current valuation too demanding for our tastes.

## Trust Valuations

Current Distribution yield	8.6%
Net Assets Value per Unit-incl. franking	\$0.7367

## About Aurora

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)

## 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

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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 1st March 2016.

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.