



Summary

- The Trust declined -0.3% in a month where most sectors were flat other than resources, which posted strong gains. These gains were mostly offset by falls in the defensive property, utilities and telecommunications sectors. Given the Trusts minimal exposure to resources and higher weight to the defensive dividend paying stocks; the Trust performed in-line with expectations.
- In September we were able to frank the Trust's monthly distribution at the rate of 37%, though based on some franking credit trades made over the month, we anticipate delivering improved franking in October and November.

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.

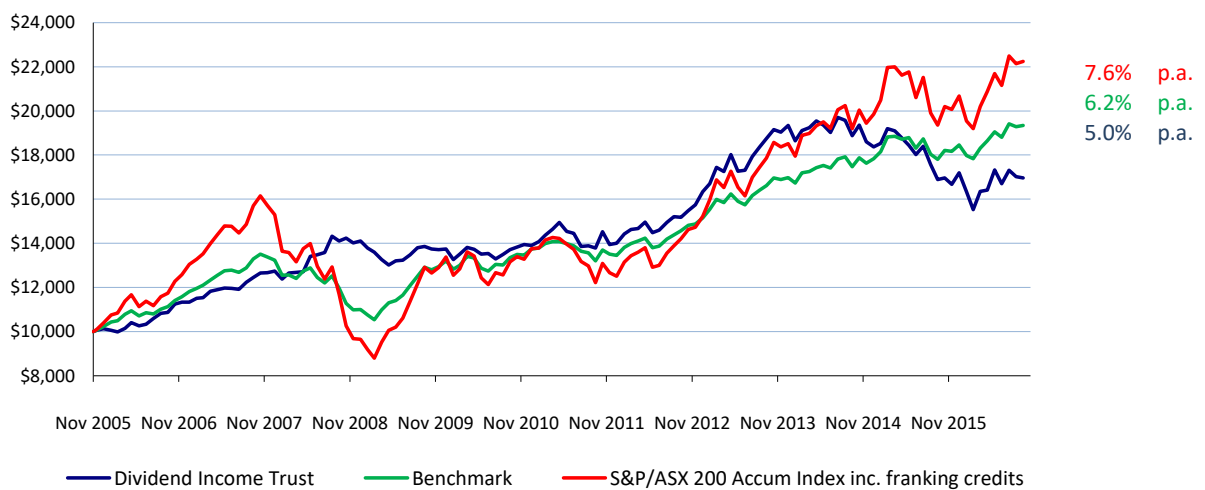
Performance after Fees

Returns including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust ¹	-0.3%	1.6%	0.4%	-3.3%	5.0%
Benchmark*	0.3%	2.8%	8.6%	5.2%	6.2%

* 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.

Volatility	3 yrs (p.a)	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	10.1%	8.1%
S&P/ASX 200 Accumulation Index	12.6%	14.1%

Historic Performance Chart



Commentary

Performance Update

The Australian stock market performed in line with global markets that were dominated by central bank concerns in Europe, US and Japan. The ASX eked out a small gain in September, predominately due to the mining sector that was up +6%. This was offset by falls in the property, utilities and telecommunications sectors, with the rest of the market flat.

The top performing stocks in September were South32 (+26%), Northern Star Resources (+16%) and Challenger (+13%). The weakest performers were Santos (-19%) and telecommunications stocks TPG (-29%) and Vocus (-14%), that fell on concerns about the impact that the NBN will have on their stellar subscriber growth.

Portfolio Performance

The Trust fell -0.3% in a month where the defensive sectors underperformed and resources outperformed. Annoyingly the Trust was ahead of the index up until the final trading days of the month, where the announcement of an OPEC deal to cut production saw the energy stocks rally back to 0%. Given the long and rich history that OPEC producers have with cheating on production cuts, we are happy to currently remain short energy.

The biggest drivers of positive performance were positions in Aurizon (+7%), Coca-Cola (+7%) and ANZ (+3%). AGL (+3%) was the only utilities company that had a positive month after upgrading guidance and announcing a buy back. Additionally shorts in Santos (-19%) and Henderson (-8%) helped.

On the negative side of the ledger performance was hurt by short positions in Spotless (+6%), ALS (10%) and Orica (+3%), all of which benefitted from the broad based gains in resources sector. Long positions in offshore earners such as Amcor (-4%) also hurt, as the AUD/USD rallied +2% in September.

Portfolio Trading

Over the month we executed a bank rotation trade selling CBA (+1%) to add to our weight in ANZ (+3%) and Westpac (0%), which will boost distributions and franking credits in October. Additionally stock was tendered into the Telstra (-2%) off-market share buy-back, which will further augment franking

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

Trust Valuations

Current Distribution yield	8.8%
Net Assets Value per Unit-incl. franking	\$0.7113

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)

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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.