

## Performance Report - October 2015

### Summary

- The Trust outperformed the cash benchmark returning 1.03% in October 2015.
- The best performance came from the Long/Short and Convergence strategies.
- The Trust has produced improved performance over the past 12 months by returning 9.18% and outperforming cash by 6.97% over the same period.

### Performance<sup>1</sup>

	1 month	3 months	1 Year	3 Years (p.a)	Since Inception (p.a) 1 July 2008
Investment Strategy - Composite	1.03%	2.89%	9.18%	3.66%	4.76%
Cash Rate (Benchmark)	0.17%	0.50%	2.21%	2.54%	3.63%

The above composite/hybrid performance summary reflects a combination of the performance of the investment strategy as it applied (net of fees) within the former Aurora Sandringham Global Income Trust (ARSN 131 291 499 - now terminated) since its inception in July 2008 to 30 November 2010, and then the performance of this Trust (which implemented the same strategy) since 30 November 2010 to date. This is not the actual performance of Aurora Global Income Trust (AIB). The actual return of AIB since inception is 3.50% p.a. The table above and the charts below refer to the performance of the composite/hybrid strategy and not of the actual performance of AIB.

### Investment Objective\*

The Trust aims to achieve absolute returns (i.e. positive returns in both rising and falling equity markets) by using a number of different global investment strategies that allows the performance of the Trust to have very little correlation to the performance of global equity market indices. The focus on 'absolute returns' differs from traditional funds in that the Trust aims to produce positive returns regardless of equity market conditions.

### Investment Strategy

The Investment Manager has a wide discretion over the investments that may be held by the Trust. The pursuit of a diverse range of global investment strategies means that the Trust's returns are not necessarily dependent on any stock markets' direction, or dependent on any specific assumption or key market parameter. The Trust does not seek to replicate the standard industry benchmarks.

The Trust seeks to take advantage of companies that are expected to increase in value relative to the market around the announcement of their quarterly, half-yearly and yearly earnings results, while hedging their market and currency exposure.

In selecting additional investments for the Trust, the Manager follows a rigorous investment selection process which includes detailed qualitative and fundamental research.

The Trust may use derivatives for risk management as well as to create new positions. The Trust may opportunistically short sell securities that are considered to be overpriced in the anticipation of purchasing them later at lower prices for a profit and/or to reduce risk on the overall portfolio.

### Performance Statistics - Composite

Performance since Inception (July 08)	4.8%
Volatility	5.2%
Sharpe Ratio	0.22
% positive months	64.8%
Best month	4.4%
Worst month	-4.6%
Average positive monthly return	1.1%
Average negative monthly return	-0.9%

### Trust Valuations

NAV per Unit	\$0.8618
NAV per Unit plus distributions paid	\$1.6899

### Portfolio Commentary

Global markets rallied in unison during October, recovering some of the prior quarter's losses. Volatility retreated across the globe. In the US (S&P500 +8.3%) there was renewed focus on strong US economic data and the case for a rate hike this year. European equity markets also benefited from the talk about more quantitative easing programs (FTSE +4.9% and DAX +12.3% and CACS +9.9%). Japan also staged an impressive rally (Nikkei +9.75%) as investors' expectations mounted for an expansion in quantitative easing by the Bank of Japan, although were not phased, when the Central bank indicated an increase was not imminent. The Trust posted a gain of +1.03% against its RBA Cash rate benchmark of +0.17%.

The Earnings Announcement strategy was a relatively poor performer in October (-0.7%) despite it being an active month for companies reporting, mostly in the US and Europe. Whilst the stocks the Trust bought generally rallied, the futures hedge (that neutralises the beta exposure), more than offset the gains from the stock. The standout performer within the strategy was SAP Germany with a rally of almost 20% over the three week holding period. This helped to minimise the net loss across the 25 qualified stocks.

All the other strategies were flat to positive. The best performance came from both the Long/Short (+0.98%) and Convergence (+0.54%) strategies. The investments that provide the strongest uplift came from companies trading at a discount to Net Tangible Assets (NTA), mostly cash, as a result of the level of the discount reducing. The Trust implements an active portfolio management approach and lightened some positions.

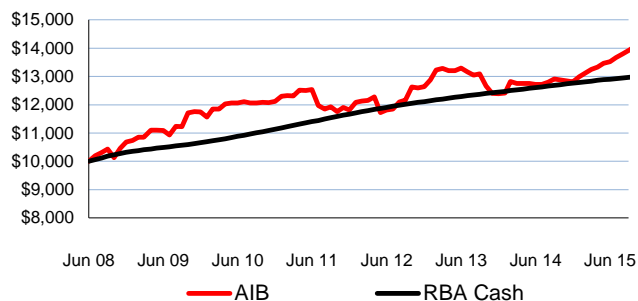
## Trust Distributions (per Unit)<sup>3</sup>

Period (per Unit)	Amount (\$)	Yield (p.a)
CY-08	\$0.1382	10.0%
CY-09	\$0.0950	7.8%
CY-10	\$0.1050	8.8%
31-Mar-11	\$0.0300	10.1%
30-Jun-11	\$0.0300	10.2%
30-Sep-11	\$0.0295	10.1%
31-Dec-11	\$0.0272	10.0%
30-Mar-12	\$0.0263	10.0%
29-Jun-12	\$0.0263	10.0%
30-Sep-12	\$0.0250	10.0%
31-Dec-12	\$0.0250	10.0%
31-Mar-13	\$0.0253	10.0%
30-Jun-13	\$0.0259	10.0%
30-Sep-13	\$0.0255	10.0%
31-Dec-13	\$0.0244	10.0%
31-Mar-14	\$0.0225	10.0%
30-Jun-14	\$0.0226	10.0%
30-Sep-14	\$0.0220	10.0%
31-Dec-14	\$0.0216	10.0%
31-Mar-15	\$0.0215	10.0%
30-Jun-15	\$0.0212	10.0%
30-Sep-15	\$0.0169	8.0%
Total since inception	\$0.8281	

## Trust Features

Trust Listing	24 December 2007
Minimum Initial Investment	\$2,000
Style	Market Neutral
Currency	Hedged to Australian Dollars
Unit Pricing	Monthly
Applications	Investors may acquire Units on market or apply via the PDS
Redemptions	On market by selling on the ASX or off-market at the end of each month
Benchmark	RBA Cash Rate
Distributions	At least 2% of Net Asset Value <sup>2</sup> per Unit, per quarter

## Investment Performance - Composite



## 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  
(APIR Code: AFM0005AU)
- Aurora Absolute Return Fund  
(ASX Code: ABW)
- Aurora Dividend Income Trust (Managed Fund)  
(ASX Code: AOD, APIR Code: AFM0010AU)
- Aurora Property Buy-Write Income Trust  
(ASX Code: AUP)
- HHY Fund  
(ASX Code: HHY)

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1. The returns are calculated by compounding each monthly return with distributions reinvested. All returns are net of fees.
  2. The Trust intends to always distribute at least 2% of NAV per Unit per quarter regardless of Trust performance. This means that if the Trust has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital.
  3. Each historical distribution has been divided by seven to reflect the Unit split carried out in November 2009.
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