



## Aurora Dividend Income Trust Performance Report - September 2015

### Summary

- The Trust fell 3.9% and trailed the benchmark as Australian equities had another weak month falling -3%.
- As was the case in August, global macro concerns dominated the ASX in September namely Chinese growth and the US Fed postponing raising interest rates which was interpreted as a negative for global growth.
- At a sector level, Industrials and Listed Property outperformed with energy, materials and healthcare being most affected by the sell off. Concerns over the solvency of global commodity trader Glencore sent tremors through the Australian market.

### 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>	-3.9%	-6.3%	-10.5%	3.6%	4.2%	5.4%
Benchmark*	-1.3%	-2.7%	1.9%	6.9%	5.6%	6.0%
<b>Value add</b>	<b>-2.6%</b>	<b>-3.6%</b>	<b>-12.4%</b>	<b>-3.3%</b>	<b>-1.4%</b>	<b>-0.6%</b>

\* 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.

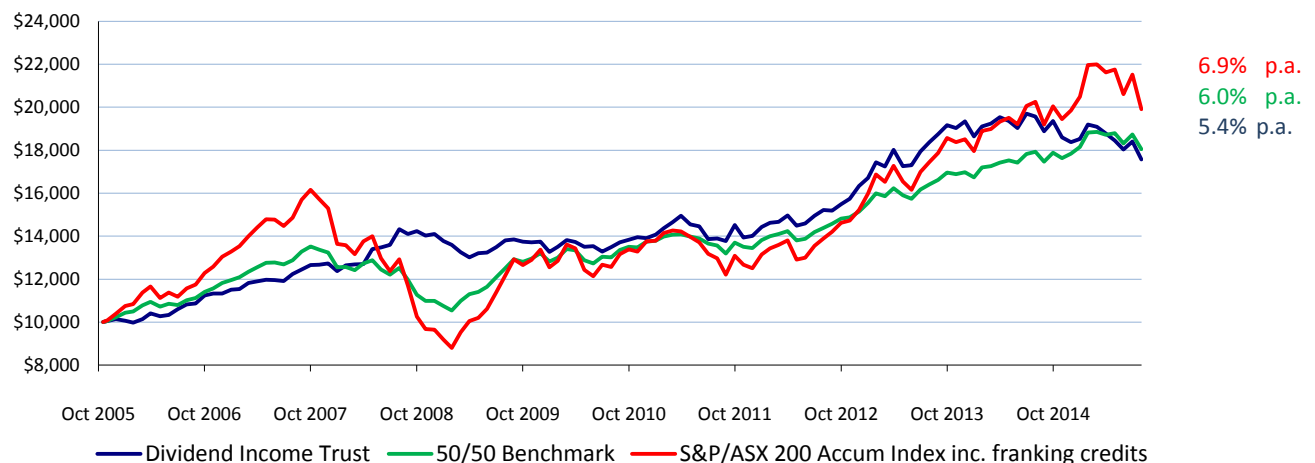
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	1.1%	2.0%	7.5%	8.7%	11.0%	10.8%
S&P/ASX 200 Accumulation Index		1.9%	6.0%	6.3%	6.2%	6.1%

### 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	9.3%	8.9%	7.5%
S&P/ASX 200 Accumulation Index	12.4%	12.2%	14.1%

### Historic Performance Chart



## Commentary

### Performance Update

Every equity market around the globe sold off in September on concerns about the health of the Chinese economy. A 29% fall in the share price in one day of global commodity trader Glencore dragged down Australian miners such as BHP (-9%) and RIO (-3%), though these stocks have more than recovered these losses so far in October. Over the month, the top performing stocks were Newcrest (+13%) and TPG Telecom (+16%). The weakest performers were Origin (-26%), Santos (-22%) and Worley (-21%) on fears that a falling oil price will cause further equity raisings to shore up shaky balance sheets.

### Portfolio Performance

The Trust had a poor month declining -3.9% primarily due to the weakness in resources and banks.

In August, the Trust benefited from short positions in Origin (-26%), AMP (-4%) and Lend Lease (-10%). On the long side there were few bright spots with only Caltex (0%) and Asciano (-1%) delivering some positive relative performance. The main performance detractors were long positions in BHP (-8%), Woodside (-10%), Westpac (-5%) as well as short positions in Macquarie (+1%) and Newcrest (+13%).

Whilst disappointed with the Trust's performance in September, we viewed that issues over Glencore's debt had minimal impact over the well-capitalised Australian miners ability to pay their very healthy fully franked dividends.

### Portfolio Trading

The Trust took advantage of weak markets to increase the portfolio weightings in a range of companies paying high fully-franked dividends.

## Trust Valuations

Current Distribution yield	9.81%
Net Assets Value per Unit-incl. franking	\$0.7748

## 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

## 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 that if there is insufficient net income in a given month, investors may receive a partial (or full) return of capital.