

Aurora Property Buy-Write Income Trust Performance Report - June 2015

ASX Code: AUP

Summary

- The Trust declined by -0.91% in June compared to the S&P/ASX200 Property Accumulation Index (AREIT Index) which fell by -4.15%.
- The Trust navigated its way through a stormy month due to a combination of strong stock selection and the protection afforded by our derivatives overlay strategy.



Performance¹

	1 mth	3 mths	6 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)	Since inception (p.a.)	Standard deviation
Aurora Property Buy-Write Income Trust	-0.91%	0.32%	2.78%	8.65%	10.37%	8.77%	2.13%	10.31%
S&P/ASX200 Property Accumulation Index	-4.15%	-2.43%	6.72%	20.26%	18.39%	14.28%	-1.63%	20.02%

Investment Objective*

The Aurora Property Buy-Write Income Trust (the Trust) is an ASX listed investment trust that seeks to capture returns from investing in some of Australia's leading ASX listed property securities, with the objective of increasing the income generated by implementing an active call option selling ('writing') strategy. A portion of the additional income may be used to purchase put options for protection.

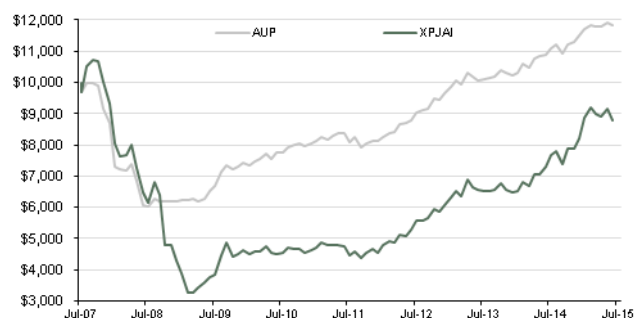
Aurora Funds Management uses detailed quantitative and qualitative analysis to identify property securities within the Australian property sector (the 'Investment Universe') that can be expected to:

- Provide a higher than average distribution yield over the medium term;
- Generate a higher percentage of recurring income with lower gearing; and
- Provide the scope for additional income generation by the Trust systematically writing over the counter call options on these securities.

Investment Philosophy

Aurora's approach to investing in Australian Real Estate Investment Trusts (A-REITs) is consistent with our approach to investing across our other funds. The objective is to build a portfolio of high quality listed property securities with recurring earnings and some downside protection. In addition to the returns from Trust selection, the selling of call options generates additional income for investors.

Investment Performance¹



Trust Features

Unit pricing	Monthly
Distribution frequency	Quarterly
Distribution policy ²	At least 2.0% of Net Asset Value per Unit
Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement
Redemptions	On market by selling on the ASX or off-market at the end of each month

Trust Valuations

Net Assets Value per Unit	\$5.4019
Exit Price Value per Unit	\$5.3911
NAV including distributions (since inception) ¹	\$11.4850

Sector Exposure

	Index	AUP	Active
Industrial	18%	7%	-11%
Discretionary Retail	53%	47%	-7%
Staples Retailing	8%	21%	13%
Office	17%	22%	6%
Residential	4%	2%	-1%

Portfolio Characteristics

	Index	AUP
Price Earnings Ratio	15.7	14.9
Premium to NTA (ex WFD)	29.4%	18.2%
Recurring Income %	82%	88%
Distribution Yield	5.1%	5.5%
Beta	1.00	0.67

Commentary

Performance Update:

In June all global stock markets fell as Chinese equities sold off and the Greek sovereign debt crisis intensified. The S&P/ASX 200 A-REIT Accumulation index was not insulated from weaker market sentiment and declined -4.2%, though this was better than the larger -5.3% fall posted by the wider ASX200 Index. All sectors of the listed property market declined in June, with Industrials (-2.6%) being the top performing sector and Office (-4.8%) being the hardest hit. Across the index the top performing trusts were Growthpoint (+4.5%) that benefited from index-related buying and Shopping Centres (+1.3%) after upgrading guidance. Dexus (-6.2%) and Westfield (-5.8%) were the weakest performing trusts on limited material news.

Portfolio Performance:

The Aurora Property Buy-Write Income Trust declined by -0.91%, a very solid performance in the context of the S&P/ASX 200 Property Accumulation decline of -4.15%. The Trust's outperformance over the month was due to a combination of stock selection and the protection afforded by the derivatives overlay strategy in a falling market. The strategy has been instrumental in enhancing returns in flat, moderately rising and bear markets and has resulted in outperformance of the trust since inception with lower volatility. Stocks impacting the Trust's performance relative to the AREIT Index were our overweight positions in Shopping Centres (+1.3%), as well as not owning Goodman (-2.6%). Other factors benefiting performance were the deletion from the portfolio early in the month of Industria (-7.3%), Mirvac (-5.5%) and Cromwell (-3.7%).

Portfolio Trading:

In June we rebalanced the Trust which resulted in an above average level of trading. Key moves included the deletion of Industria (-7.3%), Mirvac (-5.5%) and Cromwell (-3.7%), as well as reductions in the weight of Scentre (-5.1%) and Dexus (-6.2%). Over the month we added to positions in Westfield (-5.8%), Shopping Centres (+1.2%) and Investa Office (-1.8%). The impact of these changes was to raise the aggregate yield and earnings quality of the Trust.

Key announcements included:

Shopping Centres (SCP) was busy over the month upgrading earnings, acquiring 4 new centres in Queensland and Tasmania and conducting a well-received capital raising. The assets bought were mainly sold by Federation Centres (-1.2%) after their acquisition of Novion. Growthpoint Property (GOZ) and National Storage (NSR) were included in the S&P/ASX A-REIT 200 index in the June Quarterly rebalance and both performed well on index-related buying. In June the bulk of the trusts in the S&P/ASX200 Property Index declared and also began trading ex their semi-annual distribution.

Top 5 Portfolio Holdings (as at 30 June 2015)

Source: Aurora Funds Management

ASX Code

Westfield Corporation	WFD
Scentre Group	SCG
GPT Group	GPT
Investa Office	IOF
Shopping Centres Australasia	SCP

Trust Distributions (per Unit)

Period	Cash	Yield at NAV (p.a)
CY 07-09	\$1.4951	-
FY 09-10	\$0.5200	8.38%
FY 10-11	\$0.4400	8.38%
FY 11-12	\$0.4060	8.02%
FY12-13	\$0.4230	8.01%
30 Sep 13	\$0.1080	8.01%
31 Dec 13	\$0.1090	8.15%
31 Mar 14	\$0.1060	8.04%
30 Jun 14	\$0.1057	8.00%
30 Sep 14	\$0.1078	8.00%
31 Dec 14	\$0.1088	8.20%
31 Mar 15	\$0.1128	8.24%
30 Jun 15	\$0.1100	7.80%
Total	\$4.1522	

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. The investment strategies are offered through both ASX listed investment vehicles and managed funds. They aim to deliver income whilst also managing the risks associated in investing in traditionally volatile asset classes.

Aurora is also the Issuer of:

■ Aurora Fortitude Absolute Return Fund

(APIR: AFM0005AU)

■ Aurora Global Income Trust

(ASX code: AIB)

■ Aurora Absolute Return Fund

(ASX code: ABW)

■ Aurora Dividend Income Trust (Managed Fund)

(ASX code: AOD), (APIR code: AFM0010AU)

Aurora Funds Management Limited

Level 4, 1 Alfred Street, Sydney NSW 2000 PO Box R1695, Royal Exchange NSW 1225

Telephone: 1300 553 431, Visit: www.aurorafunds.com.au, or Email: enquiries@aurorafunds.com.au

1. This represents a cumulative return and assumes reinvestment of distributions. 2. The Trust intends to always distribute at least 2.0% of NAV, excluding any franking credits, 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.

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