

Aurora Property Buy-Write Income Trust (ASX.AUP)

Performance ¹	1 month	3 months	FYTD
Aurora Property Buy-Write Income Trust	-0.57%	0.63%	-5.26%
Benchmark	0.21%	0.63%	1.70%
Outperformance	-0.78%	0.00%	-6.96%

Investment Objective

The Fund seeks to provide investors with capital growth and income through owning a portfolio of ASX-listed property securities, and actively selling call options over the portfolio.

Investment Strategy

The Fund seeks to capture returns from investing in a portfolio of Australian ASX listed property securities, with the objective of increasing the income generated by implementing a call option selling ('writing') strategy. A proportion of the income received from selling the call options may be used to purchase put options to reduce capital risk.

The Fund invests in opportunities that it considers to offer attractive risk return characteristics with a focus on potential catalysts that seeks to generate a profitable return regardless of the market direction.

Distribution History

Quarter End	Cents per Unit
31 December 2016	\$0.1090
30 September 2016	\$0.1138
30 June 2016	\$0.1118
31 March 2016	\$0.1093

Trust Overview

ASX Code	AUP
NAV per Unit	\$5.1723
Structure	Fund
Investment Universe	Domestic
Inception Date	26 July 2007
Management / Performance fee (excl.GST)	1.00% / 10.0%
Buy / sell spread	+/- 0.10%
Entry / Exit fees	Nil
Benchmark	RBA Cash Rate plus 1%
Distributions	2.0% per quarter

Fund performance summary

- The Aurora Property Buy-Write Trust returned -0.57% for the month against its benchmark return of +0.21%, whilst the broader S&P/ASX200 A-REIT Index gained 4.15%.
- The Fund underperformed its benchmark for the month due to the mark-to-market loss on a recently acquired position in RNY.
- The Fund acquired a substantial holding in RNY during the month. RNY is an ASX listed investment trust that holds a 75% interest in a portfolio of New York Tri-State office properties. The Fund originally floated in 2005 with \$1.00 in NTA, and has since been severely impacted by the GFC through a series of downward revaluations, which have increased the portfolios gearing and reduced NTA. Our average entry price of ~5c is at a substantial discount to last reported NTA of 16c per Share (as at 31 Dec16) and provides a sufficient margin of safety to any further downside risk.
- The Manager elected not to write any options during the month, due to sustained low implied volatility currently offered in derivative markets.

About Aurora

Aurora Funds Management Limited ("Aurora") is an Australian based alternative asset manager that specialises in managing absolute-return strategies for high net worth, retail and institutional investors. Aurora utilises a value-orientated approach to select suitable investments that aim to provide investors with positive risk-adjusted returns that are independent of benchmarks or investment cycles.

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 Global Income Trust (ASX Code: AIB)
- HHY Fund (ASX Code: HHY)

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1. This number represents a cumulative return and assumes reinvestment of distributions and is generated with compounded monthly returns/net of fees.

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