

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

ASX Code: AUP



Summary

- The Trust returned -1.82% in November during widespread decline in the Listed Property market that saw the S&P/ASX200 Property Accumulation Index (AREIT index) fall by -2.93%.
- Whilst the Listed Property sector continues to be one of the top performing sectors in 2015, in November it underperformed the wider ASX 200 Index.

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	-1.82%	0.93%	1.94%	7.82%	8.75%	8.88%	2.37%	10.15%
S&P/ASX200 Property Accumulation Index	-2.93%	1.61%	-1.26%	14.88%	15.45%	14.67%	-1.19%	19.76%

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 is used to purchase put options for protection.

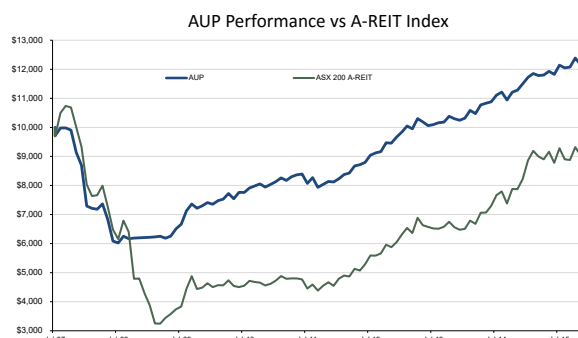
Aurora Funds Management (Aurora) uses detailed quantitative and qualitative analysis to identify property securities within the Australian property sector (the 'Investment Universe') that can be expected to:

- 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 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	Daily
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 daily via the share registry

Trust Valuations

Net Assets Value per Unit	\$5.4483
Exit Price Value per Unit	\$5.4429
NAV including distributions (since inception) ¹	\$11.815

Sector Exposure

	Index	AUP	Active
Industrial	17%	3%	-14%
Discretionary Retail	55%	49%	-5%
Staples Retailing	8%	22%	15%
Office	17%	22%	5%
Residential	4%	3%	-1%

Portfolio Characteristics

	Index	AUP
Price Earnings Ratio	15.7	14.6
Premium to NTA (ex WFD)	23.5%	11.9%
Recurring Income %	82%	88%
Distribution Yield	5.1%	8.0%
Beta	1.00	0.35

Commentary

Performance Update:

The S&P/ASX200 Property Index declined by -2.93% in November and fared worse than the broader equity market, as REITs were sold off globally in expectation of higher US rates.

Industrial was the best performing property sub-sector over the month, with retail faring the worst. Across the index the top performing trusts were Mirvac (+3%), SCA Property (+2%) and Cromwell (+1%). Abacus (-10%), Vicinity (-7%) and Westfield (-6%) fared the worst.

Portfolio Performance:

The Aurora Property Buy-Write Income Trust returned -1.82%, less than the fall recorded by the S&P/ASX200 Property Index. 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 lower volatility for investors.

Stocks impacting the Trust's performance relative to the AREIT Index were our overweight positions in SCA Property (+2%), as well as not owning Abacus (-10%).

Portfolio Trading:

Over the month we added to positions in Westfield (-6%) and SCA Property (+2%).

Key announcements included:

November provided a large amount of news flow for the Listed Property sector with a few property trusts holding AGMs or providing quarterly updates.

Westfield (-6%) provided a strong third quarter trading update which saw sales up +7%, higher occupancy and news that the trust's development pipeline was on track. This includes the World Trade Centre (US\$1.4b) development which is expected to open in 1H16. The trust was weaker due to a combination of falling global REITs and a stronger AUD.

SCA Property (+2%) confirmed its recently upgraded guidance of 7% annual distribution growth at the trust's AGM.

On a corporate actions front Mirvac (+3%) was stronger after discussing at its AGM the possibility to spinning-off its residential development business as a means of generating higher shareholder value. Similarly Investa Office (-4%) both announced an 8% uplift in the trust's NTA and that the board's strategic review was ongoing. At a spirited AGM, some large investors called for the winding up of the trust to take advantage of the current buoyant market for CBD office towers.

Top 5 Portfolio Holdings (as at 30 November 2015)

Source: Aurora Funds Management

ASX Code

Westfield Corporation	WFD
Vicinity Centres	VCX
Scentre Group	SCG
Investa Office	IOF
GPT Group	GPT

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	8.01%
30 Sep 15	\$0.1080	8.00%
Total	\$4.2602	

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 traditionally volatile asset classes. The investment strategies are offered through both ASX listed investment vehicles and managed funds.

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)
- HHY Fund
(ASX code: HHY)

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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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