

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

ASX Code: AUP



Summary

- The Trust gained +2.6% in October trailing the S&P/ASX200 Property Accumulation Index (AREIT Index), which rallied hard in line with all global equity markets, and finished up 4.95%.
- The Listed Property sector continues to be one of the top performing sectors on the ASX in 2015 and is up +13% for the year, significantly ahead of the wider equity market which has only gained 0.5%.

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	2.60%	2.02%	4.98%	10.50%	9.37%	8.98%	2.62%	10.17%
S&P/ASX200 Property Accumulation Index	4.95%	0.39%	4.68%	18.26%	16.07%	14.88%	-0.85%	19.83%

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.

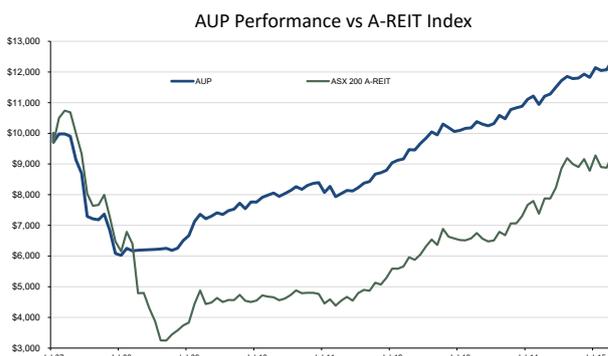
Aurora Funds Management (Aurora) uses detailed quantitative and qualitative analysis to identify property securities within the Australian property sector (the 'Investment Universe') that can be expected to:

- 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	\$5.5491
Exit Price Value per Unit	\$5.5436
NAV including distributions (since inception) ¹	\$12.0336

Sector Exposure

	Index	AUP	Active
Industrial	17%	3%	-14%
Discretionary Retail	55%	49%	-6%
Staples Retailing	8%	22%	15%
Office	17%	22%	5%
Residential	4%	3%	-1%

Portfolio Characteristics

	Index	AUP
Price Earnings Ratio	16.3	15.2
Premium to NTA (ex WFD)	25.4%	15.5%
Recurring Income %	82%	88%
Distribution Yield	4.9%	8.0%
Beta	1.00	0.35

Commentary

Performance Update:

The S&P/ASX200 Property Index gained 4.95%, slightly ahead of the wider ASX200 Index that advanced by 4.4%, and had its best month in terms of performance since 2010.

Office was the best performing sub-sector with industrial faring the worst, though most trusts broadly increased. Across the index the top performing trusts were Dexus (+8%), Vicinity (+6%) and Scentre (+6%). Growthpoint (-1%), Investa Office (+3%) and Westfield (+3%) fared the worst.

Portfolio Performance:

The Aurora Property Buy-Write Income Trust gained by +2.60% trailing the strong broad based gains enjoyed by the index. The underlying stock selection added value over the month, but as expected in an abnormally strong month the derivatives overlay strategy capped performance; as prices in a few of the positions traded above the levels at which we wrote call options in September.

Stocks impacting the Trust's performance relative to the AREIT Index were our overweight positions in Vicinity (+6%), GPT (+6%) and SCA Property (+6%). On the negative side our positions in GPT Metro (0%), Westfield (+3%) and Investa Office (+3%) hurt performance as well as the trust's underweight position in Scentre (+6%).

Portfolio Trading:

Over the month we added to positions in Vicinity (+6%), Westfield (+3%) and SCA Property (+6%).

Key announcements included:

October provided a large amount of news for the Listed Property sector, as a large number of trusts provided quarterly trading updates and the news was uniformly good. All trusts reconfirmed guidance and the general theme was that retail sales were stronger than expected.

Federation Centres changed their name to Vicinity Centres (+6%), giving a new name to the combination of Novion (née CFS Retail Trust) and Federation Centres (née Centro Retail Australia). Whilst this was exciting to marketers, investors were more interested in the strong third quarter sales figures delivered by Australia's second largest shopping centre landlord.

Dexus (+8%) was the top performing trust in October after they confirmed 2016 guidance and delivered \$60 million in trading profits by selling surplus properties above their book values.

SCA Property (+6%) announced the acquisition of three neighbourhood shopping centres for \$70 million and an upgrade to its 2016 earnings and distribution guidance. Additionally the trust has been able to maintain a strong balance sheet despite these acquisitions by divesting five other supermarkets into an internally-managed unlisted property fund.

Top 5 Portfolio Holdings (as at 31 October 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)

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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