Aurora Dividend Income Trust

ARSN 151 947 732
APIR code: AFM0010AU

Replacement Product Disclosure Statement No.5 | Dated 17 May 2019

Issued by Aurora Funds Management Limited ABN 69 092 626 885
AFSL no. 222110

Contents

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Updates to information

Information in this PDS may change from time to time. We will notify on our website at www.aurorafunds.com.au any updated information that would otherwise be required to be specified in this PDS at the time it is given to a retail investor, or any other material change to information required to be specified in this PDS.

You can also obtain a copy of updated information by calling or emailing us and we will email or post you a copy (without charge).

Important information

This document is a replacement product disclosure statement (**PDS**). It is dated 17 May 2019, and was lodged with ASIC on that date. ASIC takes no responsibility for the content of this PDS.

This PDS is issued by Aurora Funds Management Limited **ABN** 69 092 626 885 (**Aurora**) as responsible entity of the Aurora Dividend Income Trust **ARSN** 151 947 732 (**Fund**), and replaces product disclosure statement no. 4 dated 2 August 2017.

This PDS provides information to help investors and advisers assess the merits of investing in the Fund. It should be used to compare the Fund with other investment opportunities on offer. You are encouraged to read this PDS in full before making an investment decision.

Offer under this PDS

The offer or invitation to subscribe for Units under this PDS is subject to the terms set out in this PDS. Aurora reserves the right to change these terms. In the case of an increase in fees, 30 days' notice will be provided to Unit holders. In the case of any other material change, notice will be provided before or as soon as practicable after the change occurs. We also reserve the right to withdraw the offer or invitation to subscribe for Units and withdraw this PDS at any time.

Aurora authorises the use of this PDS as disclosure to investors and potential investors who wish to access the Fund indirectly through an investor directed portfolio service (**IDPS**) commonly known as a master trust or wrap account. This PDS may also be used for direct investment by retail and wholesale investors and by IDPS operators.

Note to applicants

The information contained in this PDS is not financial product advice and does not take into account your particular investment objectives, financial situation or needs. As investors' needs and aspirations differ, you should consider whether investing in the Fund is appropriate for you in light of your particular needs, objectives and financial circumstances. You may also wish to obtain independent advice, particularly about such individual matters as taxation, retirement planning and investment risk tolerance.

The Fund's constitution permits a wide range of investments and gives Aurora as responsible entity broad investment powers. We may vary the investment objectives, strategies, asset allocation ranges and processes of the Fund set out in this PDS.

Neither Aurora nor any other person guarantees the repayment of your capital, any particular rate of return on income or capital or other performance of your investment in the Fund. An investment in the Fund is not a deposit with, and does not represent any other liability of, Aurora or any other person. An investment in the Fund is subject to investment risks including loss of principal invested, loss of income and delays in payment of proceeds from redemption of the investment. Some of the risk factors that should be considered by interested investors are set out in section 5. There may be risk factors in addition to these that should be considered by you.

No person other than Aurora is responsible for the contents of this PDS or is authorised to give any information or to make any representation in connection with an offer or invitation to subscribe for Units that is not contained in this PDS.

Forward looking statements

Any forecast or any forward looking statement contained in this PDS may involve significant elements of subjective judgment and assumption as to future events which may or may not be correct, and there are usually differences between forecasts and actual results because events and actual circumstances frequently do not occur as forecast (including due to the risk factors described in section 5) and these differences may be material. Nothing contained in this PDS is, or may be relied on as, a promise or representation as to a future outcome.

PDS available electronically

This PDS may be viewed in electronic form on, and downloaded from, Aurora's website at www.aurorafunds.com.au. Persons who receive the electronic version of this PDS should ensure that they read and download the entire PDS.

Applications for Units may only be made by completing the application form that accompanies this PDS in accordance with the instructions set out on the form. Subject to any relief granted by ASIC, the Corporations Act requires that a person who provides access to the application form must provide access, by the same means and at the same time, to this PDS.

No unlawful offering outside Australia

The offer or invitation to subscribe for Units under this PDS is only available to persons receiving or accessing this PDS in Australia or another jurisdiction in which it is lawful to make such an offer or invitation.

The distribution of this PDS outside Australia may be restricted by law and persons who come into possession of this PDS outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the applicable law.

This PDS does not constitute an offer or invitation in any jurisdiction or place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units or to otherwise permit an offer of the Units outside Australia. In particular, the Units have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States of America unless an exemption from the requirements of the US Securities Act and applicable US state securities laws is available.

Glossary

A number of capitalised terms and abbreviations used in this document are defined in the glossary in section 10. Unless otherwise stated, a monetary reference in this document is a reference to Australian currency.

Our website

Unless stated otherwise, any references to, or documents included on, Aurora's website (www.aurorafunds.com.au) are provided for convenience only and none of the documents or other information on the website is incorporated by reference into this PDS.

1. About Aurora Funds Management Limited

Aurora is the responsible entity (and trustee) of the Aurora Dividend Income Trust (**ADIT** and/or the **Fund**).

As responsible entity, Aurora is responsible for overseeing all of the operations of the Fund. In that capacity Aurora also provides the investment management services for, and is responsible for selecting and managing the assets of, the Fund.

Aurora is an independent and experienced investment manager that also provides responsible entity services for investors in a number of other managed investment schemes, including:

- Aurora Absolute Return Fund **ARSN** 110 303 430 (**ASX code**: ABW)
- Aurora Fortitude Absolute Return Fund **ARSN** 145 894 800 (**APIR code**: AFM0005AU)
- Aurora Global Income Trust **ARSN** 127 692 406 (**ASX code**: AIB)
- Aurora Property Buy-Write Income Trust **ARSN** 125 153 648 (**ASX code**: AUP)
- HHY Fund **ARSN** 112 579 129 (**ASX code**: HHY)

Aurora differs from most other investment managers because our executives are key stakeholders in Aurora's owner, investing their own money to ensure an alignment of interests with investors in the Fund.

Section 9 summarises the trade allocation policy across Aurora's funds and our website at www.aurorafunds.com.au provides further information about Aurora.

2. Key features at a glance

Aurora Dividend Income Trust		More information
Fund name	Aurora Dividend Income Trust	
ARSN	151 947 732	
APIR code	AFM0010AU	
Responsible entity	Aurora Funds Management Limited	**Page 3**
Investment timeframe	At least 5 years	**Page 9**
About the Fund	The Fund is a registered managed investment scheme governed by a constitution. The Fund primarily invests in ASX listed companies it expects will pay franked dividends, but will have some exposure to cash. The Fund may short sell securities to manage market volatility	**Page 4**
Investment objectives	The objectives of the Fund are to: ▪ invest predominately in Australian listed companies expected to pay fully franked dividends ▪ provide access to franking credits ▪ provide dividend income and capital growth/ returns to investors ▪ make regular distributions	**Page 6**
Asset classes and allocation ranges	**Asset class** / **Investment range** Australian equities: 0% - 250% (gross) Cash: 0% - 100%	**Page 6**
Net Asset Value (NAV)	The NAV of the Fund is calculated by deducting the liabilities (including any accrued fees) of the Fund from the aggregate value of assets. The NAV on a particular day reflects the value of the Fund on the previous Business Day at the close of trading in each market in which the Fund invests. The NAV per Unit is calculated by dividing the NAV by the number of Units on issue in the Fund. For this purpose, assets will be valued and liabilities determined as at the end of every Business Day (or at such other time as the Responsible Entity determines). For more information about how and when the NAV of the Fund is determined, refer to section 9 under the heading 'Unit price'.	**Page 23**
Entering and exiting the Fund	Investors can enter and exit the Fund by applying for Units under this PDS and by requesting redemption of their Units. The price at which investors enter or exit the Fund this way will be the NAV per Unit (plus the buy/sell spread for applications and less the buy/sell spread for redemptions, and subject to any rounding as permitted under the Fund's constitution). Investors may also invest indirectly through an IDPS	**Page 20, 21, 22**
Distributions	Aurora's current distribution policy for the Fund is to make distributions monthly. The targeted distribution payment is 0.5% of NAV per month (or 1.5% if distributions are provided quarterly) plus available franking credits. Distributions	**Page 23**

Aurora Dividend Income Trust		More information
	may be a combination of Fund income and capital (or Aurora may elect not to pay a distribution if there is insufficient income) and Aurora may change the distribution policy at any time	
Fees and other costs	Refer to section 6	**Page 14, 15, 16, 17**
Risks	All investments are subject to risk. The significant risks associated with the Fund are described in section 5 of this PDS	**Page 11, 12, 13**
Cooling off and complaints	Cooling off rights can apply to retail investors who apply for Units directly. See section 8 for more information. Aurora's complaints handling process is described in section 9	**Page 20, 21, 27**
General information and updates	Further information, including any updates issued by Aurora and other statutory reports, can be found at www.aurorafunds.com.au	
Tax issues	General tax guidance for Australian investors is provided in section 7. Investors should seek their own tax advice on the impact of investing in Units	**Page 18, 19**

3. About the Aurora Dividend Income Trust

Overview

This section contains information relevant to making an investment in the Fund.

The Fund is an unlisted unit trust registered as a managed investment scheme under the Corporations Act and is governed by its constitution. ADIT Units are not quoted on ASX or any other financial market.

Managed investment schemes such as the Fund allow you to pool your money with that of many individual investors. This money is then invested, in a way that aims to achieve the investment objectives of ADIT. By investing in the Fund, investors have access to investments they may not be able to access on their own and they also benefit from the insights of Aurora's investment team.

As at 30 April 2019, the Fund's estimated funds under management was approximately $3.9 million.

What is a managed investment scheme?

Managed investment schemes such as the Fund allow you to pool your money with that of other individual investors. This money is then invested, in a way that aims to achieve the investment objectives of the Fund. By investing in the Fund, investors have access to investments they may not be able to access on their own and they also benefit from the insights of Aurora's investment team.

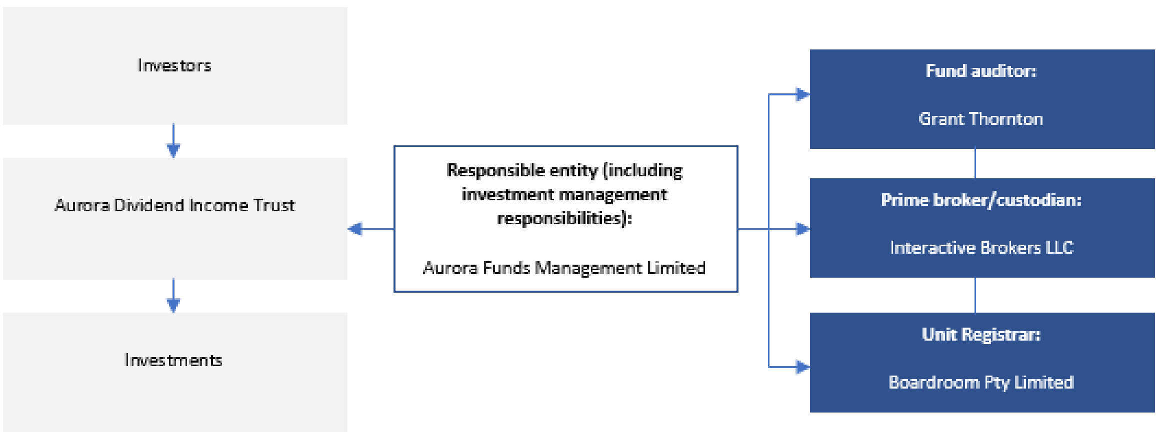
Class of Units

Under the Fund's constitution, Aurora as responsible entity may issue different classes of units in the Fund to which are attached different rights, obligations and restrictions. However, the Fund currently has on issue only one class of units.

At the date of this PDS, there are 8,271,774 Units on issue by the Fund held by 469 Unit Holders of the Fund. Many of the other Unit Holders of the Fund are IDPS operators (or their custodians) and hold Units in the Fund for a number of underlying investors.

Fund structure

The structure of the Fund can be summarised by the following diagram:



Most investments of the Fund (both in Australia and overseas) are held by Interactive Brokers LLC (**IBL**) or a sub-custodian. However, Aurora may directly hold some assets such as cash in its bank accounts and certain securities for administrative purposes.

The terms of engagement of IBL as prime broker and custodian:

(a) authorise IBL to undertake and/or arrange dealings in investments for ADIT (including entering into derivatives and engaging in short selling);
(b) provide for assets of ADIT to be held in safe custody by IBL or a sub-custodian appointed by IBL;
(c) allow IBL to charge such fees and costs as it may notify on its website from time to time;
(d) generally, limit IBL's liability to loss arising due to its fraud, wilful default or gross negligence;
(e) grant to IBL a security interest in and continuing lien over ADIT's assets to secure the Aurora's obligations and liabilities to IBL or in relation to the arrangements entered into by IBL on behalf of ADIT; and
(f) in the case of the prime broking terms, are governed by New York state law, and in the case of the custody terms, are governed by New South Wales law.

Boardroom has been engaged to provide unit registry services to ADIT, such as maintenance of a copy of the register of holders of ADIT Units (including ADIT's records relating to ADIT Unit ownership and the issue, transfer and redemption of ADIT Units), receipt of redemption requests, and compilation of information for redemption payments.

All of the entities involved in the ADIT fund structure are domiciled in Australia, except for IBL which is based in the United States of America. Aurora has no relationship with the Fund's service providers beyond the contractual arrangements under which they provide services to or for ADIT. Aurora monitors the performance of ADIT's service providers periodically in accordance with the Fund's compliance plan. Risks in the structure include counterparty risk and operational and administration risk as noted in section 5.

The Fund may make investments in other schemes managed by Aurora. Where this occurs, Aurora's management fees will be rebated such that there is no duplication of fees received by Aurora in respect of that investment.

Responsible entity

Aurora is the responsible entity and trustee of the Fund.

As responsible entity, Aurora is responsible for overseeing all of the operations of the fund. In that capacity Aurora also provides investment management services for and is responsible for selecting and managing the assets of the Fund.

Aurora is a specialist investment manager that also provides responsible entity and/or trustee services for investors in a number of managed investment schemes, including:

(a) Aurora Fortitude Absolute Return Fund ARSN 145 894 800 (AFARF)
(b) Aurora Absolute Return Fund ARSN 110 303 430 (ASX code: ABW)
(c) Aurora Dividend Income Trust ARSN 151 947 732 (ADIT)
(d) Aurora Global Income Trust ARSN 127 692 406 (ASX code: AIB)
(e) Aurora Property Buy-Write Income Trust ARSN 125 153 648 (ASX code: AUP)
(f) HHY Fund ARSN 112 579 129 (ASX code: HHY)
(g) Bear Real Opportunities Fund (an unregistered managed investment scheme)

Aurora differs from most other investment managers because its executives are key stakeholders in Aurora's owner, investing their own money to ensure an alignment of interests with investors in ADIT.

Section 9 summarises the trade allocation policy across Aurora's funds and Aurora's website at www.aurorafunds.com.au provides further information about Aurora.

4. The investment objective and strategy

Investment objectives

The objectives of ADIT are:

(a) Dividend income and capital growth/return;
(b) Access to franking credits; and
(c) Regular distributions.

Investment strategy

The Fund seeks to achieve the investment objective by investing in companies listed on the ASX that Aurora expects will pay franked dividends. These companies will either already pay franked dividends or currently hold franking credits and may pay dividends in the future. Aurora may achieve its goals through acquiring securities in any ASX listed company, including ASX listed investment companies and trusts (**LIC or LIT**). Where securities in a LIC or LIT are purchased, they will typically be purchased at a discount to their underlying net tangible assets (**NTA**) per security. Aurora believes that purchasing LIC or LIT securities that trade at a discount to their NTA per security will assist in reducing volatility whilst increasing the gross dividends received on the investment. Aurora may seek to actively engage with the management of its investee entities to assist in realising underlying value and/or franked dividend income. Investments will be actively managed and selected at the discretion of Aurora. Returns of the Fund are targeted from a combination of both dividend income and capital growth.

The Fund may also short sell securities (e.g. by borrowing those securities and selling them) to achieve its investment objectives and/or to reduce part of the Fund's equity market exposure. Selling borrowed securities may reduce the risk of loss from adverse market movements. This risk reduction is expected because most ASX traded securities are positively correlated. That is, on average, their prices tend to go up and down together. Consequently, when the market falls, we expect the value of the securities the Fund owns (the long securities) will fall. Similarly, when the market falls, we expect the value of the securities the Fund is short will rise. When the market falls, the profit on the short securities is expected to partially offset the loss on the long securities. The extent of this offset will depend upon the value of the short securities relative to the long securities and the extent to which the short securities and long securities are correlated. The opposite is expected to occur when the market rises.

The Fund's targeted net asset allocation range after hedging is:

Exposure	Targeted minimum	Targeted maximum
Australian equities	0%	250% (gross)
Cash	0%	100%

Due to the nature LIC and LIT securities being diversified investment vehicles, Aurora adopts a 'look through' approach when considering its concentration in specific security holdings pursuant to its PDS (i.e. the holding in any of the Funds third party LIC or LIT investments is considered to be a holding in its separate underlying investments and not as a single holding).

Where hedging is used, it is possible the securities the Fund is short prove to be negatively correlated to the securities the Fund is long. In this situation, the volatility of the Fund may be greater than the markets. Derivatives may be used to improve the efficiency of implementing the investment strategy. Derivatives are generally expected only to be held for short periods of time and may not be used to leverage the portfolio.

Aurora aims to invest the Fund, generally, in a portfolio of 10-15 companies and other entities, however, concentrated positions of up to 50% of the Fund's NAV may be held in a single position during periods that Aurora is actively engaging with an investee entity. Where the Fund holds concentrated positions, this may increase volatility in NAV. Gross market exposure cannot exceed 250% of NAV, where gross market exposure is defined as the sum of all net long positions plus the sum of the absolute value of all the net short positions.

Liquidity

The Fund may invest in significant concentrated positions in listed entities that are not an ASX top 200 company, and accordingly their securities may not be highly liquid. In consequence, at the date of this PDS it is not expected that the Fund could realise 80% of its investments within 10 days in the ordinary course. A description of each asset class in which ADIT is invested that has a value of more than 10% of NAV at the date of this PDS and cannot be reasonably expected to be realised at the value ascribed in calculating the Fund's most recent NAV, within 10 days is set out below:

- *ASX-listed entities that are not included in the list of the 200 largest entities based on market capitalisation*

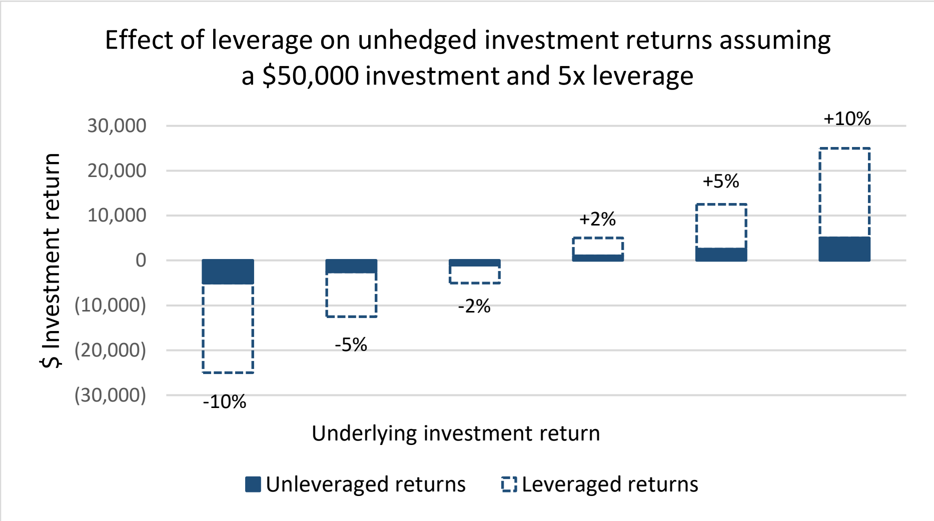
Aurora actively manages the liquidity requirements of the Fund in a way that aims to allow the investment objectives of the Fund to be achieved whilst also providing the Fund's Unit Holders with the ability to access their investment in the Fund when they may wish to do so. Balancing equitably the competing interests of those the Fund's Unit Holders who wish to remain invested in the Fund and those seeking to redeem their investment, may involve restricting redemptions from time to time. Accordingly, Aurora has a liquidity management policy covering the adoption of redemption guidelines that aim to achieve this balance. Refer to section 8 for more information about the redemption process, including the current redemption guidelines which impose restrictions on the redemption of the Fund's Units.

Leverage

The Fund may utilise leverage as part of its investment strategy. Leverage is used in order to allow the Fund to participate in short term opportunities that provide attractive risk-return propositions. The maximum leverage position of the Fund in Australian equities is 250% of the Fund's net asset value. This means that, subject to other investment restrictions, for every $1 of net asset value, the Fund may leverage its investment in Australian equities by a further $1.50.

Leverage may be obtained through derivatives and short selling securities (see below). Leverage may also be obtained by borrowing money to buy investments. The Fund obtains leverage principally through its prime broker, entering into derivative contracts or undertaking short selling on behalf of the Fund. In order to undertake such leveraged transactions, the Fund is generally required to provide collateral in the form of a security interest in the Fund's assets in favour of the prime broker (who is also the Fund's custodian). Any assets held as collateral will not be segregated from the prime broker's own assets, and the prime broker will generally have the right to lend, pledge and hypothecate these assets to, or in favour of, others.

In the normal course of events (on an un-hedged basis), leverage magnifies returns (both positive and negative) from the value of an investment relative to a comparable unleveraged investment. The following chart illustrates the notional gain or loss on a notional un-hedged investment of $50,000 geared to the maximum of 500% where the value of the underlying investment rises or falls by 2%, 5% or 10%. This is an example only and it does not represent a forecast or actual returns.



Derivatives

Derivatives may be used for risk management or to create new investment exposures. The Fund may use multiple derivative counterparties and all counterparties must be of investment grade at the time of trading. The Fund only deals in derivatives through exchange traded futures and options to hedge risks within the portfolio. All derivatives are backed by collateral which may be cash or other assets of the Fund. The collateral for exchange traded derivatives is held by a third-party central clearing facility.

Short selling

Short selling of securities may occur for risk management or to generate additional returns. Short selling is achieved by borrowing securities from a third party and selling them. By this, the Fund attempts to profit from a decrease in the value of the securities. The difference between the higher sale price and lower purchase price is a profit (provided all the costs associated with the transaction are also recouped). However, if the subsequent purchase price is higher than the initial short selling price then a loss will be incurred equal to the amount by which the purchase price exceeds the short selling price (plus any associated transaction costs). The use of short selling enables the Fund to balance the directional exposure of the portfolio in order to adopt a more market neutral bias. Short selling can nevertheless add to the effective leverage of ADIT. This is because some of the cash that is realised from short selling a borrowed security is available to buy other securities. Short selling can also involve a greater risk than holding a long position in that, in theory, losses incurred through short selling can be unlimited as the cost of covering a short position is not necessarily capped.

See section 5 for more information about the risks for the Fund due to leverage, derivatives trading and short selling, and how they can be managed.

Portfolio management guidelines

The portfolio management guidelines of ADIT are as follows:

Portfolio construction	Guidelines
Number of companies and other investees in which ADIT invests	10-15
Largest single long position	50% of NAV (on cost basis)
Largest single short position	50% of NAV (on cost basis)
Maximum long/short mix	125% of NAV long with a corresponding 125% short position

The Fund has the flexibility to take substantial positions in individual securities. This may reduce the diversity of the Fund and therefore increase the exposure to falls in the market price of any one investment. Aurora has a wide discretion over the investments that may be held by the Fund and may sometimes invest in situations that may be considered distressed and/or illiquid. Aurora may also make investments in any other securities it considers offer an appropriate risk/return profile.

ADIT's current investment portfolio

As at 30 April 2019, ADIT's investment portfolio was comprised of the following asset classes:

Asset class	Approximate % of gross asset value of ADIT	Location	Approximate gross asset value of ADIT
Australian equities (net long)	99.98%	Australia	$4.211 million
International equities	0%	Overseas jurisdictions	$0
Exchange traded derivatives	0.0%	Australia	$0
Cash or cash equivalents	0.02%	Australia	$0.008 million
		Total	**$4.219 million**

Recent financial position and performance of ADIT

The following is a summary of the recent financial position and performance of the Fund:

(a) Net Asset Value of ADIT as at 31 December 2018 was $4,612,270 (compared to $6,222,082 as at 30 June 2018 — primarily due to the decrease in the value of ADIT's holding in 8EC).

(b) ADIT derived an operating loss before finance costs attributable to ADIT Unit Holders of $904,137 for the financial half-year ended 31 December 2018 (compared to a profit of $596,865 for the financial year ended 30 June 2018), The loss for the financial half-year ended 31 December 2018 was primarily due to the decrease in the value of ADIT's holding in 8EC.

(c) Distributions paid or payable on ADIT Units in respect of the financial half-year ended 31 December 2018 were $162,680 (compared with $234,512 for the financial year ended 30 June 2018).

Historical ADIT Unit prices and distributions

The following table sets out the NAV per ADIT Unit[1] as at the end of each calendar quarter in the period 1 January 2016 to 31 March 2019:

Calendar quarter ended	2016	2017	2018	2019
31 March	$0.7148	$0.7045	$0.6070	$0.4397
30 June	$0.7078	$0.6072	$0.6005	—
30 September	$0.7113	$0.6563	$0.5497	—
31 December	$0.7089	$0.6359	$0.4902	—

The following table sets out the distributions paid on an ADIT Unit for each month in the period 1 January 2016 to 31 March 2019:

Calendar quarter ended	2016	2017	2018	2019
31 January	$0.0055	$0.0035	$0.0037	$0.0025
28 February	$.0063	$0.0047	$0.0033	$0.0023
31 March	$0.0068	$0.0052	$0.0045	$0.0023
30 April	$0.0050	$0.0050	$0.0043	—
31 May	$0.0063	$0.0034	$0.0036	—
30 June	$0.0044	$0.0149	$0.0042	—
31 July	$0.0036	$0.0031	$0.0030	—
31 August	$0.0063	$0.0031	$0.0028	—
30 September	$0.0042	$0.0044	$0.0029	—
31 October	$0.0051	$0.0048	$0.0027	—
30 November	$0.0059	$0.0040	$0.0025	—
31 December	$0.0035	$0.0040	$0.0028	—

Aurora has been responsible for the management of the Fund under the control of its current owners only since 1 July 2016 and past performance is not a reliable indication of future performance.

Minimum suggested investment timeframe and suitability

The suggested minimum timeframe for an investment in the Fund is 5 years. The Fund is more suited to long term investors seeking a return from investing in Australian equities over at least a 5-year period.

Risk level

An investment in the Fund is moderate to high risk. There is a risk that investors may lose some or all of their investment.

Benchmark

Aurora uses the S&P/ASX200 Accumulation Index (XJOAI) as a benchmark against which to compare the Fund's performance. See www.asx.com.au for information about this index.

Aurora measures ADIT's performance by comparing the percentage by which the NAV per ADIT Unit actually changes over a period with the S&P/ASX200 Accumulation Index for the same period. Currently, the period is monthly and Aurora publishes the Fund's performance against this benchmark in its monthly portfolio update for the Fund available on its website (www.aurorafunds.com.au).

Valuation

The assets of the Fund are valued, and the Fund's liabilities are determined, on a daily basis in accordance with Aurora's valuation policy for the purpose of determining the Fund's Unit price summarised in section 9. The assets of the Fund are typically rights and interests in equities, derivatives, cash and cash equivalents most of which are 'located' in Australia or governed by Australian law, and the acquisition cost of which is denominated in Australian currency.

As noted in section 9, where the Fund invests in securities through a securities exchange (which is typically the case), their value will generally be based on the latest available closing sale price on the relevant exchange. In the event that the Fund invests in equities or derivatives that are not exchange traded, an independent valuation service provider will be engaged to value the assets.

[1] These figures are based on ADIT's unaudited management accounts for the relevant period, except for the figures as at 30 June which are based on ADIT's audited financial statements for the financial year ended on that date.

Directors and management of Aurora

Set out below are brief profiles of the current directors and management of Aurora who are involved in the administration and operation of the Fund.

John Patton B Ec, Chartered Accountant, Grad Diploma Applied Finance & Investments *Managing Director*	John Patton joined Aurora in July 2016 as Managing Director. He was previously a partner with Ernst & Young in the Transactions Advisory Services division and, prior to that, was the Chief Financial Officer of the Hastings Diversified Utilities Fund. With over 30 years of professional services and industry experience, Mr Patton has extensive corporate finance credentials, being involved in over 150 corporate transactions, including mergers and acquisitions (lead advisory), structuring, debt and equity raisings, initial public offers, management buy-outs, valuations (including independent expert reports), due diligence, financial modelling, restructure and corporate advisory.
Victor Siciliano B Bus (Banking & Finance), Master of Applied Finance (Investment Management) *Executive Director & Portfolio Manager*	Victor Siciliano joined Aurora as a Portfolio Manager in July 2016 and was appointed as an Executive Director in January 2018. Victor has 10 years' equity market experience, most recently as portfolio manager of the HHY Fund at Keybridge Capital Limited. Prior to this, Victor worked as an assistant portfolio manager at boutique fund manager Sterling Equity, as well as an investment related role at Macquarie Group. In these roles Victor was responsible for undertaking detailed company analysis on Australian and international listed companies, implementing investment strategies and making investment decisions.
Anthony Hartnell AM BEc LLB (Hons) (ANU), LLM (Highest Hons) (George Washington University) *Independent Non-Executive Director*	Anthony was appointed as a Non-Executive Director of Aurora Funds Management Limited on 2 March 2018. Anthony has over 50 years of legal experience with expertise in Corporate and Commercial Law, particularly, regulatory issues, corporate financing, takeovers, trade practices and collective investments, with more recent emphasis on investigations and enforcement actions. Anthony is a former Chairman of the Australian Securities Commission (now the Australian Securities and Investments Commission) and the former National Companies & Securities Commission.
Adrian Tilley Chartered Accountant, Bachelor of Commerce *Chief Financial Officer & Company Secretary*	Adrian was appointed as Chief Financial Officer and Company Secretary of Aurora Funds Management Limited on 4 September 2018. Adrian has over 22 years of professional finance experience, primarily in the commercial property industry. Prior to joining Aurora, Adrian was employed as financial controller and company secretary of St Martins Properties (Australia) Pty Ltd.

Victor Siciliano and John Patton are the key individuals involved in the investment management for the Fund.

Adverse regulatory findings

Aurora has had the following adverse regulatory findings:

(a) In November 2014, Aurora entered into an enforceable undertaking (EU) with ASIC concerning on market acquisitions and redemptions in its listed funds. The EU arose because ASIC considered that Aurora had not complied with certain substantial holder disclosures. The EU places some restrictions on Aurora from acquiring or disposing of units in those funds on market

(b) On 27 November 2017, Aurora made an ASX Announcement advising that approximately $1 million of funds belonging to the Aurora Property Buy-Write Income Trust (AUP) had been misappropriated from its bank account. In addition, the Announcement advised that Aurora's (now former) Chief Financial Officer, Ms Betty Poon, had been terminated effective immediately. Since this time:

I. Aurora has fully repaid the misappropriated funds and compensated AUP for lost earnings; and

II. An independent compliance consultant, appointed by ASIC, has completed its review of Aurora's operations and has provided its final report to ASIC.

(c) On 20 December 2018, ASX determined that Aurora Funds Management Limited should have its approval as an AQUA Product Issuer revoked in accordance with ASX Operating Rule Schedule 10A rule 10A.2.3(c) for its failure to comply with:

- rule 10A.3.6 of that schedule, by not having adequate market making arrangements in place to provide sufficient liquidity in the units of the Aurora Dividend Income Trust; and
- rule 10A.2.1(2) of that schedule, by not having facilities, expertise, procedures and personnel which are adequate for the performance of its obligations as an approved AQUA Product Issuer.

5. Risks of investing in the Fund

Overview

This section 5 identifies what Aurora regards as the major risks associated with an investment in the Fund's Units. You should read the whole of this PDS in order to fully appreciate those risks and the manner in which Aurora intends to operate the Fund before any decision is made to invest in the Fund.

All investments carry risk. The likely investment value return and the risk of losing money is different for each managed investment scheme as different investment strategies carry different levels of risk depending on the underlying mix of assets and investment timeframe. Future returns may differ from past returns. Those assets with potentially the highest long term return (such as shares) may also have the highest risk of losing money. You should consider the risks which will vary with respect to your own risk profile when deciding whether or what proportion of your assets to invest in the Fund.

While Aurora believes that prudent management will minimise the risks to the Fund's Unit Holders, the operations and activities of the Fund are subject to a number of risks that may impact on its future performance.

The risk factors summarised below are not an exhaustive list of the risks faced by the Fund or the Fund's Unit Holders. These risks factors, and others not identified below, may in the future materially affect the financial performance of ADIT and the value of the Fund's Units.

General risks

General risks that may impact significantly on the Fund, its performance and the price of the Fund's Units include:

(a) economic conditions in Australia and internationally;

(b) investors sentiment and share market conditions;

(c) changes in fiscal and monetary policies; and

(d) changes in relevant taxation and other legal regimes.

Counterparty risk

The Fund is exposed to the credit risk of its counterparties such as brokers and custodians. Should a counterparty go into administration or liquidation, the Fund may lose some or all of its assets. For example, where a custodian holds cash on deposit on behalf of the Fund, should the custodian go into liquidation this cash may not be returned.

Derivatives risk

The value of derivative investments is linked to the value of an underlying asset (or an interest rate, share index or some other reference point) and can be highly volatile. While derivatives offer the opportunity for higher gains for a smaller initial cash outlay, they can also result in significant losses, sometimes significantly in excess of the amount invested to obtain the derivative. Risks associated with using these instruments might include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of, or inability to get set in, the derivative, the Fund not being able to meet payment obligations as they arise, and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). Using derivatives may not provide the desired returns or protection from loss and may increase losses. Aurora aims to keep derivative risk to a minimum by regularly monitoring the Fund's use of derivatives, and by entering into derivative contracts with reputable counterparties.

Investment manager risk

The skill and performance of Aurora as responsible entity of the Fund can have a significant impact on the investment returns of the Fund. Changes in the personnel and resources of Aurora's investment team may also have an impact on investment returns of the Fund.

Leverage risk

Leverage may be employed through short selling, derivatives or borrowed funds. The use of leverage will magnify the potential gains and losses achieved by the Fund. Losses from the use of leverage can be substantial and exceed the original amount invested.

Securities lending risk

The Fund's securities may be subject to securities lending by the Fund's prime broker/custodian (or a sub-custodian). Under a securities lending transaction, securities are lent to a third party (borrower) for a period of time. Securities lending of the Fund's securities exposes the Fund to additional risks e.g. where the parties to the lending transaction default and/or become insolvent.

Short selling risk

A loss will be incurred when short selling securities if the short selling price is lower than the subsequent purchase price. If the short selling price is higher than the subsequent purchase price, a profit will be made (provided all the costs associated with the transaction are also recouped). Short selling securities involves additional risks such as liquidity risk, leverage risk and regulatory risk. In addition, losses incurred through selling securities that have been borrowed can be unlimited. Whilst short selling securities that have been borrowed can be used to reduce market risk, it is also possible for long positions and short positions to both lose money at the same time.

Strategy risk

The Fund's investment strategy may not provide the targeted objectives. You should also be aware that the investment strategy is expected to lose money from time to time. Returns from investing in equities and derivatives can be volatile — particularly over the short to medium term. The active trading nature of the Fund means that the volatility of the Fund may be higher as the returns are not always evenly distributed over long periods.

Investee specific risk

Investments by the Fund in securities of a company or other entity will be subject to many of the risks to which that particular entity is itself exposed. These risks may impact the value of the securities. These risks include factors such as changes in management, actions of competitors and regulators, sovereign risk, changes in technology and market trends. Further, underlying investees may themselves utilise leverage which could have the effect of magnifying the Fund's total leverage (and hence risk of default and/or loss). As Aurora is not involved in, and generally has no control over, the day-to-day operations or activities of investees, the actual risks associated with each specific investment cannot be fully predicted or described.

External risk

External factors are outside Aurora's control and can affect both the value of an investment in the Fund and also the income that the investment might produce. These factors include such things as changes in interest rates, government policies, taxation and other laws, global stock market and economic conditions, and volatility in general. External risk factors cannot be eliminated.

Liquidity and withdrawal risk

As the Fund's Units are not quoted on ASX or any other financial market, the ability to dispose of them (other than through the redemption process) is limited.

The Fund may invest in significant concentrated positions in listed entities that are not an ASX 200 company, and accordingly their securities may not be highly liquid. In consequence, it is not expected that ADIT could realise 80% of its investments within 10 days in the ordinary course. If a Fund Unit Holder or a group of Fund Unit Holders seek to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price ADIT receives for those assets. Alternatively, unusual events may occur that cause market liquidity to decrease and/or adversely change. Any such event may prevent the Fund from fully implementing the investment strategy, or from entering/liquidating security and/or derivative positions or may adversely affect the ability of the Fund to price its investments. In these situations, Aurora may choose to restrict, delay, or suspend the Fund's Unit pricing, applications, or redemptions. In addition, Aurora may seek to manage the Fund's assets (and, if necessary, temporarily suspend or change the investment strategy without notice) in order to minimise disruption, costs, and capital risk to the Fund — and thereby seek to protect the Fund in the interests of all of the Fund's Unit Holders.

Market risk

The Fund is exposed to equity market risk. This risk is impacted by broad factors such as interest rates, availability of credit, economic factors, political environment, investor sentiment and significant external events (e.g. natural disasters).

Operational and administration risk

Some counterparties hold the Fund's Unit Holder records for ADIT and provide the platform for the execution of the Fund's securities trading. There is a risk that these counterparties may fail to properly or accurately price the Fund's Units, maintain or update the Fund's or investors' investment interests, or conduct or record the securities trading of the Fund. This may result in some short-term liquidity or other material constraints on the Fund or loss to the Fund's Unit Holders. A risk of fraud also exists and can never be entirely eliminated. Nevertheless, this risk is mitigated by such things as segregation of functions, segregation of assets, dealing with reputable counterparties, and annual financial and compliance audits.

Concentration risk

The Fund may hold concentrated investment positions in a small number of companies and other entities. There is a risk that the performance of the Fund will be more volatile than if investments were held in a greater number and/or broader range of entities. Further, concentrated exposures have the potential to result in significant losses.

Fund risk

There are specific risks associated with the Fund, such as termination and changes to fees and expenses. The performance of the Fund or the security of your capital is not guaranteed. Your investment may not keep pace with inflation, which reduces the purchasing power of your money. There is no guarantee that the investment strategy will be managed successfully, or will meet its objectives. Failure to do so could negatively impact performance. Investing in the Fund may give different results than investing individually because of income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other Fund Unit Holders.

Distribution risk

There is a risk that the regular cash distributions from the Fund may be reduced or not made at all, depending on the income and/or general performance of the Fund.

Risk management

The Fund's overall risk management program focuses on ensuring compliance with the Fund's constitution, its product disclosure statement and the investment guidelines of the Fund, and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Specific areas focused upon to ensure this compliance include:

Investment universe: Only selecting potential investments where Aurora has a good understanding of legal, regulatory and operational matters.

Investment catalyst and exit options: Identify an appropriate catalyst for entering into a trade, including identifying where Aurora can act as a catalyst, and identify alternate exit options for the trade.

Investment due diligence: Ensuring an appropriate due diligence process is conducted on each investment using both investee company provided information, externally provided data and through primary research.

Trade: Providing stop losses for derivative and short selling trades where applicable.

Counterparties: Ensure that the Fund engages and trades with reputable counterparties.

6. Fees and other costs

Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.
For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).
You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.
You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission** (**ASIC**) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged as an investor in the Fund. These fees and costs may be deducted from your money (i.e. your investment in the Fund), from the returns on your investment or from the assets of the Fund as a whole. Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Aurora Dividend Income Trust		
Type of fee or cost	Amount	How and when paid
Fees when money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment	8.00674% pa (inclusive of GST less reduced input tax credit) of NAV comprising: **Management fee** 0.90581%, comprising 0.97375% pa (inclusive of GST) of NAV less 0.06794% reduced input tax credit PLUS **Estimate of reimbursable expenses**[1] 3.54647%, comprising 3.81245% pa (inclusive of GST) of NAV less 0.26598% reduced input tax credit PLUS **Estimate of indirect costs**[2] 3.55446% pa (inclusive of GST less reduced input tax credit) of NAV	**Management fee** is calculated as at the first time the Fund's assets are valued after the end of each month, accrued daily and paid monthly in arrears out of Fund assets **Reimbursable expenses** are deducted from Fund assets when due and payable **Indirect costs** apply within the Fund's investments that reduce returns. They are not paid out of Fund assets (and primarily relate to 8EC).
Service fees[4]		
Switching fee The fee for changing investment options	Nil	Not applicable

1. This estimate is based on the normally incurred reimbursable expenses that Aurora, at the date of this PDS, expects will apply for the current financial year. It does not include any extraordinary expenses. For more information about reimbursable expenses, see the additional explanation of fees and costs on page 16.
2. This estimate is based on the indirect costs incurred within the Fund's investments that reduce returns that Aurora, at the date of this PDS, expects will apply for the current financial year. For more information about indirect costs, see the additional explanation of fees and costs on page 16.
3. The Fund's constitution also allows Aurora to charge each investor administration fees – see the additional explanation of fees and costs on page 17 for further information about these fees. These fees are not currently charged.

AURORA
FUNDS MANAGEMENT

Example of annual fees and costs

This table gives an example of how fees and costs in the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE		BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING YEAR
Contribution Fees[1]	0%	For every additional $5,000 you put in, you will be charged $0
PLUS Management Costs[2]	8.00674% pa comprising: **Management fee** 0.90581% pa PLUS **Estimate of reimbursable expenses** 3.54647% pa PLUS **Estimate of indirect costs** 3.55446% pa	**And**, for every $50,000 you have in the Fund you will be charged $4,003 each year
EQUALS Cost of investment[3]		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees of: $4,003* **What it costs you will depend on the fees you negotiate**

*Additional fees may apply:

Establishment fee[4] – $0

And[5], if you leave the Fund early, you may also be charged exit fees of $0

1. The Fund's constitution allows Aurora to charge a contribution fee of up to 3.075% (inclusive of GST) of the application money in respect of each application for Units it accepts. This fee is not currently charged, but if it were, on application money of $50,000 this fee would be up to $1,537.50 and up to $153.75 for each additional $5,000 of application money.
2. This assumes that:
   (a) the current management fee of 0.90581% pa (inclusive of GST) of the NAV of the Fund continues to apply - under the Fund's constitution Aurora may charge a management fee of up to 3.075% pa (inclusive of GST) of the total value of assets (i.e. gross value) of the Fund which on an investment $50,000 would equate to a fee of up to $1,537.50 each year;
   (b) reimbursable expenses for the year are equivalent to those estimated for the current financial year (see the additional explanation of fees and costs on page 12);
   (c) indirect costs for the year are equivalent to those estimated for the current financial year (see the additional explanation of fees and costs on page 12);
   (d) no additional fees are charged; and
   (e) fees are not individually negotiated with us.
3. This cost of investment has been calculated on the basis that the additional $5,000 is contributed at the end of the year. Further, the cost does not include the buy-sell spread. The current buy-sell spread is 0.20%. The buy-sell spread may change without notice. The buy-sell spread on a $50,000 investment is $100, and on an additional $5,000 investment is $10.
4. The Fund's constitution allows Aurora to charge a fee of up to 3.075% (inclusive of GST) of the initial application money. This fee is not currently charged, but if it were, on initial application money of $50,000 this fee would be up to $1,537.50 and up to $1,537.50 for each additional $50,000 of initial application money.
5. The Fund's constitution allows Aurora to charge fees of up to:
   (a) 3.075% (inclusive of GST) of each withdrawal amount; and
   (b) 1.025% (inclusive of GST) of the total closing balance of your investment.
   These fees are not currently charged on exit, but if they were, on withdrawal of an amount of $50,000 the withdrawal fee would be up to $1,537.50 and up to $1,537.50 for each additional $50,000 of withdrawal amount, and additionally on a $50,000 balance the exit/termination fee would be up to $512.50 and up to $512.50 for each additional $50,000 of closing balance.

Additional explanation of fees and costs

Interposed expenses: Pursuant to ASIC Regulatory Guide 97, Aurora adopts a 'look through' disclosure for all fees and expenses attributable to ADIT from third party investee Listed Investment Companies (LIC) or Listed Investment Trusts (LIT) (i.e. the additional fees of investing in such vehicles are not passed through to unit holders).

Management costs: Management costs for the Fund incorporate all relevant ongoing fees and other costs involved in managing the Fund and deriving investment returns. The management costs comprise the Responsible Entity's management fee and reimbursable expenses incurred in operating the Fund, and certain indirect costs (see below). They are not paid directly from an investor's investment; however, the management fee and reimbursable expenses are paid out of the assets of the Fund, and they and the indirect costs reduce or are factored into NAV and are reflected in the Unit price.

Reimbursable expenses: The Fund's constitution allows all expenses incurred by the Responsible Entity in relation to the proper performance of its duties in respect of the Fund to be recovered from the assets of the Fund and does not place any limit on the amount or type of expenses that can be recovered. Reimbursable expenses include fund and manager establishment, promotion (including offer documents, advertising and promotional material and printing), licensing, custodian, registry, insurance, listing, audit, taxation advice, external consultants, accounts, stationary, postage and termination costs as well as compliance and compliance committee costs, Unit holder meetings, legal proceedings and such other expenses as the terms of the issue may contemplate from time to time.

Reimbursable expenses vary from year to year, and for the financial year ended on 30 June 2018 were in aggregate 3.95512% (inclusive of GST) of the NAV of ADIT at the end of that year. At the date of this PDS, reimbursable expenses for the current financial year (i.e. ending on 30 June 2019) are estimated to be 3.54647% (inclusive of GST) of the current NAV of ADIT. This estimate of reimbursable expenses is included in the management costs set out in the tables above.

Indirect costs: Indirect costs include any amounts not already disclosed as a management cost that we know, reasonably ought to know or, where this is not the case, may reasonably estimate will directly or indirectly reduce the return on Units. For example, indirect costs may include:

- Management fees or costs incurred in certain investment funds and companies in which the Fund has invested e.g. where managers of the underlying funds charge their own management costs and these are deducted from the underlying funds and reduce the unit price of the underlying funds
- Costs of trading in certain types of derivative financial products which are either not traded or quoted on a recognised exchange and/or not used for hedging purposes but rather to gain or reduce market exposure e.g. derivatives such as over-the-counter options and swap arrangements. The Fund does not currently engage in this kind of derivative trading

At the date of this PDS, indirect costs for the current financial year are estimated to be 3.55446% of the NAV of the Fund, having regard to the construction of the Fund's investment portfolio, our estimate of the management costs of any such investment fund or company for the previous financial year based on the published audited or reviewed financial information for the investment fund or company, and our view of the likely construction of the investment portfolio based on the Fund's investment strategy. This estimate is included in the management costs set out in the tables above.

Indirect costs are dependent upon a number of factors, including the extent to which and for how long the Fund is invested in another relevant investment fund or company, and may change from year to year. Actual indirect costs for the current financial year or future periods may be higher or lower than the currently estimated indirect costs.

Indirect costs attributable to the management costs of a listed investment fund or company in which the Fund invests should be reflected in the market price of the securities of the entity and, as such, will be factored into NAV and reflected in the Unit price. You are not separately charged these costs.

Receipt of non-cash benefits: Aurora may receive non-cash benefits in connection with the Fund, such as research and promotional activities from stock brokers through whom investment transactions are carried out. However, we will only use stock brokers and other service providers for Fund transactions where we are satisfied that the services are consistent with the best available services in the market for equivalent rates.

Can fees be different for different investors?: Aurora may negotiate lower fees (for example, by rebating or waiving some or all fees) for wholesale clients (as defined by the Corporations Act), to the extent that the Corporations Act and any applicable ASIC class order relief allows us to do so. Aurora is not able to negotiate lower fees for retail clients. If you are a wholesale client you may contact Aurora's Chief Financial Officer on 1300 553 431 to negotiate a fee.

Indirect investors: If you are an indirect investor in the Fund (e.g. via an IDPS) you will need to consider the fees and other costs of the IDPS (or any other similar arrangement) when calculating the total cost of your investment.

Tax: Refer to section 7 for an explanation of the income and capital gains tax ramifications of investing in the Fund for Australian resident investors.

GST: Unless otherwise noted, all fees and costs specified in this PDS are GST inclusive net of any reduced input tax credits. GST is additionally incurred net of any reduced input tax credits. Services supplied to the Fund are generally taxable supplies for GST purposes and will therefore usually include a GST component (being 1/11th of the total amount charged for the services). Generally, the Fund cannot claim full input tax credits for these services but is usually entitled to a reduced input tax credit equal to 55%-75% of the GST component included in the charges for those services.

Adviser fees: A financial adviser who introduces a prospective investor to the Fund, and whose details appear on the completed application form accompanying this PDS submitted by or on behalf of the investor, may be paid an adviser service fee at the investor's instruction. This is an arrangement between the investor and his or her financial adviser that we will facilitate on behalf of the investor, provided that the investor identifies their agreement. If the investor does not select to make a payment to the investor's adviser we will not pay anything on the investor's behalf. We will not be involved in the discussion between the investor and adviser. These fees are not set by Aurora, but rather by agreement between you and your adviser. The table below gives an example of how adviser service fees can affect your investment over a 1 year period. The example below assumes a constant value of your investment throughout the year, which in practice may vary daily.

Example	You pay your adviser
If the initial adviser fee (inclusive of GST) is…..	for every $50,000 you put in the Fund this amount will be deducted from the investment…
1.1%	$550.00
2.2%	$1,100.00
3.3%	$1,650.00
If the ongoing adviser fee (inclusive of GST) is….	for every $50,000 you have in the Fund this amount will be deducted from your investment for the year by redemption of your Units worth this amount…
0.275% p.a.	$137.50
0.55% p.a.	$275.00
0.825% p.a.	$412.00

Commissions: Aurora may enter arrangements to pay from its own management fee some IDPS operators commission fees because they offer the Fund on their investment menus. These fees could be rebated back to the investor or they could be retained by the IDPS operator. It is important to note that these fees are not additional fees to the investor, but are fees that are paid out by Aurora from its management fee.

Buy-sell spread: The buy-sell spread reflects the estimated transaction costs associated with buying and selling the assets of the Fund when investors invest in or withdraw from the Fund. The buy-sell spread is an additional cost to the investor but it is included in the Unit price and is not charged separately to the investor. The buy-sell spread that is currently applied to calculate Unit price is 0.2%. The buy-sell spread may change without notice. The buy-sell spread on a $50,000 investment or redemption is $100.

Securities borrowing costs: The Fund may borrow securities within the investment strategy, and will pay fees on these securities borrowings (if any) at a rate which is subject to change without notice. Securities borrowing costs are not included in the management fee. They are reimbursable expenses payable out of Fund assets. Aurora is not able to estimate these costs.

Can the fees change?: Yes, all fees can change. Generally, the constitution provides for the maximum fees that we can charge. For example the Fund's constitution allows Aurora to charge the following:

- An establishment fee of up to 3.075% (inclusive of GST) of the initial application money. This fee is not currently charged.
- A contribution fee of up to 3.075% (inclusive of GST) of the application money in respect of each application for Units it accepts. This fee is not currently charged.
- A withdrawal fee of up to 3.075% (inclusive of GST) of the withdrawal amount. This fee is not currently charged.
- An exit/termination fee of up to a 1.025% (inclusive of GST) of the total closing balance of your investment. The fee is not currently charged.
- A management fee of up to 3.075% pa (inclusive of GST) of the total value of assets (i.e. gross value) of the Fund. The management fee currently charged by Aurora is 0.97375% pa (inclusive of GST) of the NAV of the Fund.
- A switching fee of up to 3.075% (inclusive of GST) of the total amount switched between investment options. This fee is not currently charged, and there is currently only one investment option offered by the Responsible Entity in the Fund i.e. Units.
- An administration fee of $5.13 (inclusive of GST) each month which may be CPI adjusted and such other reasonable fees as the terms of issue contemplate for issuing a bank cheque, drawing cheques, telegraphic transfers or providing a copy of the Fund's constitution to an investor. These fees are not currently charged.

If Aurora makes a change that increases (or might result in an increase) in any fees or charges (e.g. increasing the management fee or performance fee rate currently charged, resetting the high water mark for the performance fee calculation or imposing a fee not currently charged), Aurora will give at least 30 days' notice before the change takes effect. To change fees above levels allowed by the constitution would need the approval of ADIT Unit Holders.

AURORA FUNDS MANAGEMENT

7. Taxation

WARNING: Investing in a registered managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice.

The taxation implications of investing in the Fund can be complex and depend on a number of factors, including whether you are a resident or non-resident of Australia for taxation purposes and whether you hold the units on capital account or revenue account.

Any investment can have a substantial impact on your tax position from year to year. Investors should refer to tax information in the tax statements sent by us to you after the end of each financial year. The tax statements will contain details of your share of the Fund's taxable income for the year, together with any net cost base adjustment amount by which the cost base of your interest in the units should be increased or decreased.

The following information is a general summary of current legislation and is not intended to be tax advice. We recommend that you obtain your own professional advice regarding your position as tax laws are complex and subject to change, and investors' individual circumstances vary. These comments have been prepared on the assumption that you are not:

- **(a)** An exempt taxpayer; or
- **(b)** Non-resident of Australia

Taxation of the Fund

The Fund will generally not be liable for income tax provided investors are presently entitled to the net income of the Fund and are not under any legal disability. The current policy of distributing all of the net income of the Fund is likely to continue. Tax losses of the Fund are quarantined in the Fund and can be carried forward to offset taxable income in future years.

Tax position of Australian resident investors

Distributions

Australian resident investors will have to include in their taxable income for the year, the share of taxable income of the Fund (including any net capital gains) to which they are presently entitled at the end of that year, even if they reinvest distributions or if payment is not received in that year. To the extent that distributions from the Fund are distributions of a capital gain made on the realisation of long term investments, this may entitle Australian resident investors to a discount on the capital gain (refer to the paragraph below entitled **Capital gains tax**).

Imputation

Where the Fund receives franked distributions in relation to investments in Australian equities, investors may receive as part of their distribution franking credits. These franking credits will not represent part of the cash receipts but will need to be included in the investor tax return as part of taxable income received. Depending on the investor's individual circumstances, these may be available to offset their tax liability (excluding Medicare levy) or be paid as a refund.

However, investors may be denied franking credits in respect of distributions on Units which they have not owned at risk for a continuous period of 45 clear days (i.e. not counting the day of acquisition or the day of disposal).

Tax deferred

Any tax deferred income will generally be non-taxable in the year of distribution but will be applied to reduce the investors' cost base in the units. This will ultimately have the effect of reducing the investors' cost base on the end sale, increasing the capital gain (or reducing the capital loss) on disposal of Units. To the extent the total tax deferred component exceeds an investor's cost base in the units, the excess will be taxable as a capital gain in the year of payment.

Capital gains tax

Your assessable income from your investment in the Fund may include a capital gain. This may arise due to the Fund distributions to which you are entitled including a net capital gain component (i.e. capital gains after offsetting any capital loss derived from the disposal of Fund assets) . Investors will need to include these amounts in their assessable income. Individual investors will generally be required to double any discounted capital gain distributed to them before applying losses to arrive at the amount which can be discounted.

Withdrawal or disposal of a unit in the Fund is the disposal or cancellation of a CGT asset and a CGT event for tax purposes. To the extent that the proceeds exceed the cost base on the unit, you will make a capital gain. However, if the proceeds are less than your reduced cost base, you will make a capital loss. Generally, a capital loss can only be used to offset against capital gains derived in the current or a future tax year.

An individual, trust or complying superannuation entity or a life insurance company that holds their units as a complying superannuation/FHSA asset may be able to claim the benefit of the CGT discount if they have held the units for over 12 months ie after deducting their capital losses. A corporate investor cannot claim the benefit of the CGT discount.

Gains and losses realised by an investor who holds their units on revenue account will be taxable as ordinary income or an allowable deduction, as the case may be, and will not qualify for the CGT discount.

Foreign Income

Where the Fund derives foreign sourced income, if you are an Australian tax resident you may be able to claim a Foreign Income Tax Offset ('FITO') against your Australian income tax liability in respect of their share of any foreign tax paid on that income. FITO's not utilised in the income year in which they are derived will be forfeited and cannot be carried forward to a later year.

Providing your tax file number (TFN) or Australian business number (ABN): You may choose to quote your TFN or ABN (if applicable) or claim an exemption in relation to your investment in the Fund by completing a Tax File Number or Australian Business Number notification form. The law strictly regulates how we may use TFNs and ABNs. If you choose not to give us your TFN or ABN or to claim an exemption, we must deduct tax at the highest personal tax rate (plus Medicare Levy) before we pass on each distribution to you.

Goods and services tax (GST): The Fund has been registered for GST, which applies to most supplies that are connected with Australia. The majority of goods and services that the Fund will acquire for its operation will be subject to GST and GST will be payable on Aurora's fees as responsible entity of the Fund and most other fees and expenses incurred by the Fund. In specified circumstances, the Fund may be entitled to reduced input tax credits of 55% - 75% of GST paid. All fees and costs stated in this PDS are inclusive of any GST and net of reduced input tax credits, unless otherwise stated. No GST will apply on amounts received by the Fund for the issue of Units, sale proceeds of the securities, or investment income and gains.

Duty: Duty laws vary between Australian jurisdictions. Generally, the issue or redemption of Units should not attract any duty imposed under a state or territory law. Duty may also not be payable on the transfer of Units, however, you should confirm the duty consequences of transferring Units with your tax adviser.

The Attribution Managed Investment Trust (AMIT) regime: Legislation to establish a new tax system for managed investment trusts (**MITs**) was enacted in May 2016. Eligible MITs can elect to become an Attribution MIT by irrevocable choice. It is not intended that the AMIT regime will significantly change the tax system for investors in the Fund. The current tax rules will continue to apply unless an election to enter the AMIT regime is made. We will provide notification on our website if and when this election is made. Investors should seek their own tax advice with respect to the potential impact.

8. Making and redeeming an investment

Making and redeeming an investment

Investments and redemptions in the Fund may be made:

- Directly by applying for and redeeming Units directly with Aurora
- Indirectly through an IDPS (i.e. by acquiring and disposing of interests in the IDPS that invests in Units)

Applying for and redeeming Units directly with us

Investments

Investors who want to acquire ADIT Units may complete the application form that accompanies this PDS and submit the completed application form, in accordance with the instructions set out on the form.

The application form is available through Aurora's website at www.aurorafunds.com.au, accompanied by this PDS.

Alternatively, an additional investment in ADIT may be made indirectly through an IDPS (i.e. by acquiring interests in the IDPS that invests in ADIT Units). In this case, the documentation required by the IDPS operator in order to make the investment would need to be completed.

The minimum initial investment is A$2,000. The minimum additional investment is A$2,000. If an application form is received and accepted, the Units applied for will be issued within 10 days following the end of the calendar month in which the application is received at the issue price based on the NAV as at the end of the last Business Day of the month. This is subject to the application form being received before 12 noon (Melbourne time) on the last Business Day of the calendar month (or such other Unit pricing cut-off time determined by the Responsible Entity). Where an application is received after this time, it will be taken to have been received in the next calendar month.

Cooling off rights

Under the Corporations Act cooling off rights are available to retail clients who acquire certain managed investment products. Where Units are issued under this PDS to a retail client, cooling off rights are available to allow the investor to change his or her investment decision and ask for the initial investment to be returned after adjusting for transaction costs and any market movement since the initial investment. Transaction costs include, but are not limited to, brokerage, taxes and other charges and expense from buying or selling Fund investments. If you apply for Units as a retail client and wish to exercise your cooling off rights, the following applies:

- You must instruct us before the end of the cooling off period. This is a 14 day period which begins from the earlier of the day you received our transaction confirmation and the fifth day after the Units were issued. Should you choose to cancel your investment during this period, the amount returned to you will be adjusted to take account of any movements in investment values since the day on which you acquired the investment and reasonable transaction costs.
- The cancellation of your investment will be processed at the withdrawal price on the date your request was received. If a distribution has occurred between acceptance of your application and receipt of your cooling off period notification, there may be taxation implications for you. We suggest you seek professional advice under these circumstances.
- If you wish to cancel your investment during the cooling off period, you must inform us in writing or electronically (or in any other way specified by the regulations) of your intention to exercise this right before the end of the cooling off period (and before exercising any rights or powers you have in respect of your investment in the Fund). The cooling off period does not apply where the Fund is not liquid, that is where liquid assets of the Fund (money, bank accepted bills, marketable securities and other prescribed property) do not constitute at least 80% of the assets of the Fund.

Redemptions

Holders of Units may request redemption of their investment through completing a redemption request form for the Fund (available on our website at www.aurorafunds.com.au or by calling us on 1300 553 431) and sending it to us, in accordance with the instructions set out on the form.

The amount withdrawn will be remitted directly into your nominated account by electronic funds transfer. A cheque can be sent to you (the investor) upon request, although this process usually takes longer than direct bank transfer. We do not issue third party cheques.

Following a receipt of a request for withdrawal, we will endeavour to pay any amount withdrawn within 15 Business Days following the end of the calendar month in which your redemption request form is received. The withdrawal will be processed at the withdrawal price based on the NAV as at the end of the last Business Day of that calendar month. This is subject to the redemption request form being received before 12 noon on the last Business Day of the calendar month (or such other Unit pricing cut-off time determined by the Responsible Entity). Where a redemption request is received after this time, it will be taken to have been received in the next calendar month. Occasionally longer periods may apply where (for example) there are circumstances outside of Aurora's control, the redemption request will affect the orderly realisation of assets or relief from ASIC applies.

On 5 April 2019, Aurora as responsible entity of the Fund, announced the Fund's intention to make an off-market scrip takeover bid (Bid) for all of the shares in 8IP Emerging Companies Limited ("8EC"). As a result of this Bid, Aurora would like to note the following temporary change to Fund's off-market redemption facilities.

Impact on Off-market redemptions

Certain provision of the Corporations Act prohibits trading in target securities during a bid period. Those provisions apply to 8EC shares during the bid period of the Bid. Currently, the majority of Fund's Net Asset Value (NAV) is invested in 8EC shares. Therefore, the Fund will not have the ability during its Bid to dispose of any 8EC securities to meet potential prospective redemptions. Therefore, in lieu of alternative liquidity options which are currently available to the Fund, including raising new funds from equity or debt, the Fund's liquidity will be temporarily constrained during the Bid period. As a result, effective immediately, Aurora hereby provides notice that it will not be accepting any new off-market redemptions until the earlier of Fund Bid closing, or Aurora providing further update on the off-market redemption facility for the Fund. This change only affects redemptions received after this notice. Outstanding redemptions prior to this notice will not be affected.

ADIT's expected Bid timetable as at the date of this PDS is:

Key Event	Date
Lodgement of ADIT's Bidder's Statement with ASIC, ASX and 8EC	Mid May 2019
Dispatch of Bidder's Statement	Late May 2019
ADIT's Bid opens	Late May 2019
ADIT's Bid closes (unless extended)	Late July 2019

Limiting or suspending redemptions

Aurora has a broad discretion in relation to accepting and processing redemption requests including restricting (or 'scaling back') the quantum of total Fund Unit redemption requests that are accepted and paid during a period. For example, redemption limits may apply in circumstances where paying redemption requests would impact on the Fund's ability to execute on an investment strategy or Aurora believes it is in the best interests of investors to do so.

As a result, Aurora has a liquidity management policy covering the adoption of redemption guidelines that aim to achieve an equitable balance between the competing interests of those Fund Unit Holders who wish to remain invested in the Fund and those seeking to redeem their investment. Where redemption restrictions apply, the redemption guidelines will be posted on Aurora's website (www.aurorafunds.com.au). Because it is not possible to identify the quantum of redemption requests prior to them being received, Aurora may change existing redemption guidelines, or adopt new ones, that will apply to a redemption request already submitted (but not accepted). Aurora may change the guidelines, or adopt new ones, (either restricting or relaxing liquidity measures) at any time, depending on the circumstances of ADIT.

At the date of this PDS, redemption guidelines have been adopted that provide for monthly consideration and processing of redemption requests at a redemption price based on the NAV per ADIT Unit on the last Business Day of the month in which the requests are received.

As at 30 April 2019, there were outstanding redemption requests received by Aurora for 149,189 ADIT Units, representing $66,531 in outstanding redemption payments (based on the then prevailing redemption price) and approximately 2% of the total number of ADIT Units on issue as at that date (excluding the ADIT Units to be redeemed under redemption requests for the quarter in accordance with the redemption guidelines).

Aurora may also suspend or limit redemption requests where:

(a) circumstances outside its control, in its opinion, adversely affect its ability to properly or fairly calculate ADIT Unit price (e.g. if the assets or relevant currencies are subject to restrictions or if there is material market uncertainty);

(b) in its opinion (acting reasonably) there is an emergency or other state of affairs which makes it impractical to redeem ADIT Units or may prejudice the remaining investors;

(c) there is a declaration of a moratorium, or restrictions on trading in a relevant foreign exchange market, in a country in which ADIT has investments;

(d) ADIT assets cannot be disposed of or withdrawn;

(e) the law permits ADIT's responsible entity to do so.

(f) Where we are restricted by law from disposing of assets in the Fund and we consider that it is impractical to fund redemptions by recourse only to assets of the Fund not subject to such restriction. This can arise where, as part of the investment strategy, the Fund makes a takeover bid for an investee entity or has inside information concerning an investee entity. For example, on 5 April 2019, the Fund announced the Bid. Accordingly, during the period of the Bid, redemptions have been suspended.

Redemptions while ADIT is not liquid

Under the Corporations Act, a scheme is liquid if the scheme's liquid assets account for at least 80% of the value of scheme property. Liquid assets include cash, cash equivalents and marketable securities that can reasonably be expected to be realised within the period specified in the scheme constitution for satisfying withdrawal requests. Under the Fund's constitution, redemptions of Units may be suspended for such periods as Aurora considers appropriate in all the circumstances.

However, if the Fund ever ceased to be liquid, a Fund Unit Holder could only withdraw when Aurora makes a redemption offer to investors in accordance with the Corporations Act, and Aurora is not obliged to make a redemption offer.

Compulsory redemption

Aurora can compulsorily redeem Units in the Fund:

(a) if the Fund Unit Holder has breached its obligations to Aurora as responsible entity of the Fund;

(b) to satisfy any amount owing by the Fund Unit Holder or by Aurora as responsible entity that relates to the Fund Unit Holder;

(c) if the Fund's constitution otherwise allows (e.g. where a minimum holding is or will be breached);

(d) where Aurora suspects that the law prohibits the Fund Unit Holder from legally being a Fund Unit Holder;

(e) to satisfy Aurora's obligations as responsible entity of the Fund under the anti-money laundering and counter-terrorism financing legislation and rules; or

(f) in such other circumstances as Aurora determines in its absolute discretion.

Indirectly investing through an IDPS

Applications

Indirect investors must complete the documentation which their IDPS operator requires in order to make the investment. If you have invested in the Fund through an IDPS and have any questions about the cooling-off rights (if any) that apply to your investment in or through your IDPS, please contact your financial adviser or IDPS operator. Indirect investors may only access cooling off rights against their IDPS operator, and not against the Fund.

Redemptions

Investors that have invested through an IDPS can only make withdrawals against their IDPS operator, and not against the Fund. Please contact your financial adviser or IDPS operator to obtain additional information in relation to redemptions.
Withdrawals for IDPS may be suspended in the same way that as an Investment directly with us (see above).

9. Other information

Unit price

The price or value of an ADIT Unit at a particular time is based on NAV divided by the total number of Units on issue by the Fund, i.e. NAV per Unit. NAV is the value of all assets of the Fund (but not application money or property in respect of which Units have not yet been issued, proceeds of redemption which have not yet been paid or an amount in a distribution account), less all present liabilities of the Fund including any provision which Aurora decides should be taken into account in determining the liabilities of the Fund. Where unit price is to be calculated for a class of Units of the Fund, the calculation is based on the proportion of NAV that Aurora determines is properly referable to the class divided by the total number of Units of the Fund on issue in that class. When calculating NAV Aurora must use the most recent valuations of the Fund's assets and the most recent determination of its liabilities.

Aurora may value the Fund's assets at any time it chooses, including more than once on each day if appropriate having regard to the nature of the assets. Aurora may also choose the valuation methodology having regard to the nature of the assets. Accordingly, Aurora has adopted the following policy for the purposes of determining unit price/NAV per Unit of the Fund:

(a) The value of the Fund's assets and liabilities are to be determined as at the last Business Day of every calendar month.

(b) The Fund typically invests in exchange traded securities that are generally valued at the latest available closing sale price.

(c) Securities which are suspended from quotation will generally be priced at the last trade price or at zero, unless an alternate determination is made based on market events.

The price of the Fund's Units on application/issue (**application price**) and the price of the Fund's Units on withdrawal/redemption (**redemption price**) are based on the NAV per Unit of the Fund adjusted for the buy-sell spread. Additionally, under the Fund's constitution, the application price and redemption price may be rounded up or down by 1% or 1 cent, as Aurora chooses.

Aurora has adopted a Fund Unit pricing discretion policy. The Fund Unit pricing discretion policy sets out, among other things, the principles Aurora will adhere to when exercising the discretions provided to it under the Fund's constitution in relation to calculating the Fund's Unit-related prices.

Buy-sell spread

The buy-sell spread aims to ensure that other investors do not pay the costs associated with an investor entering or exiting the Fund. The buy-sell spread is not a fee paid to Aurora. It is retained in the Fund to cover costs associated with buying and selling the Fund's investments.

The buy-sell spread is currently 0.2% of the investment or withdrawal amount (as the case may be) and is the cost charged to enter the Fund (acquire units) and exit the Fund (redeem units). For example, if an investor makes a $50,000 investment or withdrawal from the Fund, the buy-sell spread of 0.2% of the investment/withdrawal amount will be added to Net Asset Value per unit to determine the Fund Unit application price and will be deducted from Net Asset Value per unit to determine the Fund Unit redemption price, which is equal to a transaction cost of $100. Aurora may change the buy-sell spread at any time.

Distribution policy

Aurora intends to make monthly cash distributions of 0.5% of the NAV per Unit of the Fund plus available franking credits within 30 days following the end of each calendar month (or 1.5% if distributions are provided quarterly). If the Fund's net income and realised capital gains less expenses for a financial year exceed the periodic cash distributions for the year, the cash distribution for the final quarter may include some or all of the excess. Should the Fund not generate sufficient net income to cover the cash distributions in a financial year, then part or all of any distribution may be a return of capital, or Aurora may elect not to pay a distribution. The final cash distribution for a financial year may, therefore, take longer to finalise and pay than 30 days from the end of the financial year due to these additional considerations, as well as the end of year audit requirements.

The Unit price of the Fund generally falls by the amount of any distribution immediately after the date for determining entitlements to the distribution. If you invest just prior to a distribution entitlement date then that distribution may effectively represent a return of your investment. Depending on your circumstances, this may have certain tax implications and Aurora recommends that you speak with your financial adviser or tax adviser to determine your own situation.

You may choose to have your distributions either reinvested as additional Units in the Fund via the Fund's distribution reinvestment plan, or paid directly to your nominated Australian bank account. Until you nominate an Australian bank account (either on the application form or by subsequently updating your investor details to include an Australian bank account), Aurora will reinvest your distributions. Distribution payments will generally not be paid by cheque.

Aurora may change the Fund's distribution policy at any time.

See section 4 for details of the Fund's historical distributions to Unit Holders of the Fund.

Regulatory regime

The Fund is registered as a managed investment scheme under the Corporations Act, and Aurora is the trustee and responsible entity that holds an AFSL which authorises it to operate the Fund. As such, the operation of the Fund and Aurora's role as responsible entity is principally regulated by ASIC under the Corporations Act.

Aurora has a compliance plan for the Fund which details the methods it takes to ensure that in operating the Fund Aurora complies with the Corporations Act and the constitution of the Fund. Aurora also has a compliance committee which (amongst other things) monitors Aurora's adherence to the compliance plan. It comprises 3 members, 2 being external to Aurora. The compliance committee is required to report any breach of the Fund's constitution or the Corporations Act to Aurora, and in some instances, to ASIC.

What are the main rights and obligations of investors?

The rights and obligations of investors are governed by the Fund's constitution and the Fund PDS, but are also affected by the Corporations Act, exemptions and declarations issued by ASIC, and the general law relating to trusts. You may inspect a copy of Fund's constitution at Aurora's office by contacting Aurora during office hours and making a time to come in and inspect the copy. Alternatively, you may obtain a copy by contacting Aurora (and paying a fee).

Some of the provisions of the Fund's constitution are discussed elsewhere in this PDS. Others that relate to an investor's rights under the Fund's constitution include:

(a) the nature of the Fund's Units;

(b) how the Fund's Units may be transferred;

(c) how the price of a Unit of the Fund is calculated;

(d) what an investor is entitled to receive upon withdrawal or where the Fund is wound up;

(e) the times Aurora can delay processing withdrawals (such as if calculating NAV is impracticable); and

(f) investors' rights to share in any income of the Fund, and how it is calculated.

A Unit Holder of the Fund's rights to requisition, attend and vote at meetings of Unit Holders of the Fund are contained in the constitution and the Corporations Act. Each Unit Holder of the Fund entitled to vote at a meeting who is present in person or by proxy (or other representative) has on a show of hands 1 vote and on a poll 1 vote for each $1 of value of the total Units of the Fund held. Where Units are held jointly, and more than 1 joint Unit Holder of the Fund attends the meeting, only the first named holder in the register of Unit Holders of the Fund is entitled to vote.

The constitution states that the liability of a Unit Holder of the Fund is limited to the amounts subscribed, or agreed to be subscribed, by the Unit Holder of the Fund for Units of the Fund but the courts are yet to determine the effectiveness of provisions of this kind. The constitution also states that a Unit Holder of the Fund indemnifies the responsible entity of ADIT for all liability incurred by the responsible entity arising directly or indirectly from the ADIT Unit Holder's breach of its obligations to the responsible entity.

Aurora's powers and duties

Aurora's powers include:

(a) the power to invest, borrow and generally manage the Fund (which are practically unrestricted);

(b) the discretion to refuse applications for ADIT Units and transfers of ADIT Units;

(c) the ability to change the Fund's constitution, but it needs approval at a meeting of Unit Holders of the Fund if the change will adversely affect the rights of Unit Holders of the Fund's; and

(d) it can charge fees and recover expenses.

As responsible entity, Aurora is also subject to many duties including duties to act honestly and in the best interests of investors, exercise care and diligence and treat investors holding ADIT Units of the same class equally.

However, under the Fund's constitution:

(a) Aurora is not liable for any loss except to the extent the loss arises due to Aurora failing to comply with its duties under the Corporations Act; and

(b) Aurora can be reimbursed for liabilities it incurs in relation to the proper exercise or performance of its powers and duties under the constitution or otherwise in connection with the Fund.

Changing the Responsible Entity

Aurora can retire as responsible entity of the Fund, but in most situations only if a new person is appointed as replacement responsible entity.

Aurora may also be replaced as responsible entity, by a resolution passed by Unit Holders of the Fund. As the Fund is unlisted, the resolution must be passed as an extraordinary resolution, i.e. by at least 50% of the total votes that may be cast by all Unit Holders of the Fund entitled to vote on the resolution (whether or not voting), and Aurora and its associates are not entitled to vote any Units of the Fund they hold on such a resolution.

Anti-money laundering

Under Australia's anti-money laundering laws (AML Laws) including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), Aurora may be required to obtain comprehensive information to verify the identity of an investor and any underlying beneficial owner of ADIT Units and the source of any payment. By completing an Acceptance Form, an investor agrees that:

(a) the investor does not subscribe to the Fund under an assumed name;

(b) any money used to invest in the Units of the Fund is not derived from or related to any criminal activities;

(c) any proceeds of the investment will not be used in relation to any criminal activities;

(d) if Aurora requests, the investor will provide to it any additional information that is reasonably required for the purposes of AML Laws (including information about the investor, any beneficial interest in the Units of the Fund, or the source of funds used to invest);

(e) Aurora may obtain information about the investor or any beneficial owner of the Units of the Fund from third parties if it is believed this is necessary to comply with AML Laws; and

(f) in order to comply with AML Laws, Aurora may be required to take action, including delaying or refusing the processing of any application or redemption, or disclosing information that Aurora holds about the investor or any beneficial owner of the Units of the Fund to Aurora's related bodies corporate or service providers, or relevant regulators of AML Laws (whether in or outside of Australia).

Foreign Account Tax Compliance Act and OECD Common Reporting Standards

The Foreign Account Tax Compliance Act (FATCA) is United States (US) legislation targeting non-compliance by US taxpayers using foreign accounts. In order to prevent FATCA withholding tax being applied to any US connected payments to the Fund in Australia, the Fund is required to collect and report information to the Australian Taxation Office relating to certain US accounts, which may be exchanged with the US Internal Revenue Service.

Similar to FATCA, the OECD Common Reporting Standards (CRS) for the automatic exchange of information is a single global standard for the collection and reporting to tax authorities of information by financial institutions on non-residents. The CRS was implemented in Australia on 1 July 2017.

Accordingly, the Fund may request that you provide certain information about yourself and, where you are an entity, your controlling persons in order for the Fund to comply with its FATCA or CRS compliance obligations.

In the event the Fund suffers any amount of withholding tax (including FATCA withholding tax) and/or penalties, neither the Fund nor the Responsible Entity will be required to compensate you for any such tax or penalty, except in exceptional circumstances.

Environmental, social and ethical considerations

Aurora does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments. This means that Aurora does not screen out companies solely on the basis of these standards or considerations. If a company's policies fall short of labour standards or its activities are considered environmentally, socially or ethically unacceptable and as a result, the company's earnings are adversely affected, the Fund may not invest or choose to divest itself of the investment.

ASIC Relief

ASIC has under its power in section 1020F of the Corporations Act granted relief from the operation of the Corporations Act that is generally applicable to investing in the Fund.

This includes the relief available under ASIC Instrument 2015/847, that modifies the requirements under sections 601GA(1) and (4) of the Corporations Act that the constitution of a registered scheme:

(a) make adequate provision for the consideration that is to be paid to acquire an interest in the scheme; and

(b) specify any right to withdraw from the scheme or set out adequate procedures for making and dealing with withdrawal requests;

by allowing the Fund's constitution to provide a formula or method to determine the amount to be paid for the issue or redemption of Units of the Fund that is based on the value of the Fund's property attributable to Units of the Fund of the relevant class less liabilities that under the constitution may be met from that property divided by the number of Units of the Fund on issue in that class, subject to Aurora having certain discretions in relation to the determination. Under this relief, Aurora must prepare a number of documents including a policy as to how these discretions may be exercised and the records it will keep about the exercise of each discretion, and a document that sets out details of the exercise of each discretion for which there is no documented policy or that involves a departure from the documented policy. Aurora must retain the documents for 7 years after they cease to be current and will give a copy of the documents to a person who has been given, should have been given or has obtained the Fund's PDS or who is a Unit Holder of the Fund, on request and without charge.

Product Disclosure Statement

Aurora relies on the relief available under ASIC Corporations (Updated Product Disclosure Statements) Instrument 2016/1055, which modifies the requirement under section 1012J of the Corporations Act that the information in a product disclosure statement be up-to-date as at the time when it is given. Under this relief, information in a product disclosure statement that is not materially adverse (from the point of view of an investor) need not be up-to-date so long as, among other things, the product disclosure statement was up-to-date when it was first given, the product disclosure statement explains how updated information can be found at any time and the product disclosure statement explains that a paper or electronic copy of the updated information will be given or made available to a person without charge on request. As responsible entity of the Fund, Aurora must establish and maintain a means by which a person may find out any updated information (in a way which is simple, involves no charge and little inconvenience to the person) and keep a copy of any updated information for 7 years after it is prepared.

Unit pricing

Aurora relies rely on the relief available under ASIC Instrument 2015/847, that modifies the requirements under sections 601GA(1) and (4) of the Corporations Act that the constitution of a registered scheme:

- make adequate provision for the consideration that is to be paid to acquire an interest in the scheme; and
- specify any right to withdraw from the scheme or set out adequate procedures for making and dealing with withdrawal requests;

by allowing the Fund's constitution to provide a formula or method to determine the amount to be paid for the issue or redemption of Units that is based on the value of the Fund property attributable to Units of the relevant class less liabilities that under the constitution may be met from that property divided by the number of Units on issue in that class, subject to the Responsible Entity having certain discretions in relation to the determination. Under this relief, the Responsible Entity must prepare a number of documents including a policy as to how these discretions may be exercised and the records it will keep about the exercise of each discretion, and a document that sets out details of the exercise of each discretion for which there is no documented policy or that involves a departure from the documented policy. The Responsible Entity must retain the documents for 7 years after they cease to be current and will give a copy of the documents to a person who has been given, should have been given or has obtained this PDS or who is a Unit holder, on request at no charge.

Periodic reporting

Aurora lodges with ASIC every year an annual financial report for the Fund comprising the Fund's annual financial statements, a statement and report from the directors of Aurora and the auditor's audit report in relation to the Fund's annual financial statements. A copy of the Fund's annual financial report most recently lodged with ASIC is available on Aurora's website (www.aurorafunds.com.au). Unit Holders of the Fund may also obtain a copy from Aurora (without charge).

Additionally, and as recommended by ASIC in its regulatory guide 240, Aurora has a policy to make available to investors periodic reports and updates on certain key information in relation to the Fund as follows:

Annual reporting

(a) Actual asset allocation — the percentage of the Fund's assets (by value) at the end of the financial year within each asset type described in the targeted allocation range set out in section 9.

(b) Liquidity profile of ADIT assets — the estimated time required to sell the Fund's assets at the end of the financial year at the value ascribed to the assets in ADIT's most recently calculated Net Asset Value.

(c) Maturity profile of liabilities of ADIT — the liabilities of the Fund categorised by class of liability and maturity date timeframes.

(d) Leverage ratio — the ratio of total liabilities of the Fund to value of total assets of the Fund at the end of the financial year (after taking into account any leverage embedded in assets of the Fund other than quoted equities).

(e) Details of the counterparties with which Aurora as responsible entity of the Fund entered into derivatives during the financial year.

(f) Investment returns from the Fund (i.e. net return on the Fund's assets after fees, costs and taxes) for the financial year and the previous 4 financial years.

Monthly updates

(a) Net Asset Value of the Fund at the end of the month.

(b) The Fund's Unit redemption value at the end of the month.

(c) Net return on the Fund's assets after fees, costs and taxes since the last update.

(d) Material changes in the Fund's risk profile or investment strategy since the last update.

(e) Changes to key service providers since the last update (including any change in their related party status).

(f) Changes to key investment decision makers since the last update.

Ongoing availability

The latest reports and updates containing the above information will be available from Aurora's website (www.aurorafunds.com.au). Aurora may also provide other updates, and issue information relevant to the Fund, on its website from time to time.

Material changes

Aurora will also notify on its website any updated information that would otherwise be required to be specified this PDS at the time it is given to a retail investor, or any other material change to a matter, or significant event that affects a matter, required to be specified in this PDS. If the change is (or might result in) an increase in fees or charges, Aurora will give notice at least 30 days before the change takes effect. Any other change or event will be notified before, or as soon as practicable after, it occurs.

Tax statement

A tax statement will be sent to investors if the Fund has distributed income for a financial year. Generally, the tax statement is sent to investors shortly after the final distribution for the financial year.

Complaints

Unit Holders of the Fund are requested to notify Aurora of complaints in writing. Under the Fund's constitution, Aurora as responsible entity must acknowledge written complaints within 14 business days. Aurora must ensure that complaints receive proper consideration and must act in good faith in dealing with complaints. Aurora must respond to a complaint as soon as practicable and, in any event, not more than 38 days after it receives the complaint. If a Unit Holder of the Fund is not happy with how the complaint has been resolved, the Unit Holder may contact the Australian Financial Complaints Association (**AFCA**) of which Aurora is a member. This is an independent body and is approved by ASIC to consider complaints. The telephone number for AFCA is 1800 931 678.

If referral to AFCA still does not resolve the compliant, the Unit Holder of the Fund may refer it to an arbitrator agreed on by the Unit Holder and Aurora or, failing agreement, nominated by the national president of Resolution Institute ACN 008 651 232 (or his or her nominee). Parties must bear their own costs in relation to the arbitration, although the arbitrator's fees will be split equally between the parties. The arbitration will be conducted in accordance with the *Commercial Arbitration Act 1984* (Vic).

Keeping Aurora informed

The Fund's records about Unit Holders of the Fund are important. Unit Holders of the Fund are requested to inform Aurora in writing signed by all persons named as applying for Units of the Fund in the Acceptance Form (or any other application form for Units of the Fund) of any changes to details which they have given Aurora. This may be a new postal address, a change of name or new financial institution account details for distribution payments. Aurora will send written confirmation of changes. Unit Holders of the Fund are requested to quote their investor number when they contact Aurora.

Privacy

By submitting the application form to apply for Units you are providing personal information to Aurora and the Unit Registrar which is contracted by Aurora to manage and process applications. We and the Unit Registrar on our behalf, may collect, hold and use that personal information to process your application, service your needs as a Unit holder, provide facilities and services that you request and administer the Fund.

If you do not provide the information requested in the application form, your application may not be able to be processed or accepted.

Your personal information may also be provided to service providers of Aurora and the Unit Registrar. The types of service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Unit Registrar for ongoing administration of the Unit holder register
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail
- market research companies for the purpose of analysing the investor base and for product development and planning
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on the Units and for associated actions

You may request access to your personal information held by or on behalf of Aurora and the Unit Registrar. You may be required to pay a fee in order to access your personal information. Please contact enquiries@aurorafunds.com.au or 1300 553 431 if you want to access, or have any question about how we handle, your personal information. You can obtain a copy of our privacy policy on request.

Related party transactions and other conflicts of interest

Aurora may from time to time obtain services or facilities from its related parties. Where it does so, and the cost is to be paid out of the Fund as a reimbursable expense, rather than being paid by Aurora out of its own funds (e.g. its management fee), Aurora will obtain the supply on reasonable arm's length terms or on terms more favourable to Aurora than reasonable arm's length terms or, unless the financial benefit to the related party falls within another exception set out in sections 210 to 216 of the Corporations Act (as modified by part 5C.7), Aurora will first obtain the approval of Unit Holders of the Fund to give the benefit in accordance with sections 217 to 227 of the Corporations Act (as modified by part 5C.7).

Aurora is the responsible entity of a number of other funds and may provide investment management services to other entities that have similar objectives to those of the Fund. This could give rise to a potential conflict of interest for Aurora, e.g. where a potential investment may be suitable for the Fund and another fund or an opportunity arises to sell an investment held on behalf of a number of funds. A conflict could also arise where Aurora decides to make an investment on behalf of the Fund in another fund managed by Aurora. Aurora is subject to strict laws as to how to manage conflicts of interest and has adopted a conflict of interest policy to assist it comply with those laws. Aurora has also adopted a separate policy specifically about how to allocate investment opportunities across funds it manages — see this section 9 for a summary of the trade allocation policy.

Trade allocation policy

Aurora is responsible for the efficient and prudent management of all funds it manages. In the course of managing a number of funds, there will arise occasions when a potential investment may be appropriate for more than one fund.

In consequence, Aurora has adopted a trade allocation policy that requires a number of factors to be considered when deciding how an investment may be allocated, including:

(a) how the investment fits into the Fund's mandate;

(b) availability of investable funds;

(c) the concentration effect the investment would have on the Fund's portfolio;

(d) the quality of the investment compared to the existing assets of the Fund; and

(e) any other considerations as applicable (e.g. the effect of allocation on a proportional basis as between funds for which the investment is appropriate or whether allocation on another basis may be preferable).

Trade allocation will be determined by Aurora on a basis that is fair, reasonable and equitable to all funds based on Aurora's trade allocation policy and each fund's investment objectives.

Custodian

Where Aurora appoints a custodian to hold the Fund's assets, the custodian's role is generally limited to safe-keeping of the assets and acting on Aurora's directions to settle the Fund's trades. The custodian does not make investment decisions in respect of the assets held, and has no supervisory role in relation to the operations of the Fund.

Indemnity

Aurora, as responsible entity of the Fund, is indemnified out of the assets of the Fund for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the Corporations Act and at law, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent. Aurora may retain and pay out of any money in its hands all sums necessary to satisfy the indemnity.

Consents

Boardroom Pty Limited **ABN** 14 003 209 836 has given and, at the date of this PDS, had not withdrawn its consent to be named in this PDS in the form and context in which it is named, and to the inclusion of the statements made about it in the form and context in which they appear.

An agreement has been executed between the Responsible Entity and Boardroom Pty Limited **ABN** 14 003 209 836 pursuant to which Boardroom Pty Limited will provide registry services to the Fund including maintenance of a copy of the register of holder of Units representing the Fund's records relating to Unit ownership and the issue, transfer and redemption of Units, receipt of redemption requests, authorisation of redemption payments, authorisation of disbursements of management fees, commissions and other charges and other services as agreed by the parties.

Boardroom Pty Limited provides share registry services to listed and unlisted companies, fund managers and product issuers. Its services include registry management, proxy solicitation and meeting management, corporate actions, investor reporting and management, employee share scheme management and reporting to the Australian Taxation Office, security holder communications and security holder enquiry/call centre services.

Interactive Brokers LLC has given and, at the date of this PDS, had not withdrawn its consent to be named in this PDS in the form and context in which it is named, and to the inclusion of the statements made about it in the form and context in which they appear.

AURORA FUNDS MANAGEMENT

10. Glossary

Term	Definition
AFSL	Australian financial services licence issued under the Corporations Act
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the Australian Securities Exchange, whichever is relevant
Aurora, we, us or our	Aurora Funds Management Limited **ABN** 69 092 626 886
Australian Securities Exchange	financial market operated by ASX Limited under the ASX Listing Rules which is known as the Australian Securities Exchange
Business Day	day that is not a Saturday, Sunday or bank or public holiday in Melbourne or Sydney
Corporations Act	Corporations Act 2001 (Cth).
derivative	financial instrument whose price or value is dependent upon or derived from one or more underlying assets or things e.g. shares, bonds, commodities, currencies, interest rates or market indices. Examples include options contracts, futures contracts, options on futures contracts, and swap agreements
Fund	Aurora Dividend Income Trust **ASRN** 151 947 732
futures contract	derivative in the form of an agreement to buy or sell a specified quantity of an underlying asset, such as bank bills, at a particular time in the future and at a price agreed when the contract was executed
GST	goods and services tax
hedge	investment made in order to reduce the risk of adverse price movements in another investment
IDPS	investor directed portfolio service or like scheme including a master trust or wrap account
liquidity	ability of an investment to be easily converted into cash with little or no loss of capital and minimum delay
NAV or Net Asset Value	total value of the Fund's investment portfolio and other assets (but not application money or property in respect of which Units have not yet been issued, proceeds of redemption which have not yet been paid or an amount in a distribution account), less all present liabilities of the Fund including any provision which the Responsible Entity decides should be taken into account in determining the liabilities of the fund
NAV per Unit	NAV divided by the total number of Units
Offer	invitation or offer to subscribe for Units made pursuant to this PDS
PDS	product disclosure statement (as amended or supplemented)
Responsible Entity	Aurora as responsible entity of the Fund
short selling	selling a security you do not own, usually in an attempt to profit from a decrease in the value of the security
Unit	unit in the Fund
Unit Registrar	Boardroom Pty Limited **ABN** 14 003 209 836
volatility	measure of a security's (or market's) stability and is a measure of risk based on the standard deviation of the asset return. It is an important measure in quantifying risk; for example, a security/market with a higher volatility relative to another is considered to be a higher risk because it has the potential to increase or decrease more of its value