

Aurora Dividend Income Trust Performance Report - February 2014

Summary

- The Trust increased by 2.4% in February compared to the market which ended 5.3% higher
- A recovery in the Financials (ANZ Bank and Wespac Bank) and Materials sectors (BHP) supported performance
- The Trust will commence monthly income and franking credit distributions at the end of April 2014

Performance after Fees¹

| | | 1 month | 3 months | 12 months | 3 yrs (p.a) | Since (p.a.) 31-Dec-10 | Since Inception 16-Nov-05 (p.a) |
|---------------------------------|-------------------------|---------|----------|-----------|-------------|---------------------------|------------------------------------|
| Return inc. franking credits | Dividend Income Trust | 2.4% | 0.4% | 9.6% | 9.9% | 10.6% | 8.1% |
| | S&P/ASX 200 Accum Index | 5.3% | 2.9% | 12.0% | 10.1% | 10.5% | 8.0% |
| Income inc. franking credits | Dividend Income Trust | | 2.1% | 10.2% | 13.0% | 12.5% | 11.7% |
| | S&P/ASX 200 Accum Index | | 1.3% | 6.1% | 6.3% | 6.3% | 7.6% |
| Volatility | Dividend Income Trust | | | 9.4% | 8.7% | 8.5% | 7.1% |
| | S&P/ASX 200 Accum Index | | | 11.9% | 12.0% | 11.7% | 14.3% |

Objective

The objective of the Trust, relative to the Australian equity market, is to provide investors with:

- greater total returns over rolling 5 year periods;
- more income and franking credits each year; and
- less volatility.

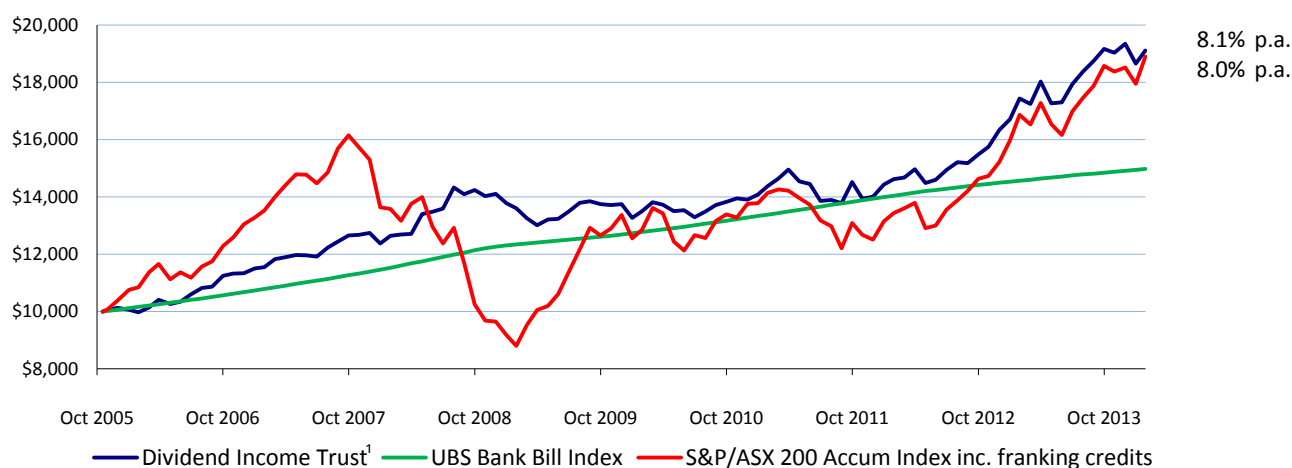
The Australian equity market is measured by the S&P/ASX 200 Accumulation Index adjusted to include franking credits.

Investment Strategy

The Trust seeks to achieve the objective by investing in an actively managed portfolio of fully franked dividend paying companies listed on the Australian Securities Exchange while hedging part of the market exposure.

Consequently, the Trust is expected to outperform when the market is weak and underperform when the market is strong.

Historic Performance Chart



Commentary

The S&P ASX 200 Accumulation Index rallied through February to increase by 5.3%, inclusive of Franking Credits. Despite some concerns including fragility within Asian economies - including China - our domestic market took cues from the US who were buoyed by a healthy earnings season. As a result, geopolitical tensions such as those in the Ukraine were overlooked which allowed local shares to rise unabated.

The aforementioned strength of the global economy supported the Trust's holdings in BHP Billiton (+4.9%) as well as the Financials sector albeit resulting in some underperformance on a risk adjusted basis.

Favourable results by Woolworths (5.9%) and heightened profit outlooks by Boral (17.6%) and Seek (+37.9%) supported the Trust's performance. Another highlight was our policy to cover short positions immediately prior to their earnings announcements. This included our repurchase of QBE which spiked (+11.6%) following their results release, which subdued investors' concerns of a negative surprise being announced. Furthermore, our positioning in fully-franked stocks entitled the Trust to receive approximately 0.5% in franking credits.

Trust Valuations

| | |
|--|--------------|
| Trust Size | \$26 million |
| Net Assets Value per Unit-incl. franking | \$1.0190 |

Significant Portfolio Holdings

| |
|-------------------|
| Company |
| BHP Billiton |
| Telstra |
| Commonwealth Bank |
| Wesfarmers |
| Woolworths |

Trust Details

| | |
|---|----------------------|
| ARSN | 151 947 732 |
| ASX Code (Quoted Unit) | AOD |
| APIR Code (Managed Fund) | AFM0010AU |
| Minimum suggested timeframe | 5 Years |
| Entry Fee | Nil |
| Exit Fee | Nil |
| Buy/Sell Spread | 0.1%/0.1% |
| Total Management Cost | 1.3% p.a. |
| Distribution frequency | Quarterly |
| Minimum quarterly distribution ² | 1.5% cash + franking |

About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the combined businesses of Aurora Funds Management Limited and Fortitude Capital Pty Ltd.

The combined group had approximately \$403 million in funds under management and administration, and provides asset management and responsible entity/trustee services for Australian and New Zealand investors.

Aurora is also the issuer of the:

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Absolute Return Fund (ASX Code: ABW)
- Aurora Global Income Trust (ASX Code: AIB)
- Aurora Property Buy-Write Income Trust (ASX Code: AUP)
- van Eyk Blueprint Alternatives Plus (ASX Code: VBP)

Aurora Funds Limited

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Notes:

1. This represents a cumulative return and assumes the reinvestment of distributions and franking credits. These returns describe the consolidated returns after fees of the Trust and the Aurora Sandringham Dividend Income Trust (ARSN 108 249 154, 'ASDIT' established 16 November 2005). The performance references against the S&P/ASX 200 Accumulation Index plus the value of franking credits as determined by Aurora. The investment strategy of these trusts was modified on 31 December 2010.
2. The Trust intends to always distribute at least 1.5% of NAV in cash plus any available franking credits, per quarter regardless of performance. This means that if there is insufficient net income in a given quarter, investors may receive a partial (or full) return of capital.