

Aurora Dividend Income Trust (Managed Fund)

ARSN 151 947 732

Interim Financial Report

For the half-year ended 31 December 2019

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Director's Report

The directors of Aurora Funds Management Limited ("AFML") (ABN 69 092 626 885), in its capacity as the responsible entity of Aurora Dividend Income Trust (Managed Fund) ("the Trust"), present their interim report together with the condensed financial statements of the Trust for the six months ended 31 December 2019, and the auditor's report thereon.

The condensed financial report has been prepared for the Trust as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Trust invests in equities and derivatives, in accordance with the provision of the Trust Constitution and the current Product Disclosure Statement ("PDS").

The Trust did not have any employees during the year.

Up to 20 December 2018, the Trust had two classes of units; an unlisted class and an AQUA quoted class. From 21 December 2018, the Trust has an unlisted class of units only.

The Responsible Entity's Australian Financial Services Licence permits it to facilitate the Trust investing in itself (via 'Treasury Units') in order to provide trading liquidity. The Responsible Entity previously managed a market making service the Trust, and offers units for sale and bids to purchase units. Treasury unit trading was conducted to facilitate applications and redemptions through the ASX AQUA platform.

On 20 December 2018, ASX Limited determined that the Responsible Entity should have its approval as an AQUA Product Issuer revoked, and that the Trust should have its trading status on the ASX market revoked.

Directors

The following persons held office as directors of Aurora Funds Management Limited during the year and up to the date of this report, unless otherwise stated:

John Patton
Victor Siciliano
Anthony Hartnell AM

Units on issue

	31 December 2019	30 June 2019
Units on Issue	8,017,697	8,756,334

Review and results of operations

During the half year, the Trust continued to invest in accordance with the target asset allocations as set out in the documents of the Trust and in accordance with the provisions of the Trust Constitution and Trust updates announced on the website.

The investment policy of the Trust continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the governing documents of the Trust.

Director's Report

Financial results for the half-year

The performance of the Trust, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Operating profit before finance costs attributable to unitholders	214,148	(904,137)
Distributions paid and payable	(130,668)	(162,679)
Unquoted units		
Distribution (cents per unit) 31 July	0.24	0.30
Distribution (cents per unit) 31 August	0.25	0.28
Distribution (cents per unit) 30 September	0.25	0.29
Distribution (cents per unit) 31 October	0.35	0.27
Distribution (cents per unit) 30 November	0.29	0.25
Distribution (cents per unit) 31 December	0.29	0.28

Financial position

Net Tangible Assets (NTA) per unit as disclosed on the website of Aurora Funds Management Limited are shown as follows

	31 December 2019 \$	30 June 2019 \$
As at reporting period	0.5773	0.4787
High during period	0.5923	0.5782
Low during period	0.4995	0.4397

Based on the audited financial statements of the Trust for the year ended 31 December 2019, the NTA at 31 December 2019 is \$0.5773 per unit.

Information on Underlying Performance

The performance of the Trust is subject to the performance of the Trust's underlying investment portfolio. There has been no change to the investment strategy of the Trust during the year, and the Trust continues to invest in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution and any Trust updates.

Director's Report

Strategy and Future Outlook

The Trust is predominantly invested in listed equities, with a focus on Australian equity securities. This is expected to continue. As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Trust provides regular updates, including monthly NTA announcements, which can be found on Aurora's website.

The Trust continues to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

Significant changes in state of affairs

RNY Property Trust (ASX:RNY)

As at 31 December 2019, Aurora's total ownership is 80.96% of which ADIT owns 9.93% of the units in RNY.

Since 2 July 2018, in its capacity as the Investment Manager of RNY, has been actively working to create value from its investment in RNY, including by working with the US lender of the underlying five (5) US commercial RNY, working with the property sub-manager to attract new tenants and various stakeholders to improve the properties.

For the half year ended 31 December 2019, the Fund has adopted significant judgements and estimates to calculate the of this investment. The key sources of estimation uncertainty and fair value measurement in relation to RNY are outlined in Note 3.

Matters subsequent to the end of the financial year

ADIT off-market takeover bid for KBC:

On 6 January 2020, ADIT announced that it intends to make an off-market takeover bid for the fully paid ordinary shares in Keybridge Capital Limited at an all cash bid price of 6.6 cents for each fully paid ordinary share. The Bid represented an 8.9% premium to KBC's most recent net tangible asset backing of 6.06 cents per share as at 31 October 2019, and a premium of 1.5% to the takeover offer already announced by WAM Active Limited.

On 7 February 2020, ADIT lodged its Original Bidder's Statement with ASIC. Since that date:

(a) ADIT has announced its intention to increase its Bid Price to 7 cents cash per KBC Share (the **Improved ADIT** on the condition (the **Withdrawal Condition**) that KBC Shareholders are able to withdraw their acceptances from the WAM Varied Offer, and issued a Supplementary Bidder's Statement dated 5 March 2020

(b) ADIT despatched its Bidder's Statement on 6 March 2020

(c) on 12 March 2020, ADIT announced that it had freed its bid of any defeating conditions

The ADIT Bid is due to close on 6 April 2020.

Director's Report

Matters subsequent to the end of the financial year (continued)

Other than the changes mentioned above, no other matters or circumstances have arisen since 31 December 2019 that significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums have been paid for out of the assets of the Trust in relation to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditors of the Trust. So long as the officers of Aurora Funds Management Limited act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Indemnity of auditors

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Cost recovery and interests held in the Trust by the Responsible Entity or its associates

Costs recovered by the Responsible Entity and its associates out of Trust property during the half year are disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

No fees were paid out of Trust property to the Directors of the Responsible Entity during the half year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the half year are disclosed in Note 9 to the financial statements.

Interests in the Trust

The movement in units on issue in the Trust during the half year is disclosed in Note 5 of the financial statements.

The values of the Trust's assets and liabilities are disclosed in the Statement of Financial Position and derived using the accounting policies set out in Note 7-8 of the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Proceedings on behalf of the Trust

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings. The trust was not a party to any such proceedings during the half year.

Director's Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'John Patton', with a stylized flourish at the end.

John Patton
Managing Director
13 March 2020
Melbourne

Auditor's Independence Declaration

To the Directors of Aurora Funds Management Limited as the responsible entity of Aurora Dividend Income Trust

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Aurora Dividend Income Trust for the half year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie

Partner – Audit & Assurance

Melbourne, 13 March 2020

Financial Statement

Condensed Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2019

	Note	Half-year ended	
		31 December 2019 \$	31 December 2018 \$
Investment income			
Interest income		2,633	747
Dividend and distribution income		15,719	154,322
Other Income		25,849	-
Net gains/(losses) on financial instruments held at fair value through profit or loss		394,188	(846,246)
Total net investment income/(loss)		438,390	(691,177)
Expenses			
Management fees	9	20,461	23,884
Transaction costs		-	-
Other operating expenses	10	203,781	189,076
Total operating expenses		224,242	212,960
Operating profit/(loss) for the half-year		214,148	(904,137)
Finance costs attributable to unitholders			
Distributions to unitholders	6	(130,668)	(162,680)
Increase (Decrease) in net assets attributable to unitholders	5	(83,480)	1,066,817
Profit/(loss) for the half-year		-	-
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		-	-
Earnings/(loss) per unit (basic/ diluted)		\$0.03	(\$0.08)

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statement

Condensed Statement of Financial Position As at 31 December 2019

	Note	As at	
		31 December 2019 \$	30 June 2019 \$
Assets			
Cash and cash equivalents	7	1,069,388	143
Receivables		5,778	25,098
Due from brokers - receipts for securities sold		-	-
Financial assets held at fair value through profit or loss	8	3,550,254	5,160,034
Total assets		4,625,420	5,185,275
Liabilities			
Distributions payable	6	22,739	21,891
Due to brokers - payable for securities sold		-	-
Other payables		78,181	264,780
Total liabilities (excluding net assets attributable to unitholders)		100,920	286,671
Net assets attributable to unitholders – liability		4,524,500	4,898,604
Liabilities attributable to unitholders		(4,524,500)	(4,898,604)
Net assets		-	-

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

Financial Statement

Condensed Statement of Changes in Equity As at 31 December 2019

	Note	Half-year ended	
		31 December 2019 \$	30 June 2019 \$
Balance at the beginning of the financial year		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with unitholders in their capacity as unitholders		-	-
Total operating expenses		-	-
Total equity at the end of the period		-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial year.

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statement

Condensed Statement of Cash Flows For the half-year ended 31 December 2019

	Note	Half-year ended	
		31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		1,296,522	2,091,888
Return of capital on financial instruments		3,581,048	-
Purchase of financial instruments held at fair value through profit or loss		(2,888,231)	(1,358,714)
Transaction costs on sale and purchase of financial instruments		-	-
Dividends and distributions received		13,494	154,374
Interest received		2,137	789
GST recovered/(paid)		22,043	4,868
Dividend expense short sold		-	-
Management and recoverable costs of responsible entity paid		(24,047)	(22,686)
Net Other operating income/expenses paid		(311,700)	(168,130)
Net cash inflow/(outflow) from operating activities		1,691,266	702,389
Cash flows from financing activities			
Proceeds from applications by unitholders (excluding treasury units)		24,693	33,434
Payments for redemptions by unitholders (excluding treasury units)		(542,027)	(167,783)
Realised Gains on CFD Account		14,630	
Proceeds from treasury unit applications		-	27,852
Payments for treasury unit redemptions		-	(443,634)
Distributions paid		(129,912)	(167,511)
Other		10,596	
Net cash inflow/(outflow) from financing activities		(622,020)	(717,642)
Net (decrease)/increase in cash and cash equivalents		1,069,246	(15,253)
Cash and cash equivalents at the beginning of the period		143	19,385
Cash and cash equivalents at the end of the period	7	1,069,388	4,132
Non-cash financing activities		24,693	33,434

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

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Notes to Financial Statements

Note 1. General information

The condensed interim financial statements cover Aurora Dividend Income Trust (Managed Fund) (the "Trust") as an individual entity. The Trust commenced operations on 8 February 2011 and is domiciled in Australia.

The Responsible Entity of the Trust is Aurora Funds Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004. The financial statements are presented in Australian currency.

It is recommended that these financial statements are considered together with the Product Disclosure Statement (which is currently being refreshed) and in accordance with the provisions of the governing documents of the Trust, and any public announcements made by the Trust during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The principal activities of the Trust during the financial year were managing its investment strategy in accordance with its investment strategy, the provisions of the Trust Constitution, the Product Disclosure Statement and any Trust updates.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of this condensed interim financial report are set out below.

These policies have been consistently applied to all years presented, unless otherwise stated.

(a) New and amended standards

The Trust has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Basis of preparation

The accounting policies applied by the Trust in this condensed interim financial report are the same as those applied by the Trust in its Financial Report as at, and for, the year ended 30 June 2019.

Statement of compliance

The condensed interim financial statements are a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the annual financial report as at, and for, the year ended 30 June 2019.

The condensed interim financial statements comply with IAS 34 Interim Financial Reporting.

Notes to Financial Statements

Note 2. Significant accounting policies (continued)

(b) Basis of preparation (continued)

Statement of compliance (continued)

The condensed interim financial statements were authorised for issue by the directors as at the date of the directors' report. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

Note 3. Use of estimates and judgements

In preparing these interim financial statements, management may make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at, and for, the year ended 30 June 2019.

Key sources of estimation uncertainty

RNY Property Trust (ASX: RNY)

The Directors have determined to carry the Fund's investment in RNY Property Trust (RNY) at \$0.044 (being 4.4 cents) per unit at 31 December 2019. In reaching this position, the Directors considered the following factors:

- RNY units are thinly traded on the ASX, and were suspended from trading on 1 April 2019 (due to the failure to lodge audited financial statements for the year, since lodged). Historically, RNY have traded at a discount to the underlying net asset position.
- On 27 September 2019, Huntley Management Limited ("Huntley"), as responsible entity for RNY Property Trust ("RNY"), announced that the independent valuation of RNY's five commercial office properties in the Tristate area of New York ("Portfolio"), as conducted by CBRE Group, Inc ("CBRE"), resulted the overall valuation being increased from US\$68.8 million to US\$79.5 million. As a consequence of this uplift in the Portfolio's valuation, RNY's unaudited net asset position is 4.7 cents per RNY unit.

Having regard to a range of factors, the Directors have determined a fair value of \$0.044 per unit in RNY.

On 11 March 2020 Huntley Management Limited (Huntley), as responsible entity for RNY Property Trust (RNY), announced that the Amended and Restated Senior Loan Agreement (Loan Agreement) with its US lender, ACORE Capital (Lender), has been extended for 30-days. The purpose of short-term extension is to allow RNY's investment manager, Aurora Funds Management Limited (Aurora), and the Lender additional time to finalise terms of a longer dated extension.

For the majority of the Trust's other financial instruments, quoted market prices are readily available. However, there may be certain financial instruments, for example, over-the-counter derivatives or unquoted securities which are fair valued using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the team that created them. For more information on how fair value is calculated please see Note 4 to the financial statements.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Notes to Financial Statements

Note 4. Fair value measurement

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis through profit or loss (FVTPL).

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Fair value hierarchy

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Trust values its investments in accordance with the accounting policies within this note to the financial statements. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models, volume weighted average prices or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Notes to Financial Statements

Note 4. Fair value measurement (continued)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds.

The following tables detail the Trust's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

31 December 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	2,399,484	-	1,150,770	3,550,254
Listed unit trusts	-	-	-	-
Total financial assets	2,399,484	-	1,150,770	3,550,254
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Listed equity securities sold short	-	-	-	-
Total financial liabilities	-	-	-	-

30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	3,972,806	36,459	1,150,769	5,160,034
Listed unit trusts	-	-	-	-
Total financial assets	3,972,806	36,459	1,150,769	5,160,034
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Listed equity securities sold short	-	-	-	-
Total financial liabilities	-	-	-	-

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and certain listed unit trusts.

Transfers between levels

In the 30 June 2019 accounts the investment in Copper Strike Limited (ASX: CSE) was valued using the most recent sale to Keybridge Capital Limited and was placed in level 2. As at 31 December 2019 Copper Strike is being valued at its ASX price.

Notes to Financial Statements

Note 4. Fair value measurement (continued)

Valuation inputs for Level 3 investments

The Trust invests in listed securities trading as RNY. As disclosed in Note 3, the Trust and other associated entities of AFML hold 80.96% of the units in RNY. For the reasons disclosed in Note 3, the last traded price has not been adopted and the value of 4.4 cents per unit has been adopted.

Notes to Financial Statements

Note 5. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the half-year and previous half-year were as follows:

	31 December 2019 No.	30 June 2019 No.	31 December 2019 \$	30 June 2019 \$
Opening balance - excluding treasury units	8,756,334	10,361,327		
Applications	-	-		
Redemptions	(784,668)	(1,752,569)		
Units issued upon reinvestment of distributions	46,031	113,963		
Cancellation of treasury units		33,613		
Closing balance - excluding treasury units	8,017,697	8,756,334		
Opening balance - treasury units	-	1,890,906		
Applications	-	784,423		
Redemptions	-	(2,641,716)		
Cancellation of treasury units	-	(33,613)		
Closing balance - treasury units	-	-		
Opening balance - including treasury units	8,756,334	12,252,233	4,898,604	6,222,082
Applications	-	784,423	-	27,853
Redemptions	(784,668)	(4,394,285)	(482,278)	(996,412)
Units issued upon reinvestment of distributions	46,031	113,963	24,693	59,187
Cancellation of treasury units	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	83,481	(414,106)
Closing balance - including treasury units	8,017,697	8,756,334	4,524,500	4,898,604

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust.

Notes to Financial Statements

Note 6. Distribution to unitholders

The distributions declared for the half-year were as follows:

	Half-year ended			
	31 December 2019 \$	31 December 2019 CPU	31 December 2018 \$	31 December 2018 CPU
Quoted Units				
Distributions paid	-	-	133,617	1.39
Distributions payable (31 December 2019 month)	-	-	-	0.28
Total distributions - quoted units	-	-	133,617	1.67
Unquoted Units				
Distributions paid	107,928	1.38	2,791	1.39
Distributions payable (31 December 2019 month)	22,739	0.29	26,272	0.28
Total distributions - unquoted units	130,667	1.67	29,063	1.67
Total distributions	130,667	1.67	162,680	1.67

The Trust distributes all its net income each year to unitholders. The Trust distributes 0.5% of the Net Asset Value ('NAV') per unit each month. Should the Trust not generate sufficient net income to cover the distribution in any financial year, then part or all of any distribution may be a return of capital.

Note 7. Cash and cash equivalents

	As at	
	31 December 2019 \$	30 June 2019 \$
Cash at bank	1,069,388	143
Total cash and cash equivalents	1,069,388	143

Note 8. Financial assets held at fair value through profit or loss

	As at	
	31 December 2019 \$	30 June 2019 \$
Designated at fair value through profit or loss		
Australian listed equity securities	3,550,254	5,160,034
Australian listed unit trusts	-	-
Australian listed options	-	-
Total financial assets held at fair value through profit or loss	3,550,254	5,160,034

Notes to Financial Statements

Note 9. Related party transactions

Responsible Entity

The Responsible Entity of Aurora Dividend Income Trust (Managed Fund) is Aurora Trusts Management Limited.

Key management personnel unitholdings

No key management personnel of Aurora Dividend Income Trust (Managed Fund) held units in the Trust.

Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Trust to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Notes to Financial Statements

Note 9. Related party transactions (continued)

Treasury Units

The Trust may purchase and sell units in itself as part of its Treasury Unit trading activities. Details of the Trust's investments in itself are set out below:

31 December 2019	No. of units held opening	No. of units held closing	Fair value of investment	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Trust
Aurora Dividend Income Trust	-	-	-	-	-	-	-

30 June 2019

Aurora Dividend Income Trust	1,890,906	-	-	-	-	1,890,906	-
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Aurora Corporate

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) as Trustee for the Aurora Investments Unit Trust (Aurora Corporate) owns 100% of the ordinary shares of Aurora Funds Management Limited, being the Responsible Entity of the Trust.

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited, and 50% owned by Victor Siciliano, an Executive Director of Aurora Funds Management Limited.

Directorships

Mr John Patton was appointed to the Boards of the following listed entities held by other managed investment schemes also managed by the Responsible Entity:

- Mr Patton was appointed to the Board of Keybridge Capital Limited as a Non-Executive Director on 10 August 2016 and was subsequently appointed to the role of Executive Chairman on 13 October 2016. On 21 January 2020, Mr Patton retired from his position as director and chairman of Keybridge.
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016.

Notes to Financial Statements

Note 9. Related party transactions (continued)

Investments

The Trust did not hold any investments in any schemes which are also managed by the Responsible Entity.

Responsible Entity's/manager's fees and other transactions

Under the terms of the Trust Constitution, the Responsible Entity is entitled to receive fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Trust as follows:

- Management fee payable to the Responsible Entity is 0.97% (including GST) per annum;

Aurora Funds Management Limited recovers all of its normal operating expenses to the Trust in accordance with the Trust's Constitution.

The transactions during the year and amounts payable at year end between the Trust and the Responsible Entity were as follows:

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Management fees for the year paid/payable by the Trust to the Responsible Entity	20,461	23,884
Recoverable costs of Responsible Entity for the half-year paid/payable by the Trust to the	-	62,559
Other expenses reimbursed for the year paid/payable by the Trust to the Responsible Entity	85,226	115,182
Balance owing to to the Responsible Entity at the end of the reporting period	14,725	30,038

No amounts were paid by the Trust directly to the key management personnel of Aurora Funds Management Limited.

Note 10. Other operating expenses

	31 December 2019 \$	31 December 2018 \$
Bank fees	367	207
Recoverable costs of Responsible Entity	-	62,559
Legal fees	81,312	14,451
Recovery expenses	85,226	100,731
Interest expense	148	8,238
Other expenses	36,728	2,890
Total operating expenses	203,781	189,076

Notes to Financial Statements

Note 11. Contingent assets and liabilities

There were no contingent assets and liabilities as at 31 December 2019 (30 June 2019: Nil).

Note 12. Events after the reporting period

ADIT's investment in RNY

In regard to ADIT's investment in RNY, on 11 March 2020 Huntley Management Limited (Huntley), as responsible entity for RNY Property Trust (RNY), announced that the Amended and Restated Senior Loan Agreement (Loan Agreement) with its US lender, ACORE Capital (Lender), has been extended for 30-days. The purpose of short-term extension is to allow RNY's investment manager, Aurora Funds Management Limited (Aurora), and the Lender additional time to finalise terms of a longer dated

ADIT off-market takeover bid for KBC:

On 6 January 2020, ADIT announced that it intends to make an off-market takeover bid for the fully paid ordinary shares in Keybridge Capital Limited at an all cash bid price of 6.6 cents for each fully paid ordinary share. The Bid represented an 8.9% premium to KBC's most recent net tangible asset backing of 6.06 cents per share as at 31 October 2019, and a premium of 1.5% to the takeover offer already announced by WAM Active Limited.

On 7 February 2020, ADIT lodged its Original Bidder's Statement with ASIC. Since that date:

- (a) ADIT has announced its intention to increase its Bid Price to 7 cents cash per KBC Share (the **Improved ADIT Bid**) on the condition (the **Withdrawal Condition**) that KBC Shareholders are able to withdraw their acceptances from the WAM Varied Offer, and issued a Supplementary Bidder's Statement dated 5 March 2020;
- (b) ADIT despatched its Bidder's Statement on 6 March 2020
- (c) on 12 March 2020, ADIT announced that it had freed its bid of any defeating conditions

The ADIT Bid is due to close on 6 April 2020.

Market conditions impacting investment values

Since 31 December 2019 there has been a material difference in the value of investments, as observed on ASX listed companies share prices generally, due to a significant change in current market conditions and economic activity.

Other than the events mentioned above and in matters subsequent to the end of the financial year highlighted in the Directors' Report, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Condensed Statement of Financial Position as at 31 December 2019 or on the results and cash flows of the Fund for the year ended on that date.

The most recent publicly disclosed Net Asset Value (NAV) per unit is 0.5510 cents per unit as at 28 February 2020.

Director's Declaration

The Directors of the Responsible Entity declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 2 to the condensed financial statements;
- (c) In the directors' opinion, the attached condensed financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- (d) The directors have been given the declarations of the Responsible Entity made pursuant to s295(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Responsible Entity, Aurora Fund Management Limited.



John Patton
Managing Partner
13 March 2020

Independent Auditor's Review Report

To the Unitholders of Aurora Dividend Income Trust

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Aurora Dividend Income Trust (the Trust), which comprises the condensed statement of financial position as at 31 December 2019, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Aurora Dividend Income Trust does not give a true and fair view of the financial position of the Trust as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Responsible Trust are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Trust*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aurora Dividend Income Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 13 March 2020