

## Aurora Sandringham Australian Equity Income Trust Performance Report - 31 January 2011

(ASX Code:ABW)



### Summary

- The Trust returned 0.14% for January compared to the Benchmark which returned 0.18%

### Performance<sup>1</sup>

	1 month	3 month	6 month	12 month	3 yrs (p.a)	Since Inception (p.a)
Aurora Sandringham Aust Equity Income Trust	0.14%	2.60%	7.12%	8.12%	-1.13%	2.44%
S&P/ASX200 Accumulation Index	0.18%	2.74%	8.15%	8.46%	-1.26%	2.56%

### Investment Objective

The trust aims to outperform the Australian equity market as measured by the S&P/ASX200 Accumulation Index. Please note that while we aim to achieve this objective, the returns are not guaranteed.

### Investment Strategy

The Trust seeks to meet the Investment Objective through using multiple investment strategies that the Investment Manager expects will outperform the S&P/ASX200 Accumulation Index. These strategies will be implemented by buying and selling listed and unlisted securities, managed investment schemes and risk management instruments. This may include investments in offshore markets. Accordingly, the Trust will seek to obtain:

- the S&P/ASX200 return by continuously having approximately 100% exposure to the Australian equity market through holding either futures over the S&P/ASX200 Index, or Australian listed securities; and
- an outperformance component by investing in investment strategies the Investment Manager expects (combined with the point above) will outperform the S&P/ASX200 Accumulation Index.

Where an investment is made that does not have an exposure to the Australian equity market, that exposure will typically be hedged into the Australian equity market. This hedging / risk management process seeks to broadly result in the Trust achieving the same performance as an investment in the Australian equity market as measured by the S&P/ASX200 Accumulation Index plus or minus any value created or lost by the investment and the hedge.

The Trust may utilise debt funding through a prime broking arrangement from time to time. However, the Trust's overall market exposure to the S&P/ASX200 Accumulation Index is generally expected to remain at, or around, 100% of net assets.

### Trust Features

Unit pricing	Monthly.
Distribution policy	At least 2% of Net Asset Value per Unit per quarter. <sup>2</sup>
Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement.
Redemptions	On market by selling on the ASX or off-market at the end of each month.

### Trust Valuations

Fund Size	\$6.2 million
Net Assets Value per Unit	\$1.1245
Net Assets Value per Unit-incl. franking	\$1.8070

### Trust Distributions (per Unit)<sup>3</sup>

Period	Cash	Franking	Total	Yield at NAV (p.a)
31-Dec-06	\$0.0486	\$0.0208	\$0.0694	9.0%
30-Jun-07	\$0.1962	\$0.0371	\$0.2333	25.3%
31-Dec-07	\$0.0333	\$0.0332	\$0.0665	7.6%
30-Jun-08	\$0.0586	\$0.0400	\$0.0986	11.9%
31-Dec-08	\$0.0450	\$0.0000	\$0.0450	7.6%
30-Jun-09	\$0.0267	\$0.0000	\$0.0267	5.1%
31-Dec-09	\$0.0450	\$0.0000	\$0.0450	8.8%
31-Mar-10	\$0.0250	\$0.0000	\$0.0250	8.1%
30-Jun-10	\$0.0250	\$0.0000	\$0.0250	8.2%
30-Sep-10	\$0.0250	\$0.0000	\$0.0250	9.5%
31-Dec-10	\$0.0230	\$0.0000	\$0.0230	8.3%
<b>Total</b>	<b>\$0.5514</b>	<b>\$0.1311</b>	<b>\$0.6825</b>	

## Trust Update

Heavy flooding in Queensland and further Chinese tightening weighed down local markets during January. The S&P/ASX200 Accumulation Index finished up 0.18% with materials clearly the worst sector while financials were strong as the European sovereign debt crisis abated.

The Trust's investment in the Aurora Sandringham Dividend Income Trust outperformed its benchmark as the updated strategy of investing in a diversified portfolio of fully franked dividend companies performed well.

Merger and Acquisition activity continued to add to performance for the Trusts investment in the Aurora Fortitude Absolute Return Fund. The unconditional takeover of Citadel by Equinox concluded and AFARF used its low execution costs to take advantage of the alpha and liquidity at the tail end of the deal.

AFARF's best performing strategy for the month was Convergence as the premium of the Wesfarmers Partially Protected shares increased relative to the ordinary shares.

In accordance with the investment strategy, the Trust maintained approximately S&P/ASX200 Index market exposure and finished up 0.14%.

## Significant Portfolio Holdings

Market Exposure	Weight
S&P/ASX 200 Index Futures Contract	100%
Strategy Exposure	
Aurora Sandringham Dividend Income Trust	23.2%
Aurora Fortitude Absolute Return Trust	55.2%
Total invested as a % of NAV	78.4%

## 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, Fortitude Capital Pty Ltd and Sandringham Capital Pty Ltd.

The combined group has in excess of \$500 million in funds under management and administration, and provides asset management and responsible entity/trustee services for over 3,500 Australian and New Zealand investors.

Aurora is also the issuer and/or distributor of the:

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Sandringham Australian Equity Income Trust (ASX Code: ABW)
- Aurora Sandringham Dividend Income Trust (ASX Code: AOD)
- Aurora Global Income Trust (ASX Code: AIB)
- Aurora Property Buy-Write Income Trust (ASX Code: AUP)
- CORALS Commodities Fund (ARSN 131 196 882)
- van Eyk Blueprint Alternatives Plus (ASX Code: VBP)

## Aurora Funds Limited

Level 2, 350 George Street, Sydney NSW 2000 PO Box R1695, Royal Exchange NSW 1225

Telephone: 1300 553 431, Visit [www.aurorafunds.com.au](http://www.aurorafunds.com.au), or Email: [enquiries@aurorafunds.com.au](mailto:enquiries@aurorafunds.com.au)

1. This number represents a cumulative return and assumes reinvestment of distributions. 2. The Trust intends to always distribute at least 2.0% of NAV per Unit, excluding any franking credits, per quarter regardless of Trust performance. This means that if the Trust has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital. 3. Each historical distribution has been divided by six to reflect the Unit split carried out in November 2009.

Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885, AFSL 222110) in its capacity as Responsible Entity for the Aurora Sandringham Australian Equity Income Trust (ARSN 110 303 430). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should consider a copy of the Product Disclosure Statement and seek their own financial advice prior to investing in the Trust. The information in this Performance Report is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance. In particular as the Investment strategy of the Trust was materially altered in July 2009, and performance prior to this date (being from three years to 'since inception') has little bearing on future performance. The payment of franking credits to Unit holders is subject to the Trust achieving a taxable profit in that year. Please see [asx.com.au](http://asx.com.au) for more information on the S&P/ASX200 Accumulation Index.