

# Aurora Infrastructure Buy-Write Income Trust ASX Code: AIB

## Performance Report - 31 May 2009

### Summary

- The Trust returned +2.94% for the month versus the UBS Global 50/50 Infrastructure and Utility Index which returned +3.33%
- The Trust has returned -2.08% since inception versus the UBS Global 50/50 Infrastructure and Utility Index which returned -34.93%



### Monthly Performance

Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec08	AIB (12 mths)*	Index (12mths)*
0.41%	0.36%	-1.72%	2.33%	2.76%	-4.66%	0.75%	3.40%	-3.86%	-3.53%	1.58%	0.60%	-1.90%	-32.7%
Jan 09	Feb 09	Mar 09	Apr 09	May 09								AIB (5 mths)*	Index(5 mths)*
-1.56%	-3.60%	0.38%	1.80%	2.94%								-0.18%	-3.36%

### Investment objective

The Aurora Infrastructure Buy-Write Income Trust (the Trust) is an ASX listed investment trust that aims to generate income from an active strategy of selling call options over a portfolio of global listed infrastructure securities.

### Investment Strategy

The Trust seeks to capture returns from investing in some of the world's leading listed infrastructure entities, through an equity swap, with the objective of increasing the income generated by implementing an active call option selling ('writing') strategy. Each quarter twenty securities will be selected within the global infrastructure sector that may be anticipated to:

- provide a higher than average dividend yield over the medium term (including the influence of franking credits, and special dividends and other financial restructuring); and
- provide the scope for additional income generation by the Trust systematically writing call options on these securities.

The Trust may utilise some gearing, and will also seek to protect the portfolio against extreme market conditions through the purchase of 3-month put options on each security at, or around, 90% of the then prevailing market price.

### Investment Manager

Talon Infrastructure Pty Ltd is the Investment Manager of the Trust with responsibility to advise on the Trust's global investment selection. The Managing Director of Talon Infrastructure, has approximately ten years experience in investment banking, corporate finance and the infrastructure sector.

This includes over six years at Macquarie Bank Limited in investment banking, corporate finance and funds management. His role at Macquarie Bank Limited included approximately three years of global infrastructure securities funds management experience culminating with his appointment as the Chief Investment Officer of Macquarie Fund Adviser LLC, the adviser to two New York Stock Exchange listed infrastructure funds, with over A\$1 billion under management.

### Trust features

Trust Listing	24 December 2007
Minimum Investment	\$2,000
Unit pricing	Monthly.
Distribution frequency	Half yearly.
Distribution policy	The Trust will distribute 100% of its net realised gains each year.
Distribution Reinvestment Plan	Available.
Applications	Investors may acquire Units on market 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

Market capitalisation	\$13,780,314
Net Asset Value (NAV) – incl. franking	\$15,112,235
Units on issue	1,766,707
Net Asset Value per Unit	\$8.5539
NAV plus distributions paid (since inception)	\$9.5146

### Trust distributions (per Unit)

Period	Total	Yield at NAV (p.a.)
30 Jun 08	\$0.3975	8.2%
31 Dec 08	\$0.5700	12.3%
Total	\$0.9675	

## Investment Manager commentary

By Talon Infrastructure Pty Ltd

The Trust achieved a return of 2.94% for May. This compares to the UBS Global 50/50 Infrastructure and Utility Index which returned 3.33%.

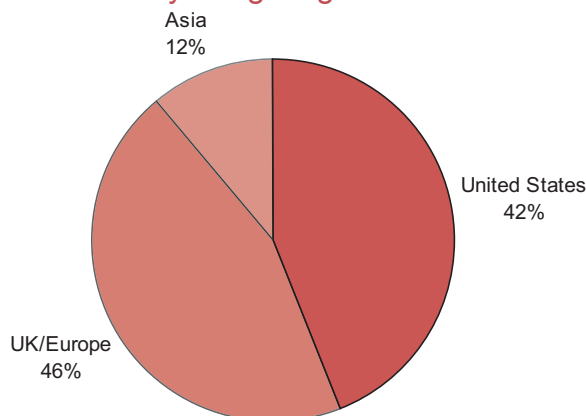
Calendar year to date, the Trust has a cumulative return of -0.18% versus the Index which returned -3.36%.

May was similar to April, with the majority of the stocks in the portfolio performing well. However, the benefit to the Trust was again relatively modest as many positions traded above their call option strike.

The Trust's transport infrastructure exposure (25% of the portfolio) was a key contributor during the month and over the last quarter. Chinese diversified seaport owner and operator, China Merchant Holdings International (CMHI), performed strongly during the relatively short period it was held by the Trust. The Trust bought a 5% position in CMHI in February 2009 at around HK\$13.50 – the opportunity to buy quality assets with significant earnings potential at around book value was very attractive (the stock had fallen 75% from its high). When the position was closed out towards the end of May 2009, CMHI's share price had risen over 50%.

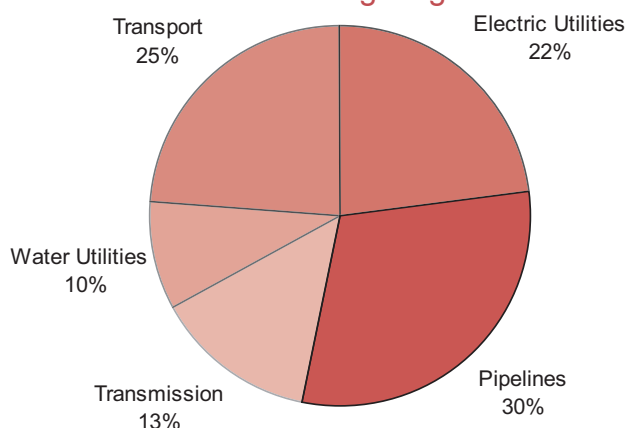
As outlined in the announcement on 4 June 2009, the Trust is currently invested in cash. Talon continues to see attractive opportunities available across Europe, US and Asia and it is expected the Trust will be in a position to take advantage of these opportunities in the near term.

## Portfolio Country Weightings



Source: Talon Infrastructure

## Portfolio Sub-Sector Weightings



Source: Talon Infrastructure

## Five Stocks from the Portfolio

	Country	Sub-Sector	Weight
China Merchant Holdings	China	Seaports	6.8%
Energy Transfer Partners	USA	Pipelines	8.3%
Snam Rete Gas	Europe	Transmission	4.3%
United Utilities	UK	Water Utility	4.8%
Xcel Energy	USA	Electric Utility	4.4%
Remaining portfolio holdings			71.4%

Source: Talon Infrastructure

## About Aurora

Aurora Funds Management (Aurora) is an investment management and distribution group owned and operated by a group of professionals with considerable experience in retail funds management, stockbroking, margin lending, corporate advisory and investment banking.

Aurora aims to source, package and distribute carefully researched investment strategies that are managed by specialist wholesale investment managers.

Aurora is also the issuer of the:

- Aurora Sandringham Dividend Income Trust (ASX Code: AOD)
- Aurora Buy-Write Income Trust (ASX Code: ABW)
- Aurora Property Buy-Write Income Trust (ASX Code: AUP)
- van Eyk Blueprint Alternatives Plus (ASX Code: VBP)

## Aurora Funds Management

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\* This number represents a cumulative return.

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