



Summary

- The Trust fell by -2.3% in June ahead of the benchmark -2.6% and the ASX200, which was down -5.3%.
- In June all global stock markets finished in the red as Chinese equities sold off and the Greek sovereign debt crisis intensified, though the ASX200 was one of the weakest performers globally faring even worse than the MSCI European Index!
- There were few places for investors to hide as all sectors on the ASX declined with telecoms and financials declining the least and mining and consumer discretionary being hit the hardest.

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.

Performance after Fees

Returns including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust ¹	-2.3%	-5.6%	-5.3%	7.3%	5.9%	6.3%
Benchmark*	-2.6%	-2.9%	5.1%	9.7%	6.6%	6.5%
Value add	0.3%	-2.7%	-10.4%	-2.4%	-0.7%	-0.2%
S&P/ASX 200 Accumulation Index	-5.3%	-6.3%	7.3%	16.6%	9.4%	7.8%

* The Benchmark is calculated as 50% of the return on the S&P/ASX 200 Accumulation Index adjusted to include franking credits plus 50% of the return on the UBS Australia Bank Bill Index. The weights in the benchmark are the same as the target weights of the Trust.

Distributions

The Trust distributes at least 0.5% of net assets in cash per month. In addition, the Trust distributes franking credits monthly.

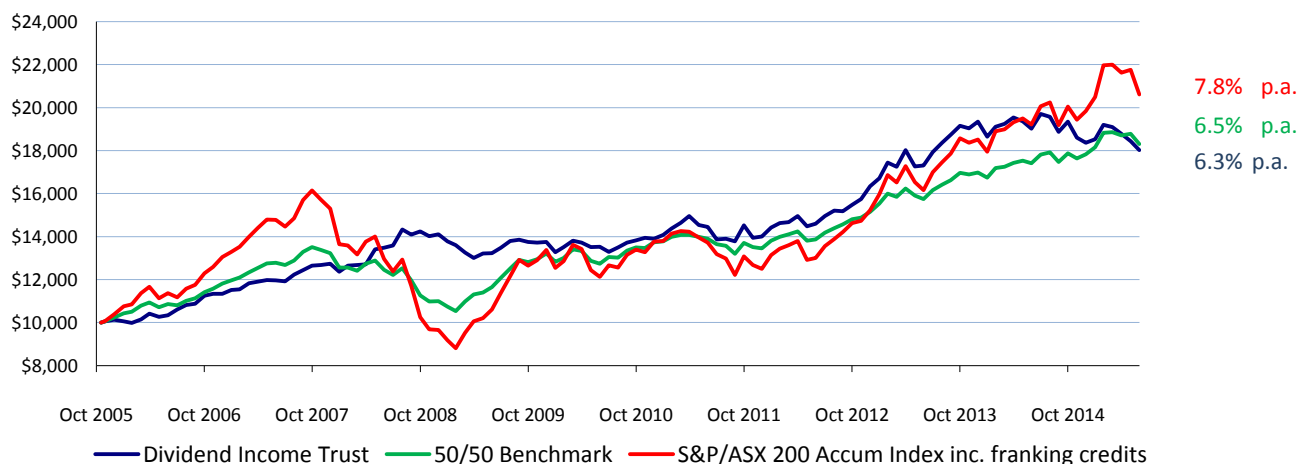
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	0.7%	1.8%	8.1%	8.8%	11.3%	10.9%
S&P/ASX 200 Accumulation Index		1.0%	6.1%	6.5%	6.2%	6.1%

Volatility

Volatility is a measure of risk. The volatility of the Trust is expected to be less than the volatility of the market.

Volatility	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	8.5%	8.5%	7.2%
S&P/ASX 200 Accumulation Index	11.2%	11.6%	14.1%

Historic Performance Chart



Commentary

June was a tough month for Australian equity investors, as stock prices were under pressure from negative global news and a range of earnings downgrades being issued prior to reporting season. All sector posted losses with telecoms (-1%) faring the best and consumer discretionary (-11%) the worst. At a stock level, Slater+Gordon (-41%) and Flight Centre (-27%) were punished after downgrading earnings and Fortescue (-21%) fell on a declining iron ore price. Sonic Health (+6%) and CBA (0%) were the best performing large cap stocks.

Not surprisingly in June the Trust's short positions added the most value over the month, with CSL (-8%), AMP (-10%), Origin (-10%) and Brambles (-7%) the biggest contributors. Long positions in CBA (0%) and Telstra (-1%) also provided a steadying influence. The main performance detractors were long positions in BHP (-9%), Wesfarmers (-11%) and Woodside (-7%) which declined due to weaker commodity prices and general negative market sentiment.

As negative global macro news was the prime driver of returns in June, the strategy of favouring fully franked dividend paying companies was broadly neutral. Moving into reporting season in August we expect to see greater opportunities to add value.

Trust Valuations

Current Distribution yield	8.08%
Net Assets Value per Unit-incl. franking	\$0.8448

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	Monthly
Minimum monthly distribution ²	0.5% cash + franking

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.

Significant Portfolio Holdings

Company
Telstra
BHP Billiton
Commonwealth Bank
Wesfarmers
Westpac

About Aurora

Aurora Funds Management Limited is a fully owned subsidiary of ASX listed, Keybridge Capital (ASX Code: KBC).

Aurora is a boutique investment manager that was established in 2003, and has a long track record of producing risk adjusted returns for retail, institutional and high net worth investors. The investment strategies are offered through both ASX listed investment vehicles and managed funds. They aim to deliver income whilst also managing the risks associated in investing in Australian and global equities.

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)

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Notes:

1. The 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). They assume the reinvestment of distributions and franking credits. 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 were modified on 31 December 2010.
2. The Trust intends to always distribute at least 0.5% of NAV in cash plus any available franking credits, per month regardless of performance. This means that if there is insufficient net income in a given month, investors may receive a partial (or full) return of capital.