



Aurora Dividend Income Trust Performance Report - May 2015

Summary

- The Trust fell by -1.8% in May trailing the benchmark which gained 0.4%.
- May was a good month generally for Australian equities, excluding the banks, which dragged down the ASX after capital raisings from NAB and Westpac and CBA 's capital reporting weaker than expected quarterly earnings.
- At a sector level the Industrials, Listed Property and Healthcare sectors outperformed, with consumer staples and banks

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	-1.8%	-3.9%	-4.7%	8.4%	6.6%	6.6%
Benchmark*	0.4%	-0.2%	7.3%	10.8%	7.4%	6.8%
Value add	-2.2%	-3.7%	-12.0%	-2.4%	-0.8%	-0.2%
S&P/ASX 200 Accumulation Index	0.7%	-0.9%	11.8%	19.0%	11.0%	8.5%

* 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.

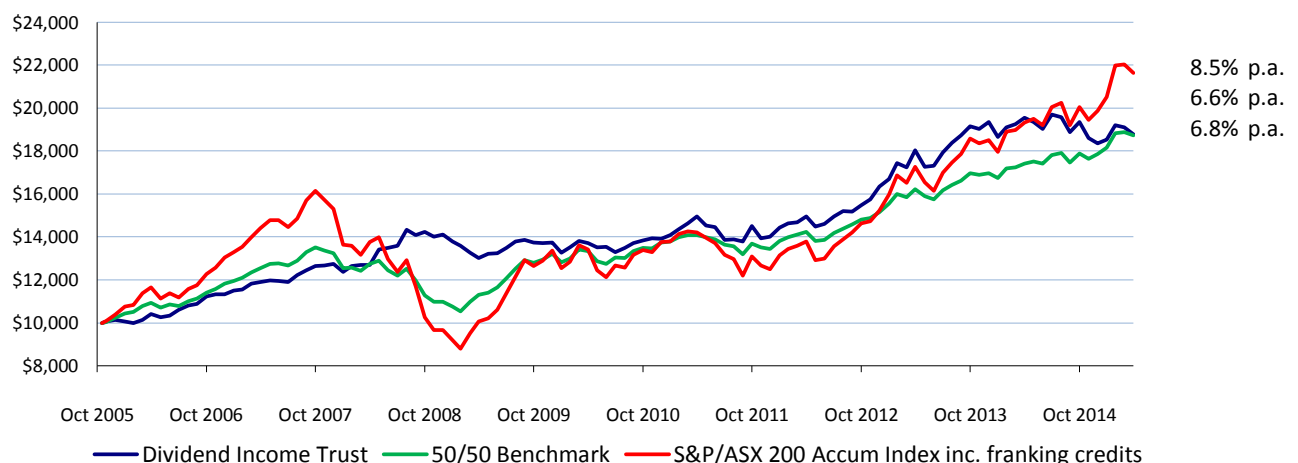
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a.)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a.)
Dividend Income Trust	0.7%	2.2%	8.0%	13.3%	11.4%	11.0%
S&P/ASX 200 Accumulation Index		1.6%	6.6%	6.7%	6.4%	6.1%

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	8.3%	8.5%	7.2%
S&P/ASX 200 Accumulation Index	10.4%	11.4%	14.1%

Historic Performance Chart



Commentary

May was a mixed month in the global equity markets, the S&P500 (+1.3%) hit another record high and the Shanghai (+4%) was up again thanks to another rate cut by the POBC, but Europe (-0.6%) fell on concerns about Greece. Iron ore and gold rallied over the month, with oil weaker. The AUD fell after the RBA cut the cash rate to a historic low of 2% early in the month.

At a sector level on the ASX industrials, listed property trusts and healthcare outperformed, with banks and consumer staples lagging. The dominant themes were outperformance from "USD-earners" and "yield" stocks from a falling AUD and domestic interest rates as well as a weakness in the Australian banks. The Australian banks dragged down the ASX after capital raisings from NAB and Westpac and CBA reporting weaker than expected quarterly earnings.

In May the Trust's long positions in BHP, Woodside and QBE added value. The main detractors of performance were our long positions in the major banks which declined for the reasons mentioned above as well as our short positions in USD-earning stocks like CSL, Brambles and Amcor. As the Trust is strategically biased towards value stocks that pay fully-franked dividends, we are unlikely to be overweight companies who do not generate taxable income in Australia.

Trust Valuations

Trust Size	\$25.0 million
Net Assets Value per Unit-incl. franking	\$0.8703

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.