



## Aurora Dividend Income Trust Performance Report - August 2015

### Summary

- The Trust fell 4.5% and trailed the benchmark, as Australian equities had their worst month in seven years falling -7.8%.
- Whilst most Australian companies reported positive earnings results this was swamped by macro concerns, namely China's devaluation of the RMB and a 13% fall in the Shanghai Composite Index.
- At a sector level there were few places to hide in August with all sectors weaker. Utilities and Listed property declined the least, with banks and energy faring the worst.

### 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 <sup>1</sup>	-4.5%	-4.7%	-10.2%	4.9%	5.1%	5.9%
Benchmark*	-3.7%	-4.0%	0.7%	7.9%	6.0%	6.2%
<b>Value add</b>	<b>-0.8%</b>	<b>-0.7%</b>	<b>-10.9%</b>	<b>-3.0%</b>	<b>-0.9%</b>	<b>-0.3%</b>

\* 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.

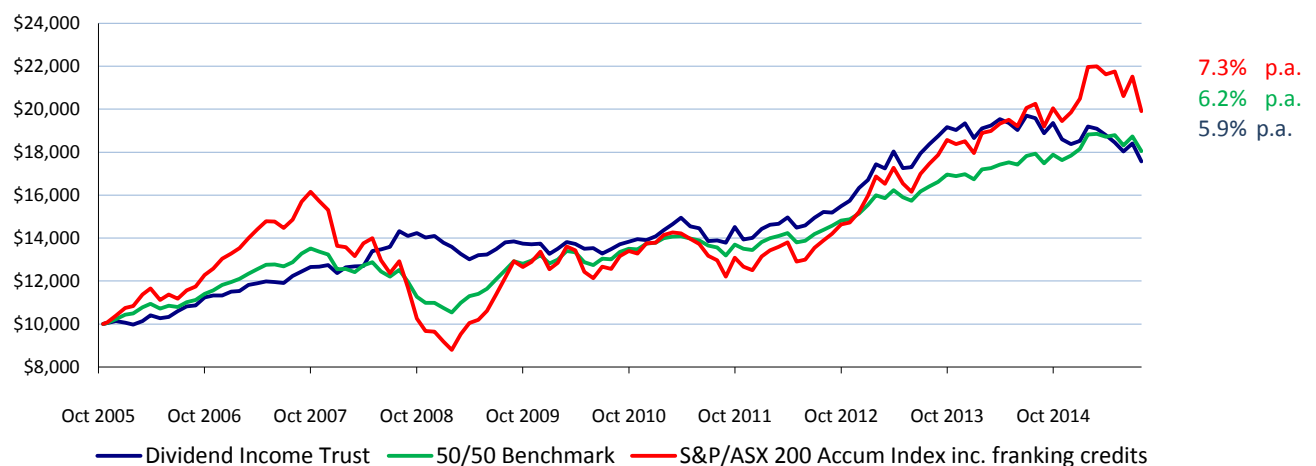
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	0.5%	1.6%	7.4%	9.0%	11.1%	10.8%
S&P/ASX 200 Accumulation Index		1.3%	5.8%	6.3%	6.2%	6.1%

### 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	8.9%	8.7%	7.4%
S&P/ASX 200 Accumulation Index	12.3%	12.2%	14.1%

### Historic Performance Chart



## Commentary

### Performance Update

August gave back all of July's gains and then some as the ASX200 recorded its largest monthly fall (-7.8%) since October 2008. The primary cause of this fall was concerns about China, though the decline was exacerbated by the banks raising \$8 billion in new equity. Over the month, the top performing stocks were Sims Metal (+21%) and Medibank (+12%) both of which delivered profit results ahead of expectations. The weakest performers were Santos (-29%) and Origin (-25%) after revealing weaker earnings result to an unsympathetic market.

### Portfolio Performance

The Trust declined -4.5% and underperformed the benchmark primarily due to the weakness in the bank stocks held.

In August, the Trust benefited from short positions in CSL (-7%), Macquarie (-7%), AMP (-10%) and Origin (-25%) as well as a long positions in Asciano (+4%), AGL (+3%) and Rio (-2%). The main performance detractors were long positions in CBA (-11%), Westpac (-11%), ANZ (-15%) and NAB (-10%).

Whilst disappointed with the Trust's performance in August, we were quite pleased with the earnings results posted by the companies held. In aggregate the long positions held by the Trust increased dividends per share by +5%.

### Portfolio Trading

No significant trading was done over the month other than some opportunistic buys on particularly weak days. An example of this was an addition to the Asciano position (+4%). This sold down on one particularly weak day, despite being the subject of a takeover offer and netted the Trust a relatively certain 25% annualised return at our purchase price.

## Trust Valuations

Current Distribution yield	9.47%
Net Assets Value per Unit-incl. franking	\$0.8152

## 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 <sup>2</sup>	0.5% cash + franking

## 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. They aim to deliver income whilst also managing the risks associated in investing in Australian and global equities. The investment strategies are offered through both ASX listed investment vehicles and managed funds.

### 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)
- HHY Fund (ASX Code: HHY)

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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.