



Aurora Dividend Income Trust Performance Report - December 2015

Summary

- The Trust had a solid month gaining +3.1% as stock selection on both the long and short side worked in our favour.
- The Australian equity market was very volatile over December, falling heavily at the start of the month, before staging a "Santa Claus" rally in the final week of trading.
- At a sector level there was a significant dispersion of returns with consumer discretionary and consumer staples the top performing sectors and the energy and industrial sectors 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.

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	3.1%	1.8%	-6.4%	1.7%	4.3%	5.5%
Benchmark*	1.6%	3.7%	3.5%	6.8%	6.1%	6.2%
Value add	1.5%	-1.9%	-9.9%	-5.1%	-1.8%	-0.7%

* 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.

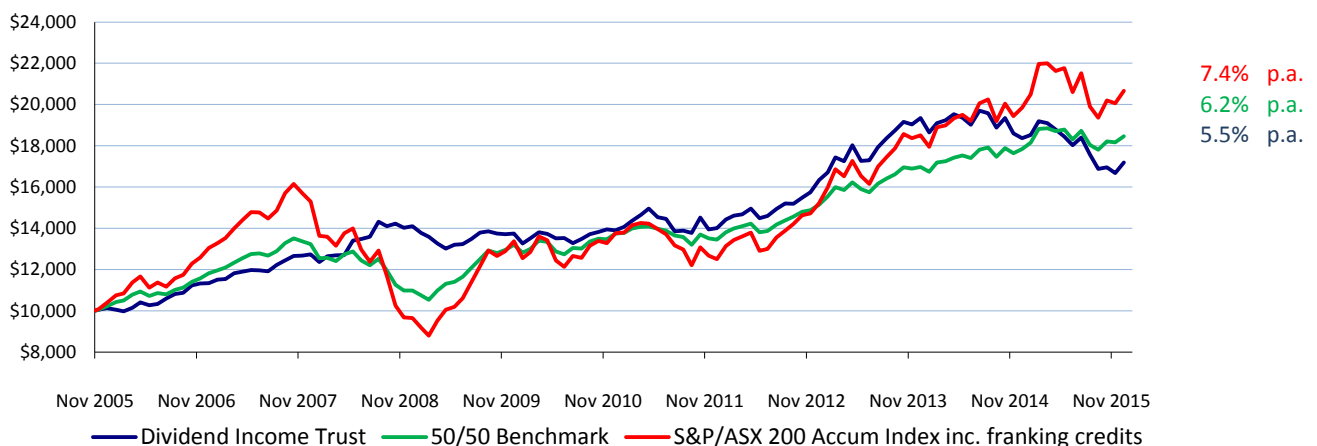
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	0.6%	2.3%	8.5%	9.4%	11.2%	10.8%
S&P/ASX 200 Accumulation Index		1.3%	6.3%	6.3%	6.3%	6.1%

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	9.2%	8.8%	7.5%
S&P/ASX 200 Accumulation Index	12.6%	12.0%	14.1%

Historic Performance Chart



Commentary

Performance Update

The key piece of news that dominated global markets in December was the raise in the US Fed funds rate which ended the seven year policy of near-zero interest rates. Post the announcement of the raise on the 16th, the ASX rallied to be one of the best performing global equity markets in December.

Over the month the top performing stocks were Newcrest (+19%), Dominos (+16%) and Carsales.com (+14%). The weakest performers were the companies that downgraded earnings prior to year-end such as Spotless (-50%) and Aurizon (-21%). Primary Health (-27%) was impacted by a Federal Budget Update that include cuts to health care payments.

Portfolio Performance

The Trust had a strong month gaining +3.1%. In December the Trust benefited from long positions in Westpac (+4%), Wesfarmers (+9%), CBA (+8%) and AGL Energy (+9%), as well as being short Oil Search (-18%), Origin (-16%) and Spotless (-50%). The principle detractors from performance was the long position in Woodside (-5%), as well as the short in Newcrest (+19%). We are currently conducting a strategic review of the Trust's investment processes in relation to its positioning towards companies paying tax outside Australia.

Portfolio Trading

In December a strategy designed to augment the Trust's distributable franking credits added value and enabled the Trust to fully frank the December monthly distribution.

Trust Valuations

Current Distribution yield	8.5%
Net Assets Value per Unit-incl. franking	\$0.7713

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

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.