



## Aurora Dividend Income Trust Performance Report - January 2016

### Summary

- The Trust fell 4.9% and trailed the benchmark; as Australian equities declined, falling -5.5%.
- There were few places for investors to hide as most sectors on the ASX posted negative returns. Defensive sectors listed property, utilities and telecoms fared the best, with index heavyweights materials, financials and energy all being sold off hard.
- In January a strategy designed to augment the Trust's distributable franking credits enabled us to frank this month's distribution at a rate of 95%.

### 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 <sup>1</sup>	-4.9%	-3.6%	-11.8%	-0.7%	3.2%	4.9%
Benchmark*	-2.6%	-1.3%	-1.0%	5.0%	5.4%	5.9%
<b>Value add</b>	<b>-2.3%</b>	<b>-2.3%</b>	<b>-10.8%</b>	<b>-5.7%</b>	<b>-2.2%</b>	<b>-1.0%</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.

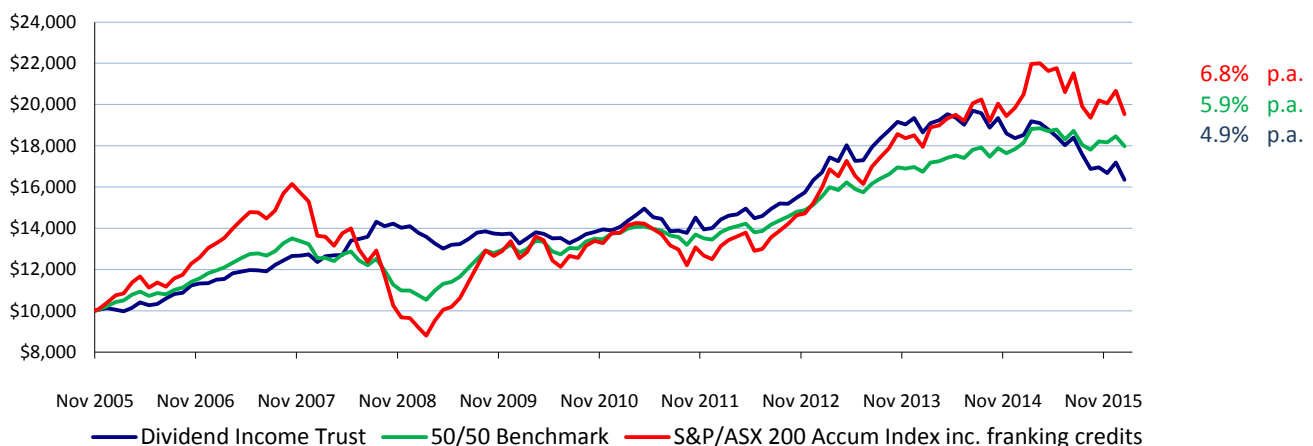
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	0.7%	2.2%	8.7%	9.7%	11.2%	10.8%
S&P/ASX 200 Accumulation Index		1.2%	5.8%	6.1%	6.1%	6.0%

### 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	9.5%	9.0%	7.6%
S&P/ASX 200 Accumulation Index	12.9%	12.3%	14.1%

### Historic Performance Chart



## Commentary

### Performance Update

After a "Santa Claus" rally in December, 2016 started with seven consecutive negative days for the ASX, with the ASX 200 finishing down -5.5%. The falls were due to investor concerns about the Chinese economy (Shanghai Index down -23%), US corporate earnings and further falls in the oil price. Over the month iron ore and the AUD both declined -3%, with oil falling -7% after UN sanctions on Iran were lifted.

Over the month the top performing stocks were JB Hi-Fi (+20%), Medibank (+17%) and Treasury Wine (+9%). The weakest performers were Worley (-27%), Incitec (-22%) and Healthscope (-17%).

### Portfolio Performance

The Trust declined -4.9% and underperformed the benchmark primarily due to the weakness in the bank and resource stocks held.

In January, the Trust benefited from owning AGL (+3%) and Wesfarmers (+1%), as well as short positions in Macquarie (-14%), AMP (-8%), Origin (-13%) and Computershare (-11%). The main performance detractors were long positions in BHP (-14%), ANZ (-13%), Westpac (-8%) and QBE (-14%) and short positions in Sydney Airport (+3%) and Scentre (+4%). 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

Over the month we closed out short positions in Resmed (+8%) and Macquarie (-14%). Additionally, in January a strategy designed to augment the Trust's distributable franking credits enabled the Trust to frank the January monthly distribution at 95%.

## Trust Valuations

Current Distribution yield	8.7%
Net Assets Value per Unit-incl. franking	\$0.7277

## 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)

## Aurora Funds Management Limited

Level 4, 1 Alfred Street, Sydney NSW 2000, PO Box R1695, Royal Exchange NSW 1225

Telephone: 1300 553 431, Visit: [www.aurorafunds.com.au](http://www.aurorafunds.com.au) or Email: [enquiries@aurorafunds.com.au](mailto:enquiries@aurorafunds.com.au)

Disclaimer: This information has been prepared by Aurora Funds Management Limited ABN 69 092 626 885 AFSL 222110 in its capacity as Responsible Entity for the Aurora Dividend Income Trust (Managed Fund) (ARSN 151 947 732, the 'Trust'). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. The information in this newsletter is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. While we take all care in the preparation of this newsletter, we expressly reject all liability for any omissions or errors. Investors should consider a copy of the Product Disclosure Statement and seek their own financial advice prior to investing in the Trust. Past performance is not a reliable indication of future performance. Please see [www.asx.com.au](http://www.asx.com.au) for more information on the S&P/ASX 200 Index, and [www.ubs.com](http://www.ubs.com) for more information on the UBS Australian Bank Bill Index. The investment objective is expressed after the deduction of fees and before taxation. The objective is not intended to be a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term. While we aim to achieve the objective, the objective is not guaranteed. See the respective PDS for details on taxation.

### 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.