



Summary

- The Trust had a solid month debuting the new portfolio construction process and gained +5.4%. Fundamental changes to the portfolio have been made focusing on distribution sustainability and earnings quality. The Trust is now more concentrated on both the short and long side, and it is now better positioned to deliver our investment objectives.
- As a result of the changes made to the Trust we have observed a reduction in portfolio volatility.

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 Inception 16-Nov-05 (p.a)
Dividend Income Trust ¹	5.4%	-4.9%	-14.3%	-1.8%	4.9%
Benchmark*	2.7%	-0.8%	-2.9%	4.9%	6.0%
Value add	2.7%	-4.1%	-11.4%	-6.7%	-1.1%

* 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

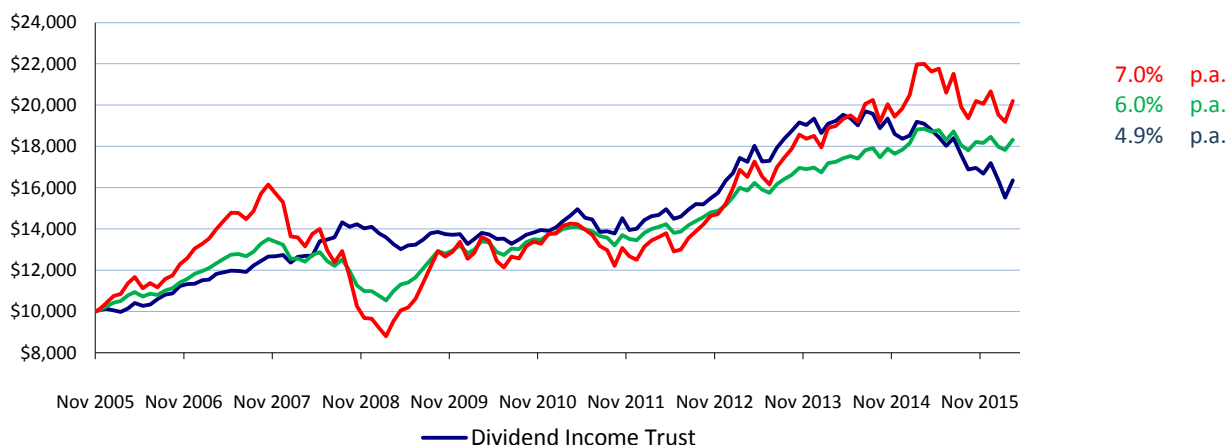
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	1.0%	1.9%	8.2%	10.1%	10.8%
S&P/ASX 200 Accumulation Index		1.7%	5.5%	6.1%	6.1%

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 Inception 16-Nov-05 (p.a)
Dividend Income Trust	10.1%	7.9%
S&P/ASX 200 Accumulation Index	12.8%	14.1%

Historic Performance Chart



Commentary

Performance Update

March reversed the poor start to 2016, as all global equity markets gained following the ECB cutting rates and a fall in the USD. The ASX 200 gained 4.7% led by the cyclical sectors.

The top performing stocks in March were the previously unloved Fortescue (+27%), Santos (+22%) and Primary Health (+19%). The weakest performers were the healthcare stocks Sirtex (-10%), Resmed (-8%) and Ramsay (-7%).

Portfolio Performance

The Trust gained +5.4% under the enhanced strategy and outperformed the benchmark. As opposed to narrowly utilising franking (as the sole criteria) as to whether we should be short or long a stock; we have enhanced the process to identify companies based on their ability to sustain and grow distributions. This has resulted in the Trust now being short stocks with earnings risk that have concerns over distribution stability.

In March, the Trust benefited from long positions in Medibank (+18%), Bank of Queensland (+15%), CIMIC and AMP (both +12%). On the short side the Trust benefited from being short Newcrest (-3%), Woolworths (-2%) and Aurizon (-3%). We were pleased to see that stock selection on both the long and short side added value.

Portfolio Trading

Over the month we engaged in trading to rebalance the Trust to match our strategy of owning companies delivering high distributions that are both stable and growing, and shorting companies with earnings risks. Consequently companies whose future dividends are largely influenced by factors such as global commodity prices that are outside management control, are no longer owned by the Trust.

Trust Valuations

Current Distribution yield	8.2%
Net Assets Value per Unit-incl. franking	\$0.7148

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