



Aurora Dividend Income Trust Performance Report - June 2016

Summary

- The Trust fell -3.6% as Global Equity markets sold off heavily the days following Brexit, which unfortunately coincided with month end.
- Over the month the defensives sectors of utilities and Listed Property performed well, whereas financials , consumer staples and health were sold down.
- In June a strategy deigned to augment the Trust's distributable franking credits enabled us to both increase the June distribution by +2.7% above the prior month and to frank this distribution at a rate of 46%.

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 and greater stability in distributions.

The Australian equity market is measured by the S&P/ASX 200 Accumulation Index adjusted to include franking credits.

Performance after Fees

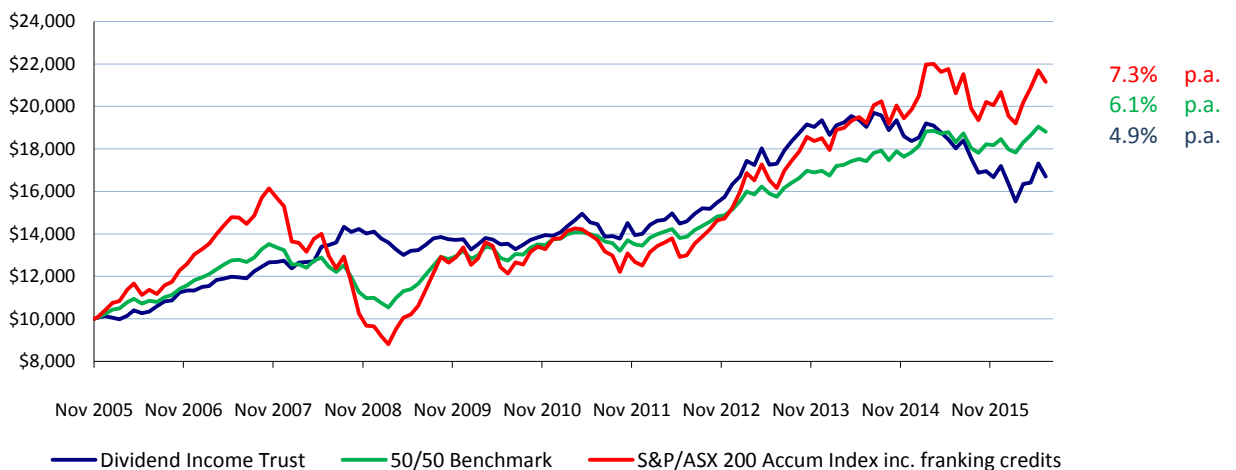
Returns including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust ¹	-3.6%	2.1%	-7.4%	-1.2%	4.9%
Benchmark*	-1.3%	2.7%	2.7%	6.1%	6.1%
Value add	-2.3%	-0.6%	-10.1%	-7.3%	-1.2%

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	10.2%	8.1%
S&P/ASX 200 Accumulation Index	12.5%	14.1%

Historic Performance Chart



Commentary

Performance Update

The Australian stock market had a weak month down -2.5%, as financial stocks and companies exposed to the UK fell sharply as global markets were surprised by the outcome of the UK referendum. The AUD gained +3% vs the USD and 12% vs the GBP, and iron ore rose 9% over the month.

The top performing stocks in June were ALS (+22%), Newcrest (+21%) and Fortescue (+10%). The weakest performers were not surprisingly companies with operations in the UK Henderson (-31%), CYB (-28%) and QBE (-16%). Additionally high flyer Sirtex (-19%) fell after downgrading sales guidance.

Portfolio Performance

The Trust had a disappointing month falling -3.6% primarily due to the Trust's weighting to financials in particular the domestic housing banks Westpac and CBA (both -4%). Unlike CYB (-28%), it is hard to see how the political decision made in Britain will impact the profitability of these mortgage banks.

In June the Trust benefited from long positions in Stockland (+7%), Duet (+10%) and AGL (+4%), as well as short positions in Metcash (-7%) and CYB (-28%). This was insufficient to counteract the long positions in CBA (-4%), Westpac (-4%), CSL (-3%) and Amcor (-8%), as well as short holdings in Worley (+9%) and Genworth (+3%).

Portfolio Trading

After releasing some disappointing results ALS (+22%) received a takeover offer and we closed out our short position due to the potential of a bidding war. We also sold Fletcher Building (-1%) on valuation concerns after it gained 20% over the last 6 months.

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

Trust Valuations

Current Distribution yield	8.6%
Net Assets Value per Unit-incl. franking	\$0.7141

About Aurora

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 1st March 2016.
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.