



Summary

• The Trust fell -1.7% almost matching the fall in the ASX200 over the August reporting season. Whilst this appears to be an average result, in the context of reporting season we were not displeased with this outcome. August was a tough month for equity income funds with the defensive higher income sectors declining between -4% to -6% and the top performing sectors were those that typically deliver low dividends.

• In August we were able to frank the Trust's monthly distribution at the rate of 167%.

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.

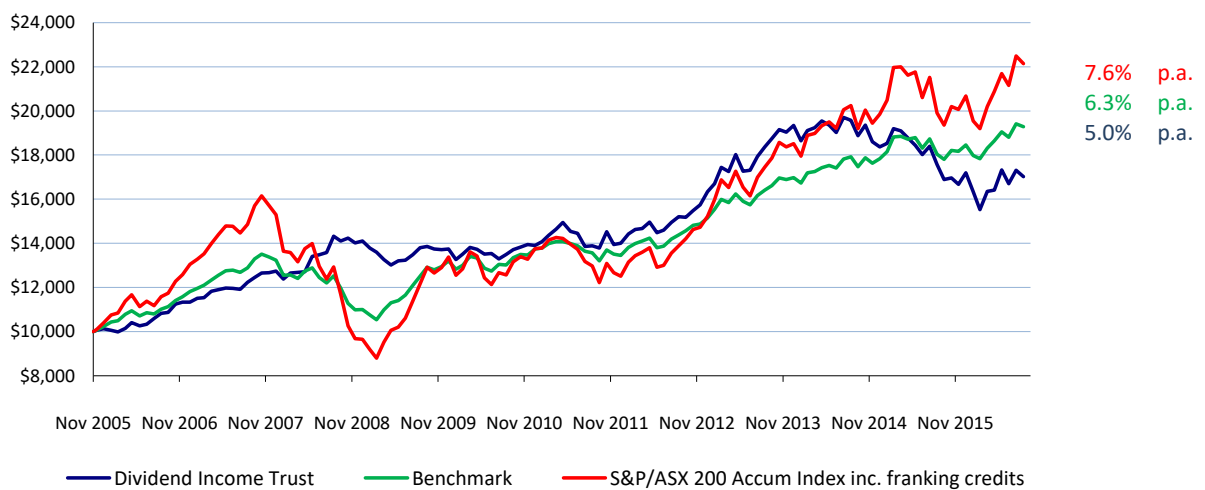
Performance after Fees

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	-1.7%	-1.7%	-3.1%	-2.5%	5.0%
Benchmark*	-0.7%	1.2%	6.9%	5.5%	6.3%

* 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.

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	12.7%	14.1%

Historic Performance Chart



Commentary

Performance Update

The Australian stock market underperformed global markets in August as it digested a somewhat underwhelming company reporting season. The ASX fell -1.6% with energy, consumer staples and mining posting solid gains, whereas the more defensive telecoms, utilities and healthcare sectors dragged the index down.

The top performing stocks in August were Downer (+20%), Treasury Wine (+18%) and Ansell (+18%). The weakest performers were Blackmores (-22%), Vocus (-14%) and Aurizon (-13%).

Portfolio Performance

The Trust fell -1.7% over the month similar to the ASX200's return and we were not displeased with this outcome for a defensive income portfolio, in a month where the defensive sectors underperformed.

The biggest drivers of performance were our retail positions in JB-Fi (+16%) and Super Retail (+12%) that benefited from stronger than expected retail sales and the demise of a competitor. Short positions in Spotless (-12%) and Seven (-25%) also helped performance.

On the negative side of the ledger performance was hurt by a number of companies such as Medibank (-12%) and CSL (-8%) that reported prima facie good results, but provided guidance that did not satisfy expectations. Additionally our utility positions in Transurban (-9%) and AGL (-8%) were weak on more hawkish talk from the US Federal Reserve on rate rises.

Portfolio Trading

Over the month we rebalanced the portfolio and sold out of G8 Education (-20%), CIMIC (+1%) and Bank of Queensland (0%). New positions in Super Retail (+12%), Coca-Cola (+6%) and SCA Property (-3%) were added to the portfolio.

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	8.4%
Net Assets Value per Unit-incl. franking	\$0.7181

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.