

Aurora Property Buy-Write Income Trust Performance Report - September 2015

ASX Code: AUP



Summary

- The Trust returned +0.2% in September compared to the S&P/ASX200 Property Accumulation Index which returned -0.3%.
- September was a very volatile month in the global equity markets. Listed Property was one of the top performing sectors on the ASX.

Performance¹

	1 mth	3 mths	6 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)	Since inception (p.a.)	Standard deviation
Aurora Property Buy-Write Income Trust	0.20%	2.12%	2.45%	10.36%	9.63%	8.62%	2.33%	10.19%
S&P/ASX200 Property Accumulation Index	-0.27%	1.11%	-1.35%	20.32%	16.20%	13.67%	-1.44%	19.86%

Investment Objective*

The Aurora Property Buy-Write Income Trust (the Trust) is an ASX listed investment trust that seeks to capture returns from investing in some of Australia's leading ASX listed property securities, with the objective of increasing the income generated by implementing an active call option selling ('writing') strategy. A portion of the additional income may be used to purchase put options for protection.

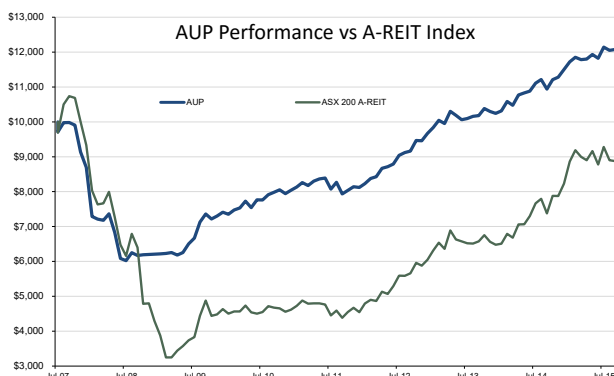
Aurora Funds Management (Aurora) uses detailed quantitative and qualitative analysis to identify property securities within the Australian property sector (the 'Investment Universe') that can be expected to:

- Provide a higher than average distribution yield over the medium term;
- Generate a higher percentage of recurring income with lower gearing; and
- Provide the scope for additional income generation by the Trust systematically writing over the counter call options on these securities.

Investment Philosophy

Aurora's approach to investing in Australian Real Estate Investment Trusts (A-REITs) is consistent with our approach to investing across our other funds. The objective is to build a portfolio of high quality listed property securities with recurring earnings and downside protection. In addition to the returns from trust selection, the selling of call options generates additional income for investors.

Investment Performance¹



Trust Features

Unit pricing	Daily
Distribution frequency	Quarterly
Distribution policy ²	At least 2.0% of Net Asset Value per Unit
Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement
Redemptions	On market by selling on the ASX or daily via the share registry

Trust Valuations

Net Assets Value per Unit	\$5.4085
Exit Price Value per Unit	\$5.4031
NAV including distributions (since inception) ¹	\$11.7287

Sector Exposure

	Index	AUP	Active
Industrial	17%	3%	-14%
Discretionary Retail	55%	50%	-5%
Staples Retailing	8%	22%	14%
Office	17%	23%	6%
Residential	4%	3%	-1%

Portfolio Characteristics

	Index	AUP
Price Earnings Ratio	15.3	14.5
Premium to NTA (ex WFD)	19%	12%
Recurring Income %	82%	87%
Distribution Yield	5.3%	5.7%
Beta	1.00	0.35

Commentary

Performance Update:

The S&P/ASX200 Property Index (A-REIT Index) fell by -0.3% significantly better than the ASX200 which fell -3%, as global markets were again gripped by concerns about the Chinese economy.

Uncharacteristically there was a great degree of dispersion amongst the trusts in the Listed Property sector. Discretionary retail was the best performing sub-sector, with industrial faring the worst. Across the index the top performing trusts were Abacus (+3%), Scentre (+2%) and Investa Office (+2%). Cromwell (-4%) and Goodman (-4%) and National Storage (-3%) were the hardest hit.

Portfolio Performance:

The Aurora Property Buy-Write Income Trust gained by +0.2%, which whilst ahead of the S&P/ASX200 Property Accumulation Index's fall of -0.3%. The Trust's stock selection added value over the month, but as expected a degree of the upside was capped by the derivatives overlay strategy. Over the past six months the Trust has navigated well through the choppy waters of the Listed Property market, posting a positive return versus a fall in the index.

Stocks impacting the Trust's performance relative to the AREIT Index were our overweight positions in Westfield (+2%), Investa Office (+2%) and Charter Hall Retail (+1%), as well as not owning Cromwell (-4%) and Goodman (-4%) and Mirvac (-2%).

Portfolio Trading:

Over the month we removed positions in BWP Trust (-2%) and Folkestone Education (-5%) on valuation grounds and increased our weight in Federation Centres (-3%) and Stockland (-2%) after positive meetings with their management teams post their August profit results. Additionally we sold call options over a range of trusts in the portfolio and rolled over downside put protection. The net impact of the derivatives overlay was an additional 2% of income for the quarter.

Key announcements included:

During September there was limited new stock specific news flow, as all trusts in the sector reported their six monthly profit results in August. The key information coming out of reporting season was the surprising strength of discretionary retail sales. Management teams attributed this to a weaker AUD which muted foreign online sales and has boosted inbound tourism.

Westfield (+2%) shored up their debt situation by placing US\$1 billion into the US private placement market. The trust's 5 year notes were placed at a fixed rate of 3.25%.

Charter Hall (-2%) acquired \$250 million in retail and office assets and \$700 million worth of industrial assets, increasing overall funds under management by to \$14.5 billion.

Top 5 Portfolio Holdings (as at 30 September 2015)

Source: Aurora Funds Management

ASX Code

Westfield Corporation	WFD
Scentre Group	SCG
Federation Centres	FDC
Investa Office	IOF
Shopping Centres Australasia	SCP

Trust Distributions (per Unit)

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Period	Cash	Yield at NAV (p.a)
CY 07-09	\$1.4951	-
FY 09-10	\$0.5200	8.38%
FY 10-11	\$0.4400	8.38%
FY 11-12	\$0.4060	8.02%
FY12-13	\$0.4230	8.01%
30 Sep 13	\$0.1080	8.01%
31 Dec 13	\$0.1090	8.15%
31 Mar 14	\$0.1060	8.04%
30 Jun 14	\$0.1057	8.00%
30 Sep 14	\$0.1078	8.00%
31 Dec 14	\$0.1088	8.20%
31 Mar 15	\$0.1128	8.24%
30 Jun 15	\$0.1100	8.01%
30 Sep 15	\$0.1080	8.00%
Total	\$4.2602	

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 traditionally volatile asset classes. The investment strategies are offered through both ASX listed investment vehicles and managed funds.

Aurora is also the Issuer of:

- Aurora Fortitude Absolute Return Fund
(APIR: AFM0005AU)
- Aurora Global Income Trust
(ASX code: AIB)
- Aurora Absolute Return Fund
(ASX code: ABW)
- Aurora Dividend Income Trust (Managed Fund)
(ASX code: AOD), (APIR code: AFM0010AU)
- HHY Fund
(ASX code: HHY)

1. This represents a cumulative return and assumes reinvestment of distributions. 2. The Trust intends to always distribute at least 2.0% of NAV, excluding any franking credits, per quarter regardless of Trust performance. This means that if the Trust has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital.

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