

Aurora Dividend Income Trust Performance Report - January 2014

Summary

- The Trust declined by -3.6% in January compared to the market which ended -3.0% lower
- Profit taking in Financials and a weaker Materials sector contributed to the underperformance
- Our short position in Treasury Wine Estates (+0.1% impact) contributed favourably to performance

Performance after Fees¹

		1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Return	Dividend Income Trust	-3.6%	-2.7%	11.6%	9.8%	10.0%	7.9%
inc. franking credits	S&P/ASX 200 Accum Index	-3.0%	-3.3%	12.4%	9.2%	9.0%	7.4%
Income	Dividend Income Trust		2.0%	10.4%	13.0%	12.7%	11.8%
inc. franking credits	S&P/ASX 200 Accum Index		1.0%	6.0%	6.2%	6.0%	7.5%
Volatility	Dividend Income Trust			10.0%	8.7%	8.6%	7.1%
	S&P/ASX 200 Accum Index			12.1%	11.8%	11.6%	14.2%

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.

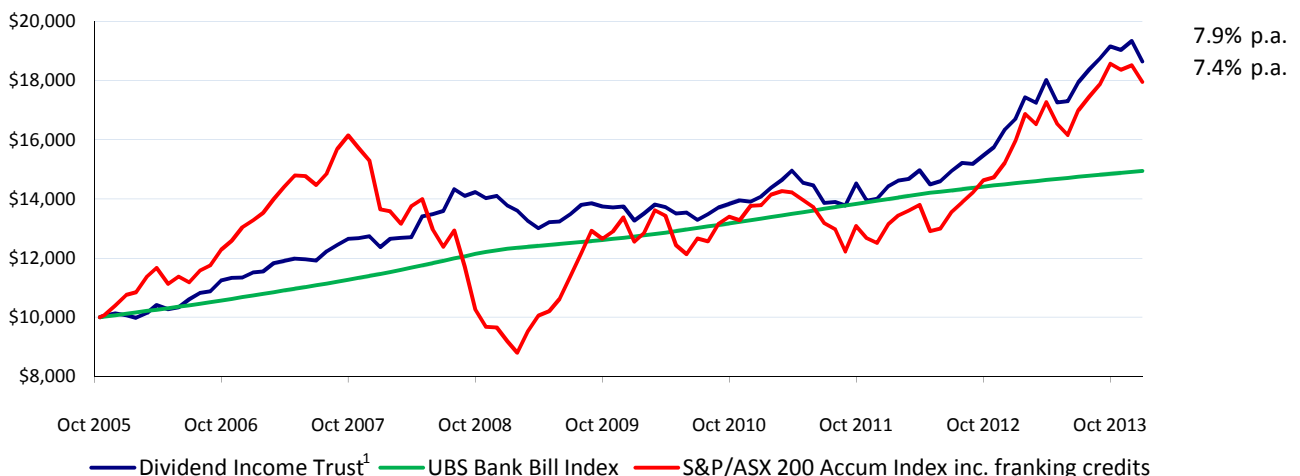
The Australian equity market is measured by the S&P/ASX 200 Accumulation Index adjusted to include franking credits.

Investment Strategy

The Trust seeks to achieve the objective by investing in an actively managed portfolio of fully franked dividend paying companies listed on the Australian Securities Exchange while hedging part of the market exposure.

Consequently, the Trust is expected to outperform when the market is weak and underperform when the market is strong.

Historic Performance Chart



Commentary

The S&P ASX 200 Accumulation Index declined by -3.0% in January following an extremely profitable 2013 for domestic equities. Catalysts for the weakness included a perceived slowdown in China's manufacturing sector as well as the unknown consequences of the Federal Reserve's withdrawal of stimulus from the market.

As a result, concerns mounted with regard to the health of the global economy which underscored a decrease in Materials stocks, particularly the Trust's holdings in BHP Billiton (-3.7%) and Rio Tinto (-3.7%). The increased volatility also reduced investor risk appetite, prompting both domestic and international investors to take profits in stocks which had posted solid recent returns. Undeniably, these most likely included the major banks and other Financials as evidenced by the decline of the Commonwealth Bank (-4.6%), ANZ Bank (-6.5%) and Suncorp (-7.0%), all of which are held by the Trust.

Whilst disappointing in the short term, the Trust has outperformed the broader market since inception with materially less exposure and risk. On a more positive note, our short position in Treasury Wine Estates (+0.1% impact) contributed favourably to performance.

Trust Valuations

Trust Size	\$25 million
Net Assets Value per Unit-incl. franking	\$0.9948

Significant Portfolio Holdings

Company
BHP Billiton
Telstra
Commonwealth Bank
Wesfarmers
Woolworths

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	Quarterly
Minimum quarterly distribution ²	1.5% cash + franking

About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the combined businesses of Aurora Funds Management Limited and Fortitude Capital Pty Ltd.

The combined group had approximately \$614 million in funds under management and administration, and provides asset management and responsible entity/trustee services for Australian and New Zealand investors.

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)
- van Eyk Blueprint Alternatives Plus (ASX Code: VBP)

Aurora Funds Limited

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Notes:

1. This represents a cumulative return and assumes the reinvestment of distributions and franking credits. These 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). 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 was modified on 31 December 2010.
2. The Trust intends to always distribute at least 1.5% of NAV in cash plus any available franking credits, per quarter regardless of performance. This means that if there is insufficient net income in a given quarter, investors may receive a partial (or full) return of capital.