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18 NOVEMBER 2014

ANNUAL GENERAL MEETING

MANAGING DIRECTOR'S ADDRESS

Thank you Oliver, and good morning ladies and gentlemen.

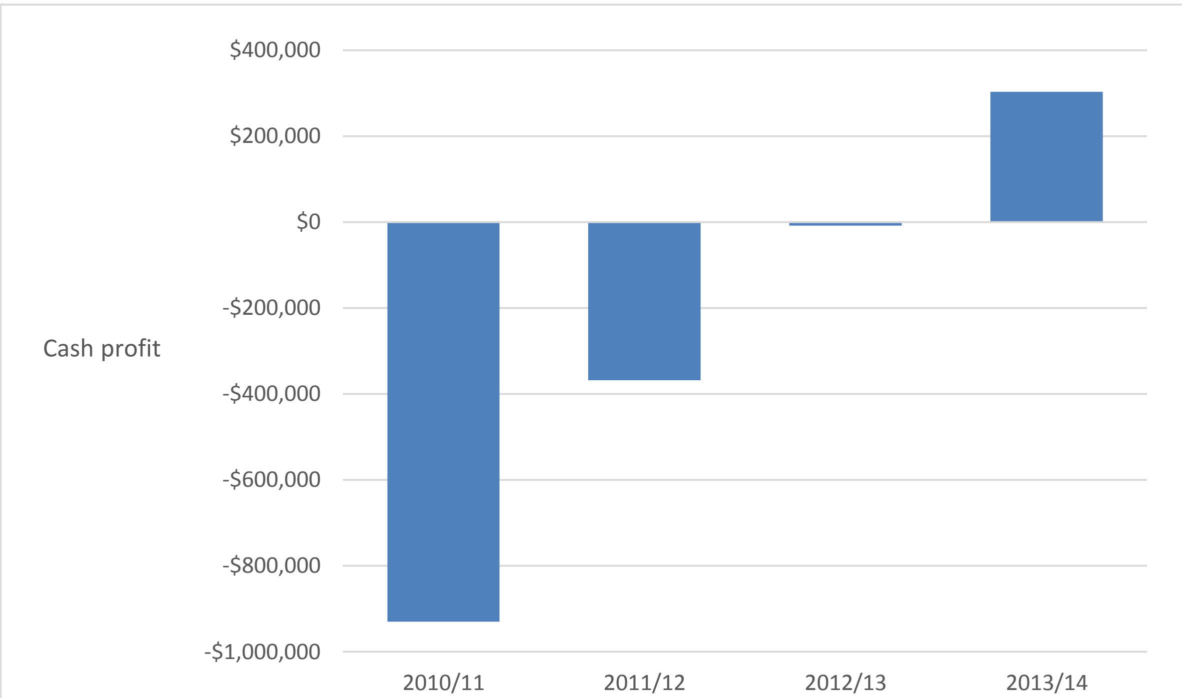
It is a pleasure to provide you with an update on Aurora's 2014 performance.

Last year, I spoke about the progress we have made of increasing funds under management in higher margin products and ongoing focus on cost management and improved operational efficiencies. In the past twelve months, the Group has built upon these improvements.

For the financial year ending 30 June 2014, Aurora recorded a profit of $866,723 (2013: loss of $508,403). This included a non-cash deferred tax write-up of $563,241. Net, cash profit for the year was $303,482 (2013: cash loss $8,403).

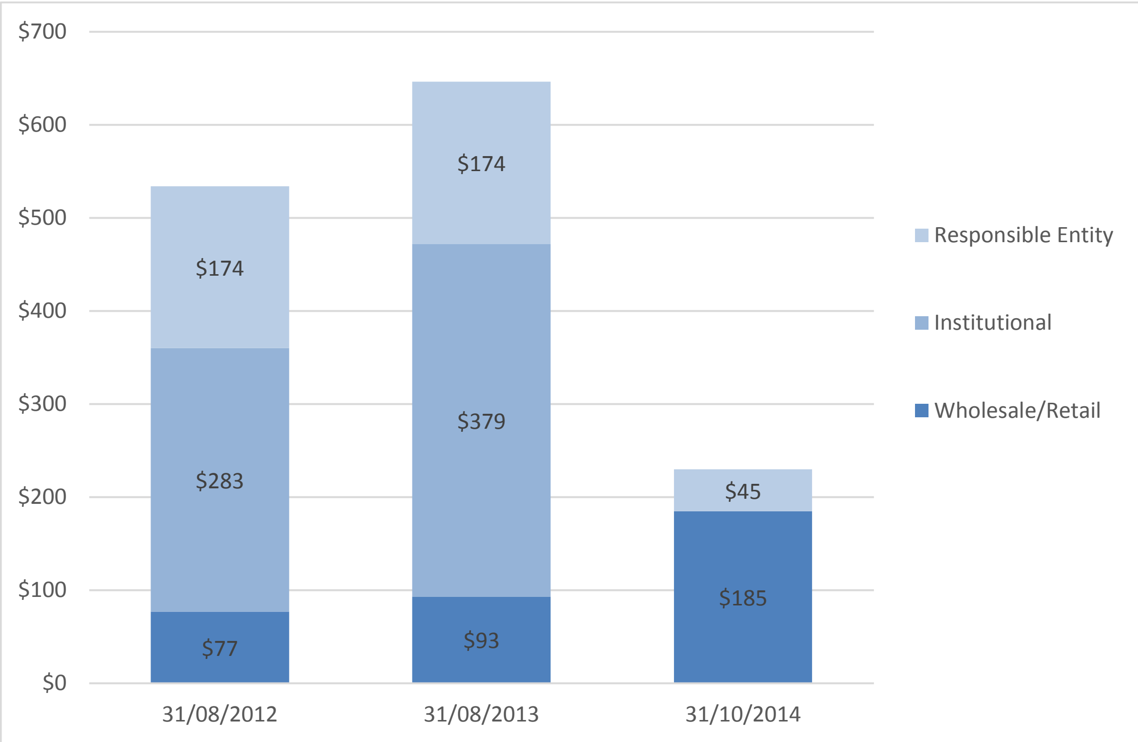
The result continues our positive progress since listing as shown in Chart 1.

Chart 1. Profit excluding non-cash items.



Our funds under management over the financial year were relatively volatile, fluctuating between a high of $690 million in November 2013 and a low of $229 million in March 2014, driven mainly by the loss of institutional and responsible entity mandates. While it is disappointing to lose these mandates, we have continued to grow our wholesale and retail sourced which are primarily sourced from financial planners. Raising money from this source has been our primary focus over the last year as we get paid higher fees and the money is less likely to be withdrawn. Consequently, despite the loss of the institutional and responsible entity mandates, the business profitability has never been greater.

Chart 2. Funds under management and administration.



As at 30 June 2014 our net cash reserve was approximately $3.075 million. As announced on 13 August 2013, $0.573 million was raised via a placement at $0.45 per share. The purpose of the placement was to increase our capital base in order to meet our regulatory capital requirements as we grow our funds under management.

The performance of our internally managed funds have all outperformed since inception. The details of their performance are contained in Table 1.

Table 1. Historic fund performance after fees to 30 September 2014

	1 Year		3 Year (p.a)		Since Inception (p.a)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Absolute Return Trust(1)	3.0%	2.5%	4.9%	3.2%	7.7%	4.7%
Dividend Income Trust(2)	0.7%	5.1%	11.0%	9.8%	7.4%	5.4%
Global Income Trust(3)	-1.4%	2.6%	2.7%	3.4%	4.2%	4.1%
Property Buy-Write Trust(4)	7.5%	12.2%	11.3%	18.9%	1.3%	-4.1%

Note: past performance is not indicative of future performance. The comparable indexes are:

1 RBA Cash Rate
2 50% of UBS Australia Bank Bill Index and 50% of S&P/ASX 200 Accumulation Index (plus franking)
3 UBS Australia Bank Bill Index
4 S&P/ASX200 Property Accumulation Index

Over the last year, the Absolute Return Trust has continued to outperform albeit at a slower rate than we would like. Our investment team continues to work hard to uncover investment opportunities to add value and expect that performance will improve.

The Dividend Income Trust has underperformed giving up some of the outperformance of the previous three years. While underperformance is never wanted, as with all actively managed funds, it is expected from time to time.

In June this year, we modified The Global Income Trust's investment mandate to use a multi strategy approach in a similar manner to our Absolute Return Trust. This was done to leverage our skills developed in managing the Absolute Return Trust with the goal of improving performance and, consequently, making the fund more attractive to investors.

Our long term performance gives us confidence in our ability to continue to increase our funds under management, albeit the recent short term underperformance may cause some head winds.

Enforceable Undertaking

In October this year we entered into an Enforceable Undertaking with ASIC where we agreed to stop making markets on the ASX in the units in our listed funds. This does not affect the Dividend Income Trust as it is quoted on the ASX via the AQUA rules and not listed under the Listing rules.

We made markets in the units of our ASX listed funds (and continue to make markets in our ASX quoted fund) in order to ensure investors could invest and divest their holdings at as close to fair value as practically possible. The market practice for most other issuers of open ended exchange traded funds is to arrange for third parties to make markets in their units. We believe it is better practice for the funds to make markets in themselves because any buy and sell spreads are captured for the benefit of unit holders, the buy and sell spreads can be tighter because we know what we own, we do not need to pay for third party market makers and therefore save costs to unit holders and because the funds always have the capital to buy back units while third party market makers have the right to stop making markets and may not have the capital to make markets.

While we agree that in retrospect we had some technical breaches of the law in our implementation, these were inadvertent and completely benign in the context of our actions.

Given our actions were for the benefit of unit holders, benign and permissible for AQUA quoted funds, we believe it was unreasonable for ASIC to require us to enter into an Enforceable Undertaking. That said, the obligations under the Enforceable Undertaking are also benign and have already been met in full.

While we are disappointed that we had any breaches, we are proud of our innovation of "self" market making and regard the structure of our quoted fund, the Dividend Income Trust, to be market best practice and the market leader.

I will now hand over to Simon Lindsay, who as announced earlier in the year will take over the role of Managing Director from today. Simon has done an outstanding job over the last four years in growing our retail funds under management and I congratulate and wish him all the best in his new role.

Thank you Steuart. I would like to on behalf of the Board thank you for your hard work in filling the role of Managing Director since the inception of the Company. The Company is in the strongest position it has been in since inception and I look forward to leading the Company in continuing to meet its long term objectives.

Aurora's long term objective has been to source a majority of its fee revenue from retail investors. As Steuart mentioned, we believe this is the best type of funds under management to have, as it comes from a diverse range of financial intermediaries, provides the highest fees and tends to be "stickier" than investments from institutional investors.

The focus on sourcing fund inflows from retail investors has resulted in significant retail inflows as evidenced by the above chart. The success in retail funds inflows comes as a result of increased independent research, the addition of Aurora's investment products on approved product lists for dealer groups, and the long term performance of these strategies. The Absolute Return Fund and Dividend Income Trust have established over nine years of track record with both outperforming their benchmarks.

Aurora is now proudly profitable from retail funds under management alone.

In the following years Aurora will continue to focus its sales efforts on the financial planning community and on sourcing fund inflows from retail investors. With high barriers to entry sourcing funds under management from retail investors can be difficult but Aurora has the investment strategies and a proven ability in raising retail fund inflows and that will continue to be the focus of the group.

I would also like to take this opportunity to thank my fellow directors and staff for their efforts during the last 12 months.

I now open the meeting to questions from the floor.
