Aurora Dividend Income Trust
Performance Report - January 2016

Summary

- The Trust fell 4.9% and trailed the benchmark; as Australian equities declined, falling -5.5%.
- There were few places for investors to hide as most sectors on the ASX posted negative returns. Defensive sectors listed property, utilities and telecoms fared the best, with index heavyweights materials, financials and energy all being sold off hard.
- In January a strategy designed to augment the Trust's distributable franking credits enabled us to frank this month's distribution at a rate of 95%.

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.

Performance after Fees

Returns including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust[1]	-4.9%	-3.6%	-11.8%	-0.7%	3.2%	4.9%
Benchmark*	-2.6%	-1.3%	-1.0%	5.0%	5.4%	5.9%
Value add	***-2.3%***	***-2.3%***	***-10.8%***	***-5.7%***	***-2.2%***	***-1.0%***

* 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.

Distributions

The Trust distributes at least 0.5% of net assets in cash per month. In addition, the Trust distributes franking credits monthly.

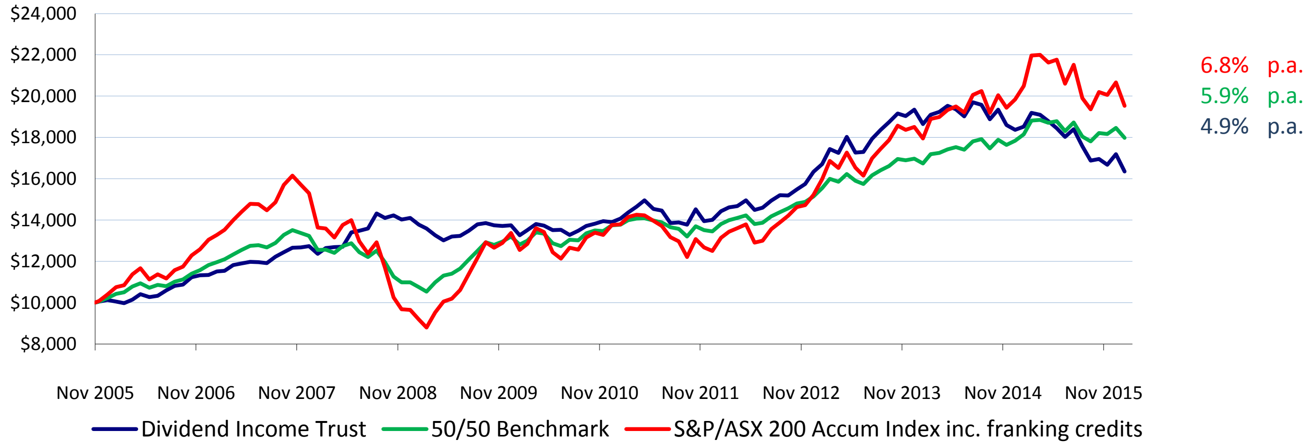
Yield including franking credits	1 month	3 months	12 months	3 yrs (p.a)	Since (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	0.7%	2.2%	8.7%	9.7%	11.2%	10.8%
S&P/ASX 200 Accumulation Index		1.2%	5.8%	6.1%	6.1%	6.0%

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 (p.a.) 31-Dec-10	Since Inception 16-Nov-05 (p.a)
Dividend Income Trust	9.5%	9.0%	7.6%
S&P/ASX 200 Accumulation Index	12.9%	12.3%	14.1%

Historic Performance Chart



Commentary

Performance Update

After a "Santa Claus" rally in December, 2016 started with seven consecutive negative days for the ASX, with the ASX 200 finishing down -5.5%. The falls were due to investor concerns about the Chinese economy (Shanghai Index down -23%), US corporate earnings and further falls in the oil price. Over the month iron ore and the AUD both declined -3%, with oil falling -7% after UN sanctions on Iran were lifted.

Over the month the top performing stocks were JB Hi-Fi (+20%), Medibank (+17%) and Treasury Wine (+9%). The weakest performers were Worley (-27%), Incitec (-22%) and Healthscope (-17%).

Portfolio Performance

The Trust declined -4.9% and underperformed the benchmark primarily due to the weakness in the bank and resource stocks held.

In January, the Trust benefited from owning AGL (+3%) and Wesfarmers (+1%), as well as short positions in Macquarie (-14%), AMP (-8%), Origin (-13%) and Computershare (-11%). The main performance detractors were long positions in BHP (-14%), ANZ (-13%), Westpac (-8%) and QBE (-14%) and short positions in Sydney Airport (+3%) and Scentre (+4%). We are currently conducting a strategic review of the Trust's investment processes in relation to its positioning towards companies paying tax outside Australia.

Portfolio Trading

Over the month we closed out short positions in Resmed (+8%) and Macquarie (-14%). Additionally, in January a strategy designed to augment the Trust's distributable franking credits enabled the Trust to frank the January monthly distribution at 95%.

Trust Valuations

Current Distribution yield	8.7%
Net Assets Value per Unit-incl. franking	$0.7277

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

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 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 31 December 2010.
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.