

Aurora Funds Management – Generating Income from Equities

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Issuer & Responsible Entity

AURORA
FUNDS MANAGEMENT

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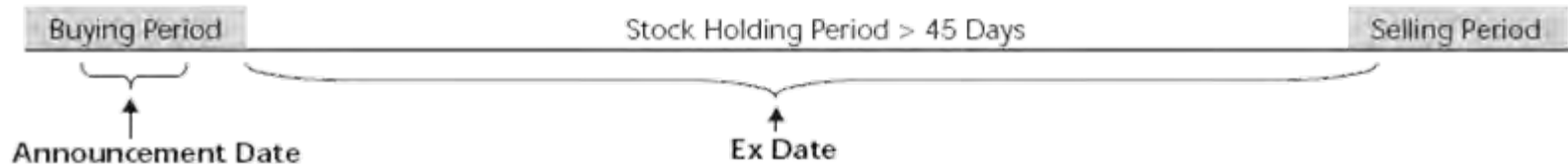
Generating Income from Equities - Introduction

Listed Investment Trusts that aim to generate additional income from listed equities:

- Aurora Sandringham Dividend Income Trust (ASX Code: AOD)
- and
- Aurora Infrastructure Buy-Write Income Trust (ASX Code: AIB)

Aurora Sandringham Dividend Income Trust (ASX Code: AOD)

- The Trust buys shares in Australia's largest companies (ASX Top 100) that pay dividends and franking credits around results announcements

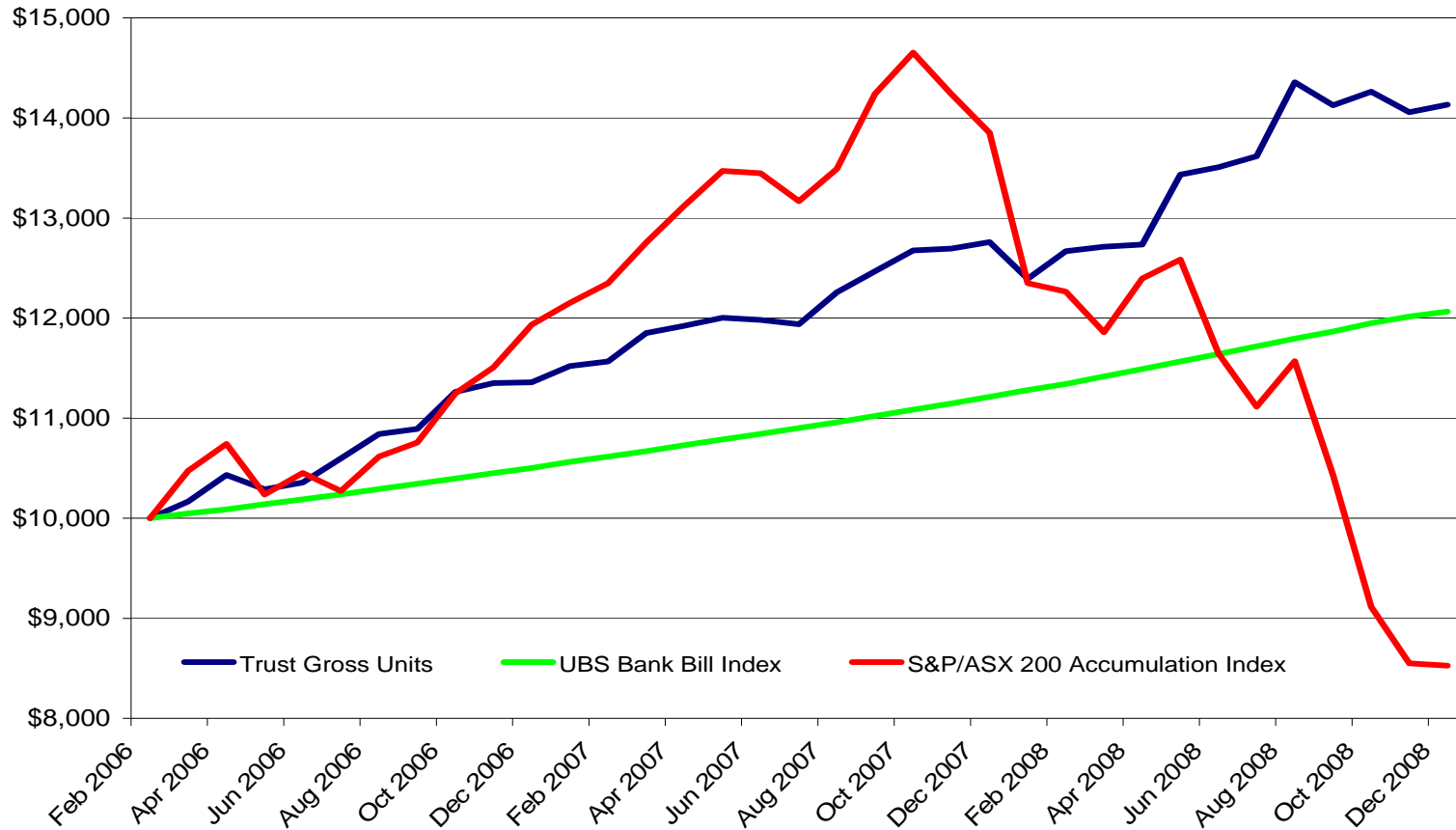


- The Trust structures the portfolio with the objective of limiting the impact of a major downward movement in the financial markets by selling up to 65% of the Trust's gross capital exposure with S&P/ASX200 Index Futures.
- Investment Returns:

3 months	1 year	2 years (p.a.)	Since inception(p.a.) ²
0.06%	10.7%	10.8%	13.0%

1. As at 31 December 2008. 2. Strategy inception date 28 February 2006. Past performance is not indicative of future performance.

AOD - Performance Chart



AOD - The Value Proposition

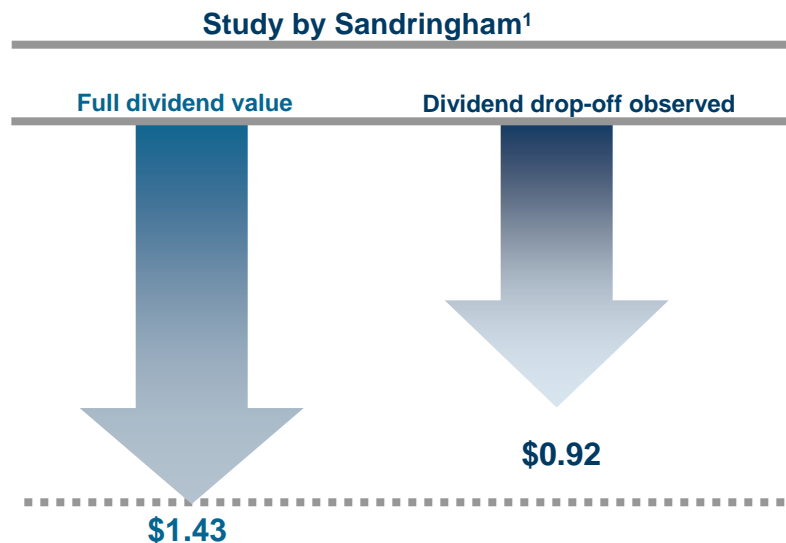
The two key opportunities the fund capitalises on are:

- When listed companies pay their dividends they generally only fall by the value of their cash dividend and not their cash and franking credits

and

- Returns can be generated by investing over earnings announcement dates of listed companies

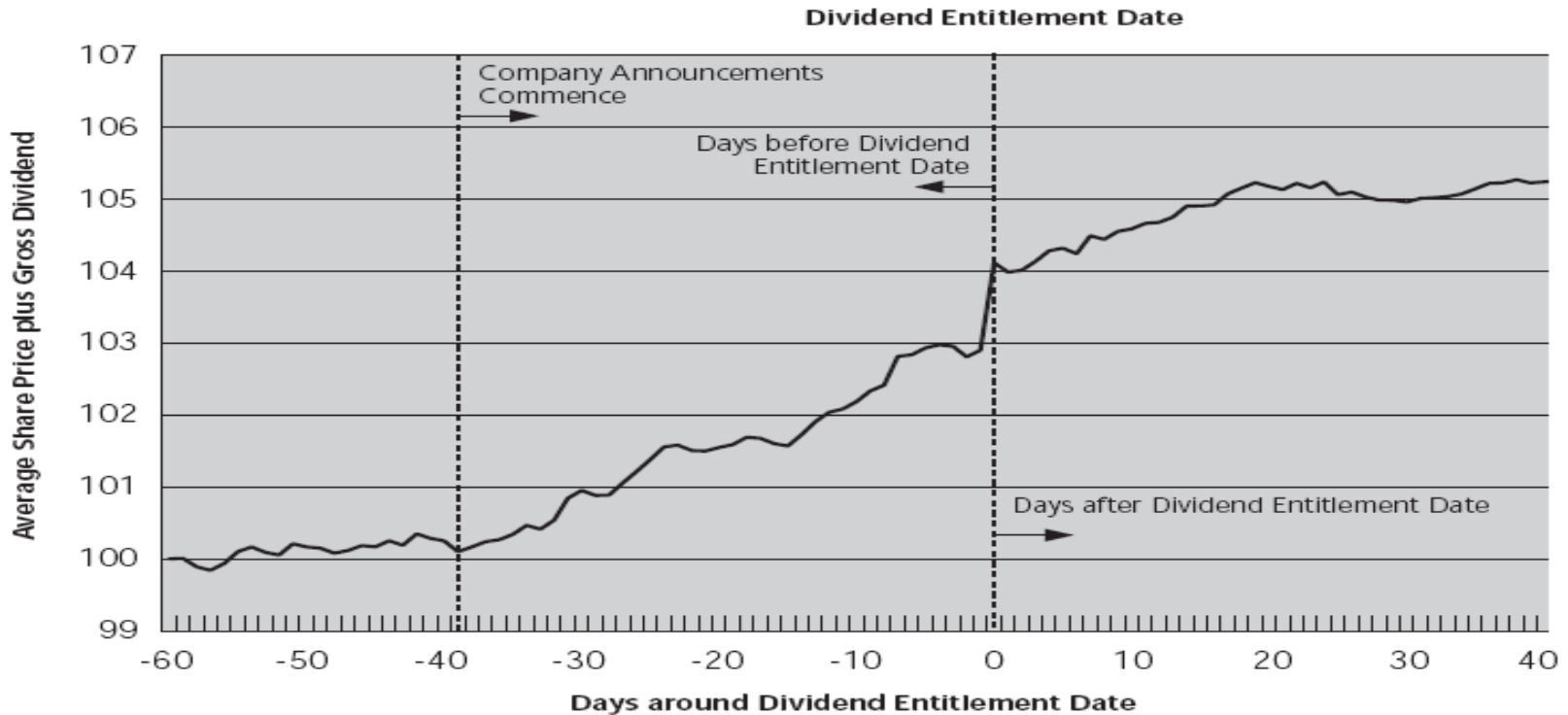
AOD - The Ex-Dividend Pricing Anomaly



1. Study done by Sandringham for period from 30-June-2000 to 30-June-2005 in respect of 100% franked dividends paid by ASX Top 30 companies, based on then applicable corporate tax rates. For comparison purposes, assuming a 30% corporate tax rate, full dividend value for a \$1.00 fully franked dividend is $\$1.00 + (30\% \div (1 - 30\%)) = \1.43 .

Past performance is no guarantee of future performance.

AOD - Shares tend to rally around earnings announcement dates



Source: Sandringham. Chart illustrates the average change in share prices (incl. gross dividends) around dividend entitlement dates of the 30 largest ASX companies on the ASX (as at 31 December 2006) over five years to 31 December 2006. The diagram does not predict, nor is it an indicator of, future returns of the Trust.

AOD - Change in Dividend Yields

CBA*	Share Price	Dividend	Yield (p.a.)
Feb 07	\$50.90	\$1.07	4.2%
Aug 07	\$53.36	\$1.49	5.6%
Feb 08	\$44.00	\$1.13	5.1%
Aug 08	\$42.14	\$1.53	7.3%
Feb 09	\$30.00**	\$1.13	7.5%

* Ex- dividend date **Estimate at time of writing

AOD - Distributions Paid To Date

Distribution Paid	June 2006	Dec 2006	June 2007	Dec 2007	June 2008	Dec 2008
Cash Received (per Unit)	\$0.0430	\$0.0188	\$0.0440	\$0.0375	\$0.0417	\$0.0400
Franking Received (per Unit)	\$0.0673	\$0.0722	\$0.0295	\$0.0296	\$0.0156	\$0.0213
Total Distribution (per Unit)	\$0.1103	\$0.0910	\$0.0735	\$0.0671	\$0.0573	\$0.0613
Yield at NAV (p.a.)	14.7%	15.9%	12.6%	11.6%	9.9%	10.4%

*Post split of units on an 8 for 1 basis. Please note each unit was split on an 8 for 1 basis in July 2008.

AOD - How the strategy works on Australia's Top 10 companies

Stock	Announcement Date	Average Entry Price	Average Exit Price	Trading Result	Cash Dividend	Franking Credits	Gross Result
ANZ	26 Oct 06	\$27.29	\$28.24	+\$0.95	\$0.69	\$0.30	+\$1.94
BHP	23 Aug 06	\$27.70	\$25.91	-\$1.79	\$0.24	\$0.10	-\$1.45
CBA	9 Aug 06	\$46.39	\$46.60	+\$0.21	\$1.30	\$0.56	+\$2.07
NAB	3 Nov 06	\$37.01	\$38.70	+\$1.69	\$0.84	\$0.32	+\$2.85
RIO	3 Aug 06	\$75.12	\$75.05	-\$0.07	\$0.52	\$0.22	+\$0.67
TLS	9 Feb 06	\$4.08	\$3.68	-\$0.40	\$0.20	\$0.09	-\$0.11
WBC	2 Nov 06	\$23.02	\$24.49	+\$1.47	\$0.00	\$0.00	+\$1.47
WOW	27 Feb 06	\$18.11	\$18.80	+\$0.69	\$0.28	\$0.12	+\$1.09
WPL	16 Aug 06	\$42.34	\$42.68	\$0.34	\$0.13	\$0.05	+\$0.52

Source: Sandringham. The actual trading profits of the Trust may be reduced by the cost of the risk management strategy and execution. The table does not predict, nor is it an indicator of, future returns of the Trust. *The dividend is recorded as zero as the Trust realised the position before it went ex-dividend. Westfield Group is a top 10 company by market capitalisation however it has been excluded as it does not meet the investment criteria of the Trust.

Aurora Infrastructure Buy-Write Income Trust (ASX Code: AIB)

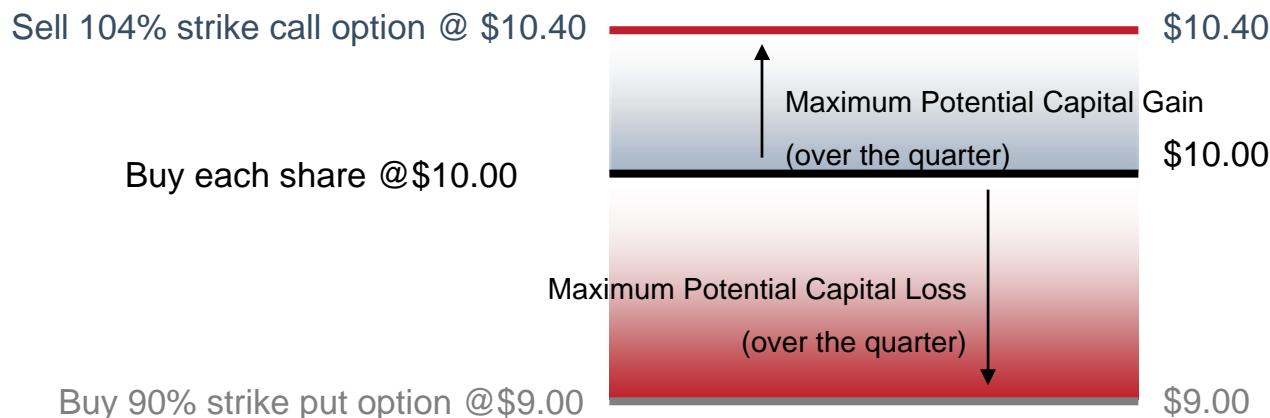
- The Trust buys a basket of twenty global securities each quarter.
- The Trust sells over-the-counter call options against each security in order to generate additional income to the dividend income received from holding the portfolio.
- The Trust also purchases over-the-counter put options on each security with the objective of limiting the Trust's downside.
- Investment Returns:

3 months	1 year	Since Inception (p.a.) ²	Index Since inception
-1.42%	-1.86%	-1.90%	-32.7%

1. As at 31 December 2008. 2. Strategy inception date 24 Dec07. Past performance is not indicative of future performance.

AIB - An options strategy can earn additional income & limits downside risk

Example*: Purchase a security @ \$10.00 per share



Potential benefits of the options collar strategy

1. The Trust earns a net +1.0% per quarter of income from the strategy (or 4% per annum) in addition to receiving +1.50% dividend per quarter from the underlying shares (or 6% per annum).
2. The written calls limit the potential quarterly share price upside on each share to approximately 4% per quarter.
3. The bought puts limit the potential quarterly downside risk on each share to approximately 10% per quarter. (The put protection on each share is stock specific)

* This is an example only which ignores fees and gearing and does not represent the actual transaction of the Trust

AIB - Global Listed Infrastructure - International Opportunities

- Large and diverse universe of over 400 companies:
 - Only approx 20 listed infrastructure companies in Australia
 - Overseas companies offer greater variety:
 - Greenfield and mature assets
 - Developed and emerging markets
 - Opportunities not available in Australia
- Different risk / return profile:
 - Australian opportunities are typically relatively highly geared compared to overseas infrastructure companies
 - Australian infrastructure companies generally trade on higher multiples
 - Australian infrastructure companies typically have higher payout ratios – higher yields – issue is sustainability

AOD and AIB - Easy to Buy and Sell

Dual entry and exit facilities

Units in the Trust can either be bought or sold directly on the ASX, or the Trust allows investors to apply for (more Units) or redeem their investment on a monthly basis at the Trust's Net Tangible Asset (NTA) per Unit.

Market making – applies only to AOD

The Investment Manager maintains a market thereby Units will trade on the ASX at a price around the Net Tangible Asset (NTA) per Unit.

Summary

- Both Trusts have demonstrated the ability to extract additional income from investing in listed equities.
- Both Trusts use a strategy to protect some of the investors capital.
- Both Trusts are managed and executed at costs materially below those available to retail investors on an individual stock basis.
- Both Trusts are suited to individual, charitable and SMSF investors who are looking for higher levels of income (for AOD-with franking credits).
- Both Trusts are exchange traded unit trusts that allows for monthly redemptions at Net Asset Value per Unit (less sell-spread). Units should generally be expected to trade on the ASX around their Net Asset Value per Unit.

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