

Top 10 Equities at 31 March 2017	(%)
Bellway	14.7
Lloyds Banking Group	12.2
Tesco	10.5
Sports Direct	8.3
Barratt Developments	7.5
Vesuvius	6.3
Morrisons	6.1
GlaxoSmithKline	4.8
Redrow	4.8
Randall & Quilter	4.4
Cash Position	0.6

The NAV was up 1.5%, whilst the market was up 1.2%.

Bellway issued an excellent set of half-year results in March. Revenues increased 6% to £1.1bn and operating profit increased 21% to £253m. The number of homes sold was 6.5% higher than last year at 4,462 and the return on capital (the most important financial metric as far as we are concerned) rose from 25.1% to 27.6%. Sales rates were strong across the UK and the average selling price was £256k. They bought 5,914 plots in the period, broadly in line with the same period last year.

Trading conditions for Bellway in the UK housebuilding sector continue to be excellent. Firstly, there is a structural undersupply of housing in the UK; for many years, we have been building fewer houses than the level required to satisfy the demand from household formation. This means that the long-term outlook for new housing demand is very positive. Secondly, and in response to the shortage, the UK Government has made increased levels of housebuilding a major political priority. This political will translates into a favourable policy environment with helpful measures including; the Help to Buy Scheme; the sale of public land to housebuilders; the simplification of the planning regime and softening of carbon emission targets. Thirdly, the land market is very favourable for housebuilders; high levels of profitability and returns on capital can be achieved at current prices and “deferred payment terms” are often available. This means that housebuilders are often paying for the land they have built on after they have sold the house standing on it! Lastly, despite the high returns currently being earned by national UK housebuilders, the barriers to new competitors entering the market remain very high (that is the barrier to becoming a national builder). In fact, the last new national builder to be founded was Redrow, in the 1970’s.

In the presentation to City analysts, the FD of Bellway, Keith Adey, highlighted that they have been consistently reinvesting in the business and compounding capital, therefore increasing shareholder value, which is music to our ears. He showed that over the last 3 years, the net asset value has grown from £10.64 to £16.12. Furthermore, dividends amounting to £2.37 per share have also been paid over the three year period, meaning that the total 3 year return (of NAV plus dividends, not share price) has been 77%, or 21% annualised.

Chairman, John Watson, said that, *“Bellway is achieving this growth whilst retaining a focus on capital employed and maintaining an appropriate and conservative use of bank debt and land creditors. Our strong balance sheet and operational capacity still provides scope for further controlled expansion, enabling Bellway to achieve additional, future volume growth and earnings growth, by continuing to invest in*



attractive land opportunities across the country". This segues into what is currently most interesting to us about Bellway's trading performance; the progress being made by the newly opened divisions (a division is a regional catchment area with its own head-office). In the 2007/8 downturn the business had 13 divisions. Since then they have opened 6 more. Opening a new division is an area of risk for a housebuilder because land buying is a local business: a lack of regional knowledge could lead to mistakes being made. Similarly, local labour markets differ from region to region. Therefore, it was encouraging to hear how Bellway's new Divisions, including Thames Valley, Bristol and Manchester, are performing very well and have not diluted returns at the Group level. They have achieved this by relying on experienced internal employees rather than hiring externally, which would potentially risk damaging the cautiously entrepreneurial culture that has taken decades to build.

CEO, Ted Ayres, said that, "the Group has achieved a reservation rate of 246 homes per week in the six weeks since 1 February, 18% ahead of a strong comparator period last year, which was positively affected by the release of three London developments. This strong start to the Spring selling season has resulted in the order book at 12 March 2017 growing further to 5,465 plots and the value rising by 18% to £1.4bn".

Aurora shares are eligible to be invested in an ISA. Neither the Aurora Investment Trust nor Phoenix Asset Management Partners run such a scheme. You should consult a financial adviser regarding a suitable self-select ISA

Investment Objective

We seek to achieve long-term returns by investing in UK-listed equities using a value-based philosophy inspired by the teachings of Warren Buffett, Charlie Munger, Benjamin Graham and Phillip Fisher. Our approach, combined with thorough research, invests in high quality businesses run by honest and competent management purchased at prices that, even with low expectations, will deliver excellent returns.

Contact

[Phoenix Asset Management Partners Ltd](#)
64 – 66 Glentham Road London SW13 9JJ
Tel: +44 (0) 208 600 0100
Fund Manager since 28 January 2016

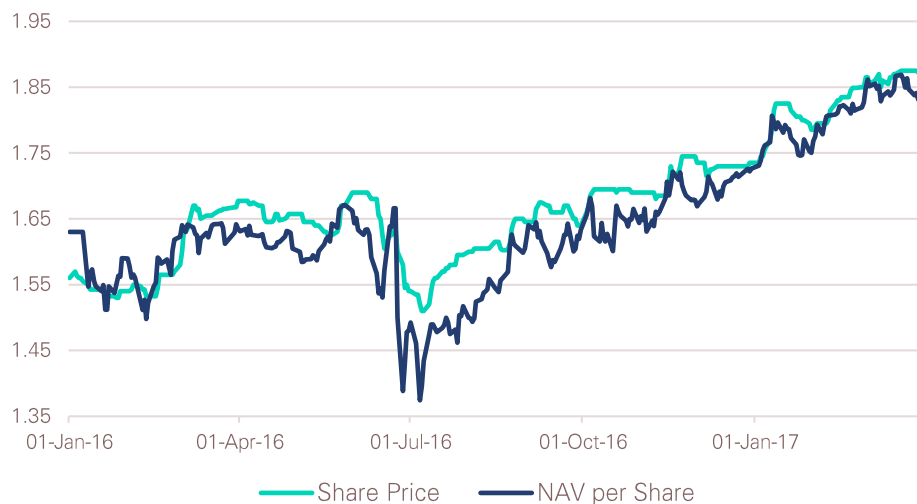
Portfolio Manager: Gary Channon
Listing: London Stock Exchange
Inception Date: 13 March 1997
ISIN: GB0000633262
Bloomberg: ARR
Fees
Management: None
Performance: One third of returns in excess of the market

Regulatory Notice:

Aurora Investment Trust Plc ("the Trust") is a UK investment trust listed on the London Stock Exchange. Past performance is no guarantee of future performance. The value of investments and any income from them may go down as well as up and investors may not get back the amount invested. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Trust. Shares in an investment trust are traded on a stock market and the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares. This document is issued and approved by Phoenix Asset Management Partners which is authorised and regulated by the Financial Conduct Authority

Top 10 Equities at 31 March 2017	(%)
Bellway	14.7
Lloyds Banking Group	12.2
Tesco	10.5
Sports Direct	8.3
Barratt Developments	7.5
Vesuvius	6.3
Morrisons	6.1
GlaxoSmithKline	4.8
Redrow	4.8
Randall & Quilter	4.4
Cash Position	0.6

Share Price & NAV per Share to 31 March 2017



Trust Performance

The appointment of Phoenix Asset Management Partners ("PAMP") came into effect on 28th January 2016. PAMP's investment track record for its flagship Phoenix UK Fund can be viewed in the table and graph on the page 3. The investment strategy of the Aurora Investment Trust is the same as that of the Phoenix UK Fund.

Track Record

Performance	NAV Return %	Share Price Return % **	All-Share Index % **	Relative NAV to ASX %
March 2017	1.5*	2.3*	1.2	-0.7
YTD (01/01/17 – 31/03/17)	7.4*	9.1*	4.0	2.6
2016	6.6*	12.0	16.8	-5.2

*Following an internal review these figures were amended in June 2018.

** Share price return with dividends reinvested; All Share Index returns with dividends reinvested.

Investment Objective

We seek to achieve long-term returns by investing in UK-listed equities using a value-based philosophy inspired by the teachings of Warren Buffett, Charlie Munger, Benjamin Graham and Phillip Fisher. Our approach, combined with thorough research, invests in high quality businesses run by honest and competent management purchased at prices that, even with low expectations, will deliver excellent returns.

Contact

Phoenix Asset Management Partners Ltd
64 – 66 Glenthams Road London SW13 9JJ
Tel: +44 (0) 208 600 0100
Fund Manager since 28 January 2016

Portfolio Manager:	Gary Channon
Listing:	London Stock Exchange
Inception Date:	13 March 1997
ISIN:	GB0000633262
Bloomberg:	ARR
Fees	
Management:	None
Performance:	One third of returns in excess of the market

Regulatory Notice:

Aurora Investment Trust Plc ("the Trust") is a UK investment trust listed on the London Stock Exchange. Past performance is no guarantee of future performance. The value of investments and any income from them may go down as well as up and investors may not get back the amount invested. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Trust. Shares in an investment trust are traded on a stock market and the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares. This document is issued and approved by Phoenix Asset Management Partners which is authorised by the Financial Conduct Authority.

Aurora Investment Trust – March 2017

Share Price: £1.87

Net Asset Value: £1.84

Premium: 1.6%

Data as at 31 March 2017

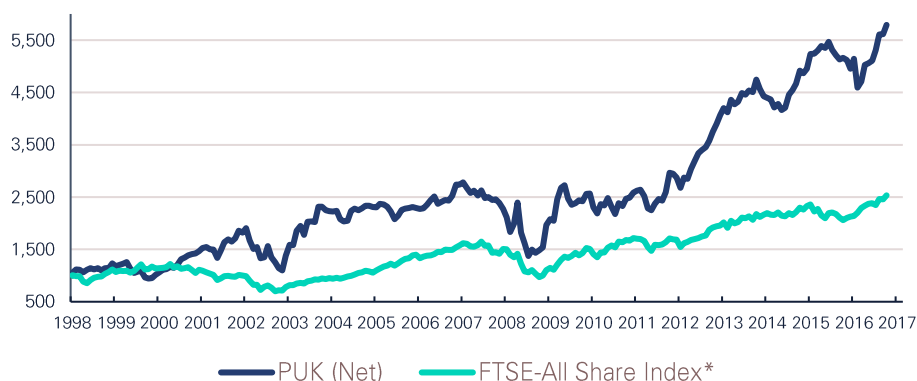
Phoenix UK Fund Track record

Fund Performance (%)	Gross Return	Net Return	All-Share Index*	Relative NAV to ASX
2017 (31 Mar)	6.2	5.1	4.0	1.1
2016	9.1	7.6	16.8	-9.2
2015	20.1	14.7	0.9	13.8
2014	2.0	0.1	1.2	-1.1
2013	40.5	31.3	20.9	10.4
2012	48.3	42.2	12.5	29.7
2011	3.0	1.9	-3.2	5.1
2010	1.1	0.0	14.7	-14.7
Cumulative Since Inception*	841.7	489.2	165.9	323.3
Since Inception Annualised*	12.6	9.8	5.3	4.5

*Since May 1998

The data on this page reflects the track record of the Phoenix UK Fund. The investment strategy of the Aurora Investment Trust is the same as that of the Phoenix UK Fund.

Phoenix UK Fund Value of £1,000 invested at launch to 31 March 2017



* Data from 30th April 1998, All-Share Index Returns with dividends reinvested

Investment Objective

We seek to achieve long-term returns by investing in UK-listed equities using a value-based philosophy inspired by the teachings of Warren Buffett, Charlie Munger, Benjamin Graham and Phillip Fisher. Our approach, combined with thorough research, invests in high quality businesses run by honest and competent management purchased at prices that, even with low expectations, will deliver excellent returns.

Contact

Phoenix Asset Management Partners Ltd
64 – 66 Glentham Road London SW13 9JJ
Tel: +44 (0) 208 600 0100
Fund Manager since 28 January 2016

Portfolio Manager: Gary Channon
Listing: London Stock Exchange
Inception Date: 13 March 1997
ISIN: GB0000633262
Bloomberg: ARR

Fees

Management: None
Performance: One third of returns in excess of the market

Regulatory Notice:

Aurora Investment Trust Plc ("the Trust") is a UK investment trust listed on the London Stock Exchange. Past performance is no guarantee of future performance. The value of investments and any income from them may go down as well as up and investors may not get back the amount invested. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Trust. Shares in an investment trust are traded on a stock market and the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares. This document is issued and approved by Phoenix Asset Management Partners Limited which is authorised and regulated by the Financial Conduct Authority.