

18 November 2016

BY ELECTRONIC LODGEMENT

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Off Market Takeover Bid by for all the units in the HHY Fund

In accordance with section 633(1) item 5 of the *Corporations Act 2001* (Cth) (**Corporations Act**), we enclose for lodgement a copy of the Bidder's Statement dated 18 November 2016 in relation to the off-market takeover bid by Aurora Funds Management Limited (ACN 092 626 885), as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) (**Bidder**), for all of the ordinary units in the HHY Fund (ARSN 112 579 129) (**Target**).

A copy of the Bidder's Statement was lodged with ASIC and the Target today.

For the purposes of sections 633(2) and 633(4) of the Corporations Act, the Bidder has set 7:00pm (Melbourne time) on 25 November 2016 as the register date.

Yours sincerely



John Patton
Managing Director
Aurora Funds Management Limited as
Responsible entity for
Aurora Global Income Trust
18 November 2016

BIDDER'S STATEMENT

Offer to acquire ALL Units in HHY Fund

Offer by Aurora Funds Management Limited (ACN 092 626 885) as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) ("**Bidder**") to acquire all Your Units in the HHY Fund.

The Offer is dated 28 November 2016 and will close at 7.00pm (Melbourne Time) on 30 January 2017, unless extended.

If you have any questions about the Bidder's Statement, please call the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (callers outside of Australia).

This is an important document and requires your immediate attention. If you are in doubt about how to deal with this document or have any questions about the offer or how to accept the offer, you should contact your broker, financial adviser, legal adviser or other professional adviser immediately.

Important notices and information

General

This Bidder's Statement is issued by Aurora Funds Management Limited (ACN 092 626 885) (**Aurora**) as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) (**Bidder**) under Part 6.5 of the *Corporations Act 2001* (Cth) (**Corporation Act**). The Bidder's Statement sets out certain disclosures required by the Corporations Act together with the terms and conditions of the Offer to acquire ALL Units in the HHY Fund (ARSN 112 579 129) (**HHY** or **Target Fund**).

Despite Aurora being the responsible entity of AIB and HHY, appropriate divisions have been established within Aurora, including amongst its directors as well as the engagement of separate advisers, to ensure the best interests of Unitholders of both funds are served. Unless otherwise stated, this Bidder's Statement including any recommendations, information, reasoning and data put forward by the Bidder, or by Aurora, or by its Board, directors or officers are made according to these divisions.

This Bidder's Statement is dated 18 November 2016. It includes an Offer dated 28 November 2016 on the terms and conditions (including the Conditions) set out in this Bidder's Statement.

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**). ASIC does not take any responsibility for the contents of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement. Capitalised terms are defined within this document and / or within section 13.

Enquiries

If you have any questions in relation to the Offer or this Bidder's Statement, please call the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (callers outside of Australia) between 9:00am and 5:00pm (Melbourne Time) Monday to Friday.

How to accept

To accept the Offer you must follow the instructions set out in Section 12 of this Bidder's Statement. Acceptances for the Offer must be received in sufficient time to be acted upon before the end of the Offer Period.

Investment Decisions

This Bidder's Statement does not take into account the investment objectives, financial situation or particular needs of any person. You should obtain independent financial, taxation or other required professional advice before making a decision as to whether or not to accept the Offer for all or any of Your HHY Units.

Forward Looking Statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. Such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables, factors and other unknown dependent or independent items.

Actual events, results, performance or achievements may differ materially from the events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement. Such forward looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

The Bidder or its officers or any persons named in this Bidder's Statement with their consent, or any person involved in the preparation of this Bidder's Statement, does not make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the

extent required by law. You are cautioned not to place undue reliance on any forward looking statement. Except as may be required by law, neither the Bidder nor any of its officers, agents or employees undertakes any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this Bidder's Statement, or to reflect the occurrence of unanticipated events.

Disclaimer as to HHY Information

HHY information contained in this Bidder's Statement has been prepared by Bidder, according to the internal divisions developed within Aurora (as stated above) for the purposes of this Offer and using predominantly publicly available information and has not been independently verified by the Bidder. Subject to the Corporations Act, the Bidder does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to HHY's business and investments may be included in the HHY Target Statement which the Target must provide to its Unitholders in response to this Bidder's Statement.

Financial amounts

All financial amounts in this Bidder's Statement are expressed in Australian currency unless otherwise stated.

Notice to foreign registered Unitholders

HHY Unitholders should note that the consideration under the Offer is AIB Units, which are units in an Australian registered managed investment scheme listed on the ASX. The Offer is subject to disclosure requirements in Australia which are different from those applicable in other countries. The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer to issue or sell, or the solicitation of an offer to buy, any AIB or HHY Units referred to in this Bidder's Statement in any jurisdiction in which the offer or issue of such securities would be unlawful. HHY Unitholders who are resident outside of Australia or its territories should refer to section 12.12 for further details

Ineligible Foreign Unitholders who accept the Offer will be paid a cash amount calculated in accordance with section 12.5 of this Bidder's Statement.

Privacy

Personal information relating to your holding of Units in HHY will be obtained by Bidder, or its agents, from Target or its agents, in accordance with its rights under the Corporations Act for the purposes of making this Offer, and if accepted, administering your holding of Units and your acceptance of the Offer. The type of information the Bidder has collected about you includes your name, contact details and information on your holding of Units in HHY. Without this information the Bidder would be hindered in its ability to carry out the Offer. The Corporations Act requires your name and contact details of Unitholders to be held in a public register. The Bidder will utilise this information, and disclose it on a confidential basis to its related bodies corporate, advisers, agents and regulators (such as ASIC) where necessary for the purposes of the Offer or as otherwise required or permitted by law. Bidder, its related bodies corporate, advisers and agents will use this information solely for purposes relating to the Offer and to assist in any future relationship with you as a Unitholder.

Implied value of the Offer

As you are being offered AIB Units as consideration for Your HHY Units, the implied value of the Offer will vary according to fluctuations of the NAV of AIB and the NAV of HHY. Unless otherwise stated, the implied value of the Offer presented in this Bidder's Statement is based on the NAV of AIB and HHY at the close of business day immediately prior to this Bidder's Statement being lodged to ASIC.

Key Dates

Event	Date
Announcement of the Offer	29 September 2016
Bidder's Statement lodged with ASIC	18 November 2016
Register Date	7:00 pm on 25 November 2016
Date of Offer	28 November 2016
Offer closes	7:00 pm on 30 January 2017 (unless extended or withdrawn)

Key Contact Information Unit Registrar for the Offer and AIB Offer Information Line*

Registry Direct:

E: aurora@registrydirect.com.au

F: +61 3 9111 5652

Website: www.registrydirect.com.au

AIB Offer Information Line:

1300 555 159 (callers within Australia)

+61 3 9909 9909 (callers outside of Australia)

* Between 9:00am and 5:00pm (Melbourne Time) Monday to Friday. Calls to these numbers may be recorded.

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A.B.N. 69 092 626 885
AFSL No. 222110

Level 4, 1 Alfred Street
SYDNEY, NSW 2000

PO Box R1695, Royal Exchange NSW 1225

Telephone: (612) 9080 2377
Facsimile: (612) 9080 2378

Dear HHY Unitholder,

Offer for all HHY Units

Aurora Funds Management Limited (**Aurora**), on behalf of and as the responsible entity of the Aurora Global Income Trust (**Bidder**), is pleased to enclose this Offer for the Bidder to acquire each of Your Units in the HHY Fund (**HHY**). Bidder believes this Offer provides compelling and strategic benefits and value to HHY Unitholders as well as the opportunity for HHY Unitholders to participate in the ongoing benefits associated with an investment in the AIB (subject to an Independent Expert concluding that the Offer is fair and reasonable).¹

The Bidder's Offer provides an opportunity for you to attain full net asset value (**NAV**) for HHY units as the Offer price is such that the NAV of the accepting HHY units will equal, as at the Calculation Date, the NAV of the AIB units issued, as set out in section 12.5 of the Bidder's Statement (**Offer**).²

The Offer is subject to a number of Conditions set out in this Bidder's Statement. Importantly, the Offer is not subject to any finance condition, due diligence, nor a minimum acceptance condition.

Aurora believes you will find the terms of this Offer an attractive and excellent opportunity for you to receive the full NAV of Your HHY Units as well as becoming a Unitholder in AIB. The reasons for you to accept the Offer, and the compelling benefits it proposes to you, include:

1. Enhanced Fund Scale

On the basis that AIB acquires 100% of HHY Units, the Offer would provide HHY Unitholders with an opportunity to become Unitholders in an enlarged listed managed investment scheme, with a market capitalisation in excess of \$15.8 million (on a pro forma basis).³

2. You will receive the full Net Asset Value for Your HHY Units

The Offer provides HHY Unitholders with a value accretive opportunity (in comparison to the historical trading prices of HHY Units) by an exchange of Your HHY Units for AIB Units at a ratio calculated to reflect the full Net Asset Value of Your HHY Units as at the Calculation Date (see section 12.5 of this Bidder's Statement for further details).⁴

3. AIB offers off-market liquidity at Net Asset Value

The Offer will enable HHY Unitholders to become Unitholders in the AIB Fund. The AIB Fund allows its Unitholders to redeem their investment at a value equal to net asset value via an off-market redemption process (see section 7.5(iii) of this Bidder's Statement for further details).

¹ Despite Aurora being the responsible entity of AIB and HHY, appropriate divisions have been established within Aurora, including amongst its directors as well as engaging separate advisers, to ensure the best interests of Unitholders of both funds are served. Unless otherwise stated any recommendations, information, reasoning, data put forward in this letter are made in accordance with these divisions and separate advisers.

² Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders who accept the Offer will not be entitled to receive AIB Units (please see sections 12.5 and 12.12 for further information).

³ Estimate of market capitalisation of \$15.8 million is calculated on a pro forma basis assuming 100% acceptances (at the close of trading the day before the date of the Bidder's Statement).

⁴ Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders who accept the Offer will not be entitled to receive AIB Units (please see sections 12.5 and 12.12 for further information).

4. Combining funds will provide synergies and proportionally reduce costs

On the basis that AIB acquires 100% of HHY Units, the increased market capitalisation of the enlarged fund would enhance the ability to grow the returns of the portfolio on a measured and sustainable basis. Additionally, by virtue of economies of scale, the enlarged fund would have the ability to reduce the per Unit cost of certain fees and expenses charged to AIB Unitholders on an enduring basis as those costs will be spread across a larger unitholder base. Even if AIB acquires between 50 % and 100% of the HHY Units, so long as Aurora remains the responsible entity for both AIB and HHY, it proposes to conduct the business of the funds in such a way as to minimise the separate costs incurred in respect of each of them and enhance the efficiency of both funds, to the extent practicable, consistent with the separate interests of the members of the two funds.

5. Bidder's Offer is the only offer currently available

As at the date of this Bidder's Statement, no other party has announced an offer, or an intention to make an offer, for HHY.

There is presently an alternative proposal for HHY to be wound up, as is discussed below.

6. Simple offer with no brokerage

If you accept the Offer, you will receive the relevant number of AIB Units (subject to satisfaction of the conditions to the Offer) and pay no brokerage. There are no hidden costs or charges.

7. Exiting the HHY Fund whilst maintaining your investment

The Offer provides HHY Unitholders with a value accretive exit strategy (in comparison to historical trading prices of HHY units) and also provides HHY Unitholders with the ability to stay invested in the portfolio of HHY (although in a diluted form) with exposure to a more substantial and potentially more diversified investment portfolio.

As set out by Aurora in the Explanatory Memorandum it issued to HHY Unitholders dated 15 September 2016, winding-up may not maximise the proceeds available to HHY Unitholders and may result in unexpected transaction costs thereby potentially reducing the proceeds available to HHY Unitholders.

Accepting this Offer enables HHY Unitholders to exchange their HHY Units at their full NAV for AIB Units which may be then subsequently redeemed at the NAV of the AIB Units under AIB's off-market redemption process in accordance with the AIB Constitution and PDS. Accordingly, the Offer provides a means by which Unitholders wishing to withdraw their investment in HHY can do so with improved certainty of value for their HHY Units and without the time consuming and potentially costly process of winding-up HHY.

We encourage you to read this Bidder's Statement for more details about the Offer and about AIB. The Offer is open for your acceptance until 7:00pm (Melbourne Time) on 30 January 2017, unless extended or withdrawn. If you wish to accept the Offer, please complete and return the enclosed Acceptance Form according to the instructions set out in section 12.3 of the Bidder's Statement and on the Acceptance Form.

If you have any questions about the Offer, please do not hesitate to contact the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (outside Australia), or consult your legal, financial or other professional adviser.

Sincerely,



John Patton
Managing Director
Aurora Funds Management Limited as
Responsible entity for
Aurora Global Income Trust
18 November 2016

2. Why you should accept the Offer

The Board of Aurora, acting in its capacity as the responsible entity of AIB, highlight the following reasons for HHY Unitholders to accept this Offer:

- The Offer provides certainty of value to HHY Unitholders enabling the full NAV of Your HHY Units to be provided to you.
- The implied value of the Offer is above the prevailing trading prices of HHY Units on the ASX.
- Bringing the AIB and HHY funds together will likely result in a larger, more diversified and complementary portfolio whilst achieving efficiencies.
- AIB pays a quarterly distribution whilst, historically, the HHY Fund does not.
- There are no brokerage charges in accepting this Offer.
- AIB Fund has a long and established track record.
- As at the date of this Bidder's Statement, no other party has announced an offer, or an intention to make an offer, for HHY.
- There are risks associated with being a minority Unitholder.

These reasons are discussed in further detail below.

Detailed reasons to accept the Offer for Your Units

2.1 The Offer provides certainty of value to HHY Unitholders enabling the full NAV of Your HHY Units to be provided to you

The Offer enables HHY Unitholders (other than Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders) to remain invested in an investment fund with a long and established track record.

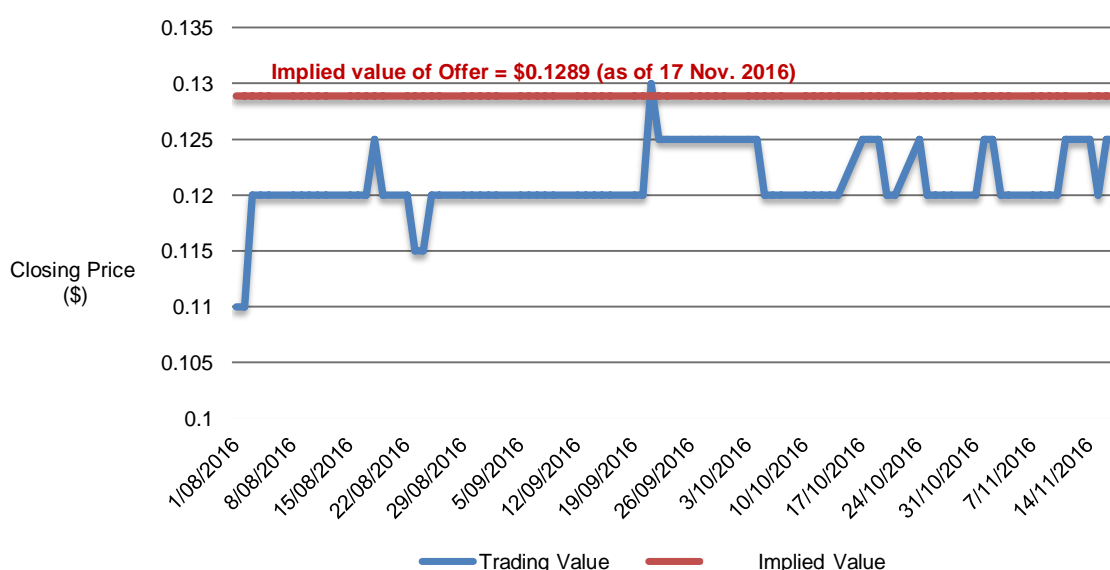
If you accept the Offer:

- you will receive AIB Units for each of Your HHY Units at a ratio calculated to reflect the full Net Asset Value of Your HHY Units as at the Calculation Date, as set out in section 12.5,⁵ and
- if AIB increases the Offer Price during the Offer Period, you will be entitled to receive any incremental consideration.⁶

2.2 The implied value of the Offer is above the prevailing trading prices of HHY units on the ASX

As set out in section 12.5, the Offer is calculated on the basis of ensuring HHY Unitholders receive AIB Units equal in NAV (per unit) to the NAV of their HHY Units (per unit) as at the Calculation Date. For instance, as at 17 November 2016, the Offer would provide HHY Unitholders with an implied value of \$0.1289 for each HHY Unit held.⁷ This implied value exceeds the closing price of HHY Units traded on ASX on 17 November 2016 (being \$0.125) representing a premium of 3.12% and a 7.57% premium to the 90 day VWAP from 17 November 2016.

Figure 2.2.1 HHY trading performance relative to the implied value of the Bidder's Offer



⁵ Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders who accept the Offer will not be entitled to receive AIB Units (please see sections 12.5 and 12.12 for further information).

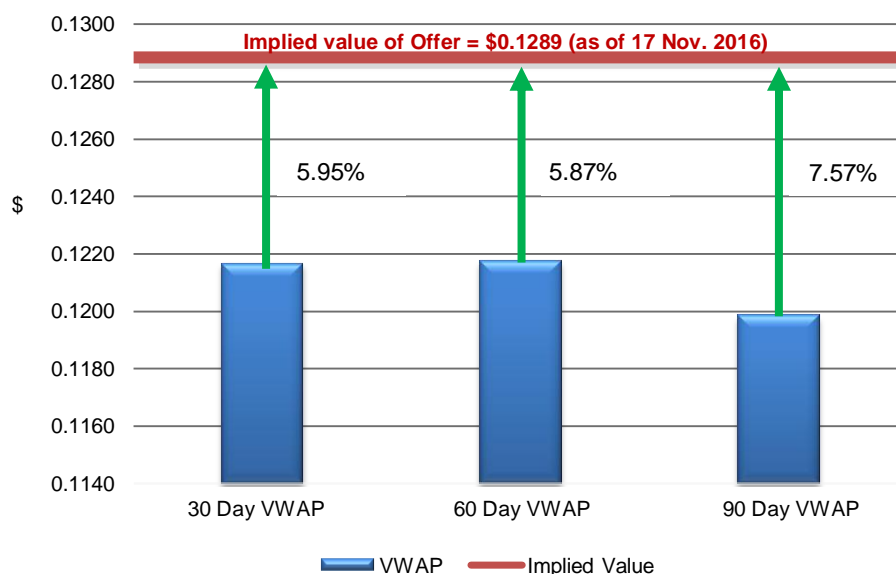
⁶ In accordance with the Corporation Act, if AIB increases the Offer Price under the offer, all HHY Unitholders whether or not they have accepted the Offer before that increase in the Offer Price, would be entitled to the benefit of that increased Offer Price. If you sell Your HHY Units on-market on the ASX before any increase in the Offer Price, you will not receive any additional consideration arising from such an increase in the Offer Price.

⁷ As you are being offered AIB Units as consideration for Your HHY Units, the implied value of the Offer will vary according to fluctuations of the NAV of AIB and the NAV of HHY. Unless otherwise stated, the implied value of the Offer presented in this Bidder's Statement is according to the NAV of HHY at the close of business of 17 November 2016.

Additionally, the implied value of the Offer is attractive relative to HHY's historical trading levels, and represents a:

- 5.95% premium to the 30 day VWAP;
- 5.87% premium to the 60 day VWAP; and
- 7.57% premium to the 90 day VWAP.⁸

Figure 2.2.2 Implied value of Bidder's Offer relating to HHY metrics



2.3 Bringing the AIB and HHY funds together will likely result in a larger, more diversified and complementary portfolio whilst achieving efficiencies

HHY has a market capitalisation of approximately \$11.7 million and in the 6 months prior to 17 November 2016 HHY Units traded at an average discount to NAV per HHY Unit of 9.1% primarily due to the relatively low level of on-market trading. AIB currently has a market capitalisation of approximately \$4.1 million and, subject to the terms of the AIB Constitution, allows its Unitholders to redeem their investment at a price equal to NAV via an off-market redemption process.

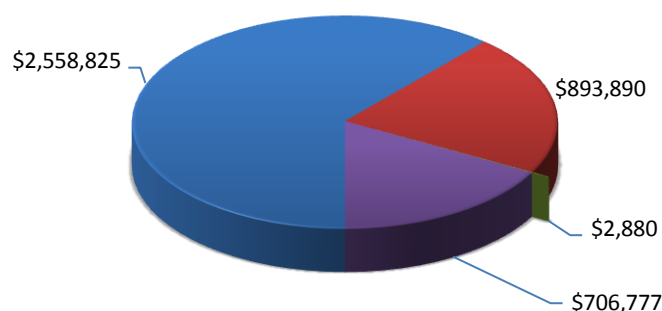
Combining AIB and HHY will provide enhanced liquidity for those HHY Unitholders who accept the Offer and achieve an increased market capitalisation of up to \$15.8 million (on a pro forma basis assuming 100% acceptances).⁹ Additionally, combining the funds will provide unitholders the opportunity to benefit from being invested in a more diversified and complementary portfolio as represented in Figure 2.3.1 (on a pro forma basis assuming 100% acceptance of all HHY units).

⁸ Each of the VWAP are calculated for the relevant periods ending 17 November 2016 (being the last trading day before the date of the Bidder's Statement).

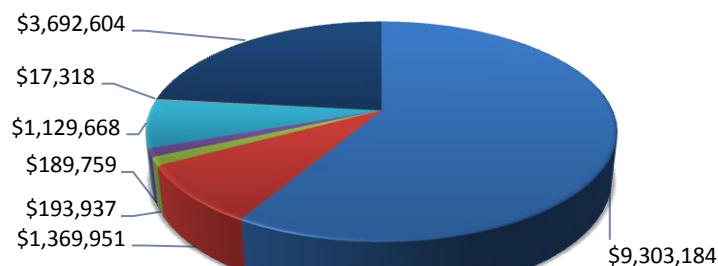
⁹ Estimate of market capitalisation of \$15.8 million is calculated on a pro forma basis assuming 100% acceptances for all HHY Units (as at the last trading day before the date of the Bidder's Statement).

Figure 2.3.1 Pro Forma portfolio composition of the AIB Fund pre and post-takeover

A. AIB Portfolio (pre-takeover)



B. AIB Portfolio (post-takeover)



■ Domestic shares
■ International shares
■ Domestic listed property
■ International listed property
■ Other
■ Cash
■ Derivatives

Figure 2.3.1: Figure 2.3.1.B is a representation of the composition of the AIB Portfolio following the Takeover Bid on a pro forma basis assuming 100% acceptances for all HHY Units without changes to the underlying portfolio compositions. Figure 2.3.1 is current as of 17 November 2016.

Overall, the Offer provides HHY Unitholders with a potentially value accretive exit strategy compared to the historical trading price of HHY Units and by virtue of the option to remain invested in the HHY portfolio within a more diversified and complementary portfolio with reduced concentration risk, or alternatively, redeeming the NAV of their AIB Units via an off-market redemption process (see section 7.5(iii) of this Bidder's Statement for further details).

In addition, by virtue of the benefit of economies of scale, the enlarged AIB Fund also has the potential to reduce its commercial cost and expense ratios by virtue of a larger Unitholder base.¹⁰ This includes reducing the totality of the costs charged by the responsible entity and proportionally reducing the responsible entity fees currently charged to HHY Unitholders whilst likely exposing them to a larger and more diversified portfolio.

Overall, the HHY Unitholders who accept the Offer and receive AIB Units will benefit from these economies of scale. Although these benefits will most easily be achieved if AIB acquires 100% of the HHY Units, some of them will be available if Aurora is the responsible entity for both funds and AIB has control of HHY. In that situation, AIB proposes to conduct the business of the funds in such a way as to minimise the separate costs incurred in respect of each of them and enhance the efficiency of both funds, to the extent practicable, consistent with the separate interests of the members of the two funds.

2.4 AIB pays a quarterly distribution compared to HHY paying nil distributions

HHY Unitholders who accept the Offer will be entitled to receive quarterly distributions from AIB in comparison to the HHY Fund which historically does not provide distributions to HHY Unitholders.

2.5 There are no brokerage charges in accepting the Offer

In addition to obtaining the full NAV for Your HHY Units, you will not incur any brokerage charges on the transfer of Your HHY Units for AIB Units.

¹⁰ Management cost and expense ratios represents the corporate costs and expenses of managing a fund as a portion of assets under management.

2.6 AIB Fund has a long and established track record

Aurora has a long track and established track record and an experienced board of directors and senior management team to conduct the investment strategy.

Figure 2.6.1 Performance of the AIB Fund

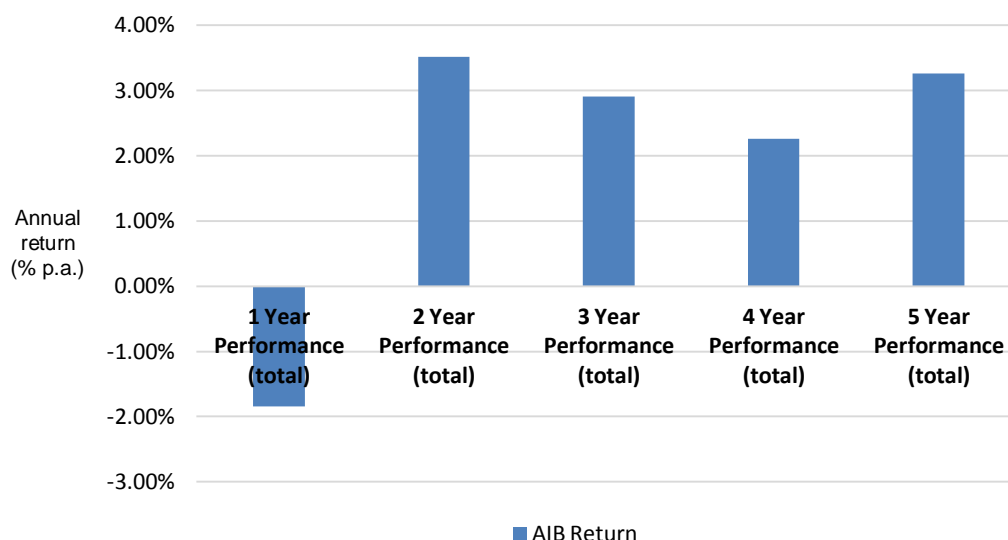
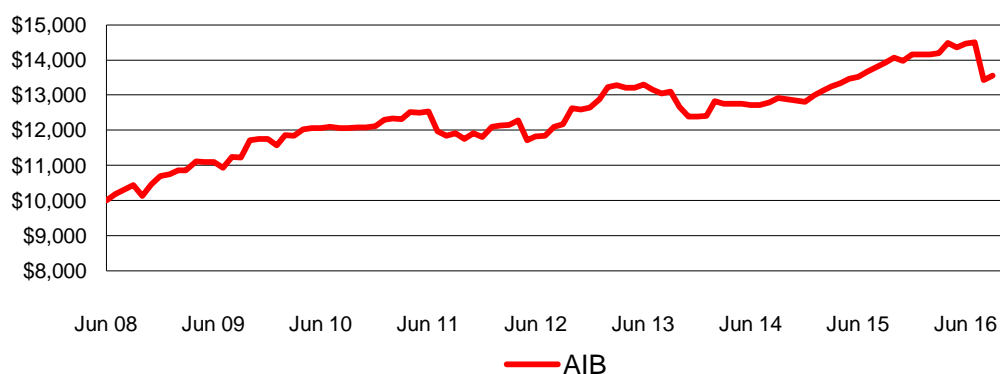


Figure 2.6.1 represents the annualised year-on-year performance of the AIB Fund as of 31 October 2016. AIB's one-year performance was negatively impacted primarily as a result of the Antares Energy Limited Convertible Notes (ASX: AZZG) (representing approximately 6% of the AIB Fund) being written down to nil as part of the audit process for the year ended 30 June 2016.

Figure 2.6.2 Performance of the AIB Fund¹¹



The AIB Fund aims to achieve absolute returns by using a number of different global investment strategies.

2.7 As at the date of this Bidder's Statement, no other party has announced an offer, or an intention to make an offer, for HHY

Currently, there are no other offers for the HHY Fund. The only alternatives are the proposed resolutions put forward by Wilson Asset Management (International) Pty Limited and its related entities including resolutions to replace Aurora as the responsible entity of HHY and to wind-up the HHY Fund. HHY's responsible entity, Aurora, does not support these proposals for reasons including the following:

- winding-up of a fund can be a time consuming and costly process;

¹¹ Figure 2.5 is a composite of the Sandringham Global Income Trust (ARSN 131 291 499) (which is now terminated) since its inception in July 2008 to 30 November 2010, and AIB which implemented the same strategy since 30 November 2010.

- HHY has strategic stakes in a number of investments and winding-up may result in the potential value not being realised;
- winding-up may also result in the forced selling of certain investments and assets below their market value and accordingly cause uncertainty in the value of the returns to be received by HHY Unitholders;
- winding-up is likely to result in the loss of accumulated carry forward tax losses; and
- winding-up may reduce the value of the return of the investments made by HHY Unitholders.

2.8 There are risks associated with being a minority Unitholder

If Bidder achieves voting power sufficient to control HHY but HHY remains listed, the market for Your HHY Units may be less liquid or less active than at present, exposing the remaining HHY Unitholders to greater uncertainty. This may make it more difficult to sell Your HHY Units at an attractive price in the future.

If the number of HHY Unitholders is less than that required by ASX Listing Rules then the ASX may de-list HHY. If this occurs, any remaining HHY Unitholder will not be able to sell their HHY Units on-market.

How to accept the Offer

Acceptances for the Offer must be received before the close of the Offer Period.

There are different ways to accept the Offer depending on how you hold Your HHY Units.

For CHESS Holdings

You may accept the Offer by:

- instructing Controlling Participant (usually your broker) to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period; or
- completing and signing the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement to direct the Bidder to instruct the Controlling Participant (on your behalf) to accept the Offer.

For Issuer Sponsored Holdings

Complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement.

Where to send your Acceptance Form

By hand:

Level 6, 2 Russell Street
Melbourne
VIC 3000

By facsimile:

+61 3 9111 5652

By mail (a reply paid envelope is enclosed):

Aurora Funds Management
Limited
C/- Registry Direct
PO Box 18366
Collins Street
East Vic 8003

Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer in respect of some or all of Your HHY Units.

Enquiries

If you are in any doubt how to deal with this Bidder's Statement, you should consult your broker or your legal, financial or other professional adviser.

If you have any questions about the Offer or how to accept it, please call the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (callers outside of Australia).

Offers to Ineligible Foreign Unitholders or Unmarketable Parcel Unitholders

If you are an Ineligible Foreign Unitholder or Unmarketable Parcel Unitholder you will not be entitled to receive AIB Units as consideration for Your HHY Units. Rather you will be entitled to receive the net cash proceeds as set out in section 12.5.

3. Summary of Offer and frequently asked questions

Important Notice	<p>The information in this section is a summary only of the Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement.</p> <p>You should read this Bidder's Statement and the Target's Statement (which HHY will provide to all of its Unitholders shortly) prior making your decision in relation to the Offer.</p> <p>If you have any doubt or queries in terms how to deal with this Bidder's Statement, please contact and consult with your financial, legal, taxation or other professional adviser.</p>
The Bidder	<p>Aurora Funds Management Limited in its capacity as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) (Bidder) is making the Offer for all HHY Units.</p> <p>AIB is a Global Market Neutral Fund that aims to produce positive returns irrespective of the direction of the unit market by investing in global equities and derivatives. AIB invests in global companies close to earnings announcements and other short term catalysts.</p> <p>For more information about Aurora and the AIB Fund please see sections 4, 5 and 7.</p>
What is this Bidder's Statement?	<p>This Bidder's Statement sets out the terms of the Offer for Your HHY Units and information relevant to your decision whether or not to accept the Offer.</p> <p>This Bidder's Statement is an important document. If you have any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.</p> <p>For further information, please call the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (callers outside of Australia).</p>
What will I receive if I accept the Offer?	<p>Subject to the fulfilment or waiver of the conditions of the Offer, the Bidder is offering to acquire all or any of Your HHY Units by way of an off-market Takeover Bid subject to the terms and conditions set out in this Bidder's Statement. HHY Unitholders may alternatively nominate to accept the Offer for some of the HHY Units they hold.</p> <p>In summary, each HHY Unitholder that accepts the Offer will receive AIB Units such that the NAV of accepting HHY Units will equal the NAV of the issued AIB Units as at the Calculation Date. That is, HHY Unitholders will retain the value of their HHY units according to the NAV as at the Calculation Date.¹² For more information, please see section 12 of this Bidder's Statement.</p> <p>Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders who accept the Offer will not be entitled to receive AIB Units (please see sections 12.5 and 12.12 for further information).</p>
How will Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders be treated?	<p>Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders that accept the Offer will not receive AIB Units. Rather, the AIB Units that Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders would have been entitled to receive will be issued to, and sold by, a Nominee and the net cash proceeds attributable to each Ineligible Foreign Unitholder and Unmarketable Parcel Unitholders will be paid to them by cheque in Australian dollars drawn on an Australian bank account.</p> <p>Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders should read sections 12.5 and 12.12 for further information.</p>

¹² If the calculation results in an entitlement to a HHY Unitholder to a fraction of AIB units, that fraction will be rounded up or down in accordance with the AIB Constitution.

Why should I accept the offer?

- The Offer provides certainty of value to HHY Unitholders enabling the full NAV of Your HHY Units to be provided to you.
- The implied value of the Offer is above the prevailing trading prices of HHY Units on ASX.
- Bringing the AIB and HHY funds together will likely result in a larger, more diversified and complementary portfolio whilst achieving efficiencies.
- AIB pays a quarterly distribution whilst, historically, HHY does not.
- There are no brokerage charges in accepting the Offer.
- AIB Fund has a long and established track record.
- As at the date of this Bidder's Statement, no other party has announced an offer, or an intention to make an offer, for HHY.
- There are risks associated with being a minority Unitholder.

Please see section 2 for full reasoning for why you should **ACCEPT** this Offer.

When does the Offer close?

Unless withdrawn or extended in accordance with the Corporations Act, the Offer will close 7:00pm (Melbourne Time) on Monday, 30 January 2017.

Can Bidder extend the Offer Period?

Yes, the Offer can be extended by Bidder, or otherwise in accordance with the Corporations Act. You will be sent a written notice of any extension, as required by the Corporations Act.

What options do I have as a HHY Unitholder?

As a HHY Unitholder, you have the following choices in respect of Your Units:

- accept the Offer for ALL of Your HHY Units;
- accept the Offer for some of Your HHY Units;
- sell Your HHY Units on the ASX (unless you have previously accepted the Offer for Your HHY Units); or
- do nothing.

If you do nothing and the Bidder nonetheless acquires sufficient HHY Units to proceed to compulsory acquisition (and the conditions to the Offer are satisfied or waived by the Bidder), then the Bidder may elect to compulsorily acquire Your HHY Units.

How to accept the Offer?

To **ACCEPT** this Offer for all or some of Your HHY Units:

- **Issuer sponsored Unitholders:** If you hold Your Units in an issuer sponsored subregister (your SRN starts with an 'I'), complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes.
- **CHESS sponsored Unitholders:** If you hold Your Units in a CHESS Holding (your HIN starts with an 'X'), you may accept the Offer by either:
 - completing and signing the Acceptance Form enclosed with this Bidder's Statement and returning it to the address indicated on the form; or
 - instructing your Controlling Participant (usually your broker) to accept the Offer on your behalf, before the Offer closes.

Refer to section 12 for further details regarding the Offer and how to accept the Offer.

What will happen if I accept the Offer?	Once you accept the Offer (even while it remains conditional), you will not be permitted to sell Your HHY Units on the ASX, accept any other offer or otherwise deal with Your HHY Units, subject to you exercising any withdrawal rights which might arise.
Are there any conditions to the Offer?	<p>Yes, the Offer is subject to a number of conditions which are set out in full in section 12.7 of this Bidder's Statement, including (in the summary form) the following conditions:</p> <ul style="list-style-type: none"> • there is no change in the responsible entity of AIB or HHY between the Announcement Date and the Close of the Offer; • no Material Adverse Change to HHY; • no material changes to the business of HHY; • no HHY Fund distributions; • all regulatory approvals to grant the Offer and for the Offer to be accepted are obtained; • no adverse regulatory action; • no prescribed occurrences occur (being events set out in section 652C of the Corporations Act); • no material litigation; • no untrue statements in HHY's statement; and • net asset value of the HHY Fund does not fall below \$0.124 per Unit between the Announcement Date and end of the Offer Period. <p>Each of the Conditions provided by this Bidder's Statement may be waived at the sole discretion of Bidder.</p>
What happens if Conditions are not satisfied or waived?	If the Conditions to the Offer are not satisfied or waived by the relevant time required by the Corporations Act, the Offer will lapse and you will be returned Your HHY Units. Please see sections 12.7 and 12.8 for further information.
If I accept the Offer, when will I be paid?	<p>In the usual case, if you validly ACCEPT this Offer you will be transferred the required number of AIB Units under the Offer on or before the earlier of:</p> <ol style="list-style-type: none"> 1. one month after all of the Conditions have been freed or fulfilled (whichever is later); and 2. 21 days after the end of the Offer Period. <p>Should you not accept the Offer and Bidder proceeds to compulsorily acquire any outstanding HHY Units, then you will only receive your consideration in accordance with the timing of the compulsory acquisition provisions of the Corporations Act, which may be more than 2 months after the end of the Offer Period.</p> <p>Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders who accept the Offer should see section 12.5 for further detail.</p>
Can I accept the Offer for some of my HHY Units?	Yes, you may accept the Offer in respect of all or any specified number of Your HHY Units.

What happens if I do not accept the Offer?	<p>Subject to what is stated below, you will remain the holder of Your HHY Units if you do not accept the Offer.</p> <p>If Bidder becomes entitled to do so, Bidder intends to proceed to compulsorily acquire Your HHY Units (see section 12). You will receive consideration for Your HHY Units sooner if you accept the Offer.</p>
Can I withdraw my acceptance?	<p>Once you accept the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a right will arise if, after you have accepted the Offer and the Offer remains conditional, the Bidder varies the Offer in a way that postpones, for more than one month, the time when the Bidder has to meet its obligations under the Offer. If this occurs, a notice will be sent to you at the relevant time that explains your rights to withdraw your acceptance of the Offer.</p>
What if I accept the Offer and the Bidder increases the Offer price?	<p>In accordance with the Corporations Act, if the Bidder increases the Offer price, you will be paid the higher price irrespective of when you accepted the Offer. If you have already received payment in respect of the Offer, you will be paid the difference between the amount you have already received and the higher price.</p> <p>However, if you sell Your Units on the ASX instead of accepting the Offer, you will not receive the benefit of any subsequent increase in the Offer.</p>
Are any fees or stamp duty payable if I accept the Offer?	<p>No Australian stamp duty and no brokerage is payable by HHY Unitholders on accepting the Offer.</p> <p>If Your HHY Units are held on issuer sponsored register and you deliver the completed form directly to the Unit Registrar in accordance with section 12, you will not incur any brokerage connected with you accepting the Offer.</p> <p>However, if Your Units are held on a CHESS sub-register or you hold Your HHY Units through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.</p> <p>By making the Offer, Bidder is not making any recommendation or giving any advice as to whether (or how) you should sell Your HHY Units. Before you decide what to do with Your HHY Units you should obtain your own professional advice (including taxation advice).</p>
Tax Considerations	<p>The tax implications of accepting the Offer may vary for each individual investor.</p> <p>Please see section 10 for a general discussion of the Australian implications of the Offer. Additionally, you should consult your financial, tax or other professional adviser on the tax implications of accepting the Offer.</p>
What should I do next?	<p>Step 1: Carefully read this Bidder's Statement in its entirety and consider the information provided.</p> <p>Step 2: Read the Target's Statement to be provided by HHY.</p> <p>Step 3: If you need advice, consult your stock broker, or your legal, financial or other professional adviser.</p> <p>Step 4: If you wish to accept the Offer follow the instructions in section 12.3.</p>

What should I do if I require further information?

Should you have any further queries in relation to how to accept the Offer please contact the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (callers outside Australia).

If you have any doubts or other queries in terms of how to deal with this Bidder's Statement, please contact and consult with your financial, legal taxation or other professional adviser.

4. Profile of AIB

4.1 Overview of AIB

AIB is a registered managed investment scheme of approximately \$4.1 million of net assets (for unit pricing purposes) in funds under management (as of 17 November 2016). AIB focuses on listed securities and companies that are expected to increase in value related to the overall market.

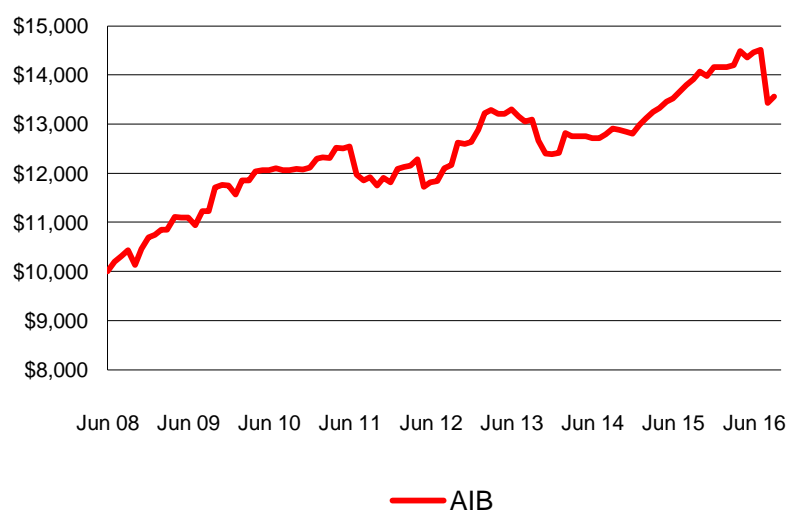
The aim of the AIB Fund is to achieve absolute returns by using a number of different global investment strategies that allows the performance of the AIB Fund to have little correlation to the performance of global equity market indices. The focus on 'absolute returns' differs from traditional funds in that the AIB Fund aims to produce positive returns regardless of equity market conditions.

4.2 AIB's Investment Strategy and Performance

The pursuit of a diverse range of global investment strategies means that the returns of AIB are not necessarily dependent on the direction of any stock markets, or dependent on any specific assumption or key market parameter. The AIB Fund does not aim to replicate the standard industry benchmarks.

AIB aims to take advantage of companies that are expected to increase in value relative to the market around the announcement of their quarterly, half-yearly and yearly earnings results, while hedging their market and currency exposure. In selecting investments, AIB follows an investment selection process which includes a combination of detailed analysis and fundamental research. The AIB Fund may use derivatives for risk management as well as to create new positions. The AIB Fund may also opportunistically short sell securities that are considered to be overpriced in the anticipation of purchasing them later at lower prices for a profit and/or to reduce risk on the overall portfolio.

Figure 4.2.1 Performance of the AIB Fund¹³



4.3 AIB's portfolio

AIB has a portfolio of 35 investments spread across domestic shares, international shares, derivatives and cash with a total of \$4.1 million (as of 17 November 2016).

¹³ Figure 2.5 is a composite of the Sandringham Global Income Trust (ARSN 131 291 499) (which is now terminated) since its inception in July 2008 to 30 November 2010, and AIB which implemented the same strategy since 30 November 2010.

Table 4.3.1 Overview of AIB Portfolio¹⁴

Overview of AIB Portfolio	
Total AIB Portfolio	35 investments totalling \$4.1 million
Composition of AIB Portfolio:	Domestic shares totalling \$2,558,825; International shares totalling \$893,890; Derivatives totalling \$2,880; and Cash totalling \$706,777.

Figure 4.3.2 Overview of AIB Portfolio¹⁵

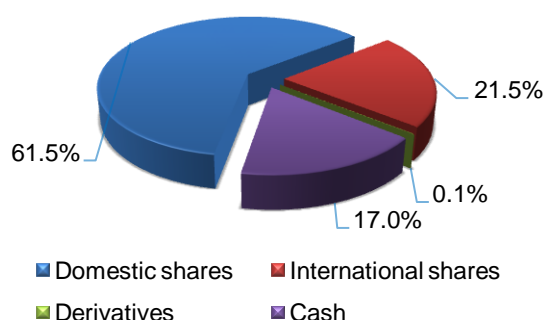
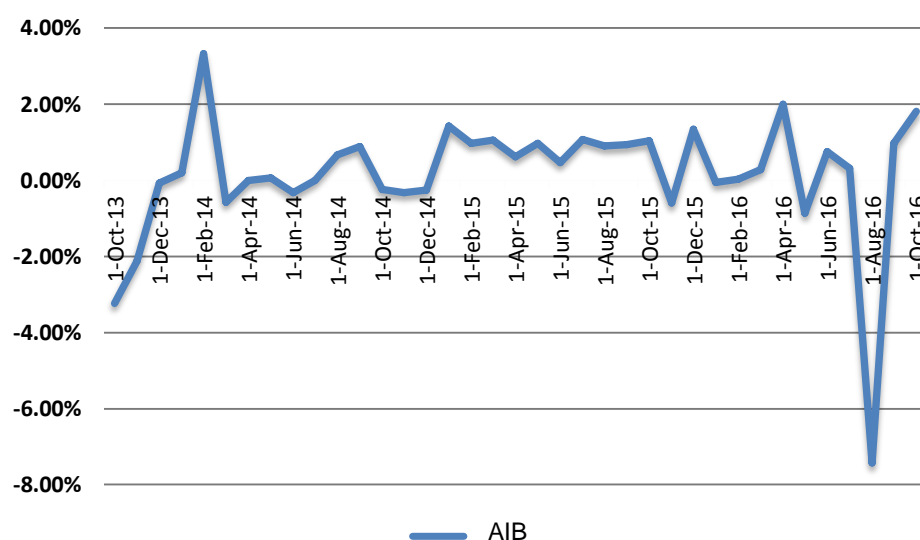


Figure 4.3.3 Monthly performance of the AIB Fund



4.4 Management and corporate governance

Aurora is the responsible entity of the AIB Fund.

Bidder has adopted an overall corporate governance framework that is designed to meet best practice and which recognises that an effective corporate governance culture is critical

¹⁴ Table 4.3.1 provides the composition of the AIB's portfolio of investments as of 17 November 2016.

¹⁵ Graph 4.3.2 provides the composition of the AIB's portfolio of investments as of 17 November 2016.

to the success of AIB. Set out below is a statement of the main corporate governance practices that Aurora has in place.

(a) Composition of the board

Brief profiles of the Directors are as follows:

Mr James Hallam
Independent Chairman

Jim was appointed as Non-Executive Director of Aurora Funds Management Limited on 30 June 2016.

Jim has over 20 years' finance and operational experience in Australian funds and investment management experience with a strong focus on building strong and strategically important processes to create and support funds management.

Mr John Patton
Managing Director

John was appointed Executive Director and Managing Director of Aurora Funds Management Limited on 30 June 2016.

John was previously a partner with Ernst & Young in the Transactions Advisory Services division and has over 25 years of professional services and industry experience. John has extensive corporate finance credentials, having been involved in over 250 corporate transactions, including mergers & acquisitions, structuring, debt & equity raisings, IPO's, management buy-outs, valuations, due diligence, financial modelling, restructuring and corporate advisory.

Ms Betty Poon
Executive Director

Betty was appointed Executive Director of Aurora Funds Management Limited on 7 September 2015.

Betty joined Aurora in May 2013 as Chief Financial Officer and was appointed Company Secretary on 31 January 2014. Prior to joining Aurora, Betty held a number of senior finance roles at ANZ Banking Group, JP Morgan, Aviva Investors and Pitcher Partners.

(b) The roles of the board

The ultimate responsibility for corporate governance of Bidder resides with the Board. The Board has appointed an Independent Chairman, Mr James Hallam and Mr John Patton as the Managing Director.

The roles of chairman and managing director are separate in accordance with best practice to increase accountability to stakeholders and avoid concentrations of influence.

The Board is responsible for overseeing the growth and success of AIB and monitors management's performance on behalf of AIB Unitholders. The Board is also engages with management to ensure the appropriate development and execution of AIB's strategy including:

- (i) approving strategic alliances;
- (ii) monitoring organisational performance against set targets;
- (iii) ensuring business risks are appropriately identified; and
- (iv) ensuring compliance with statutory requirements and social responsibility.

Having an independent chairman, who is independent of management brings to the Board an external perspective along with a broad range of commercial expertise and experience.

Additionally, the Board's independence obligations are satisfied by the appointment of a Compliance Committee. The Board considers all relevant circumstances in determining whether a Compliance Committee member is independent, including:

- (i) units owed directly or indirectly by the committee member;
- (ii) employment by the responsible entity (or its associates) of the committee member (or a family member);
- (iii) business relationship between the responsible entity (or associated of the committee member (or a family member) or business entity associated with the committee member or with service providers in whom the committee member has an interest;
- (iv) any material contractual relationship with the responsible entity or its associates other than as a committee member; and
- (v) any other interest or relationship (e.g. as a material supplier or customer) which could interfere with the committee member's ability to act in the best interests of the responsible entity.

(c) AIB's structure

AIB is a registered management scheme under the Corporations Act. There are special provisions relating to the management of AIB. These provisions are designed to give AIB Unitholders enhanced protection.

AIB's assets are managed by Bidder which is responsible for the day-to-day management and investment decisions made in relation to these assets.

Independent organisations, such as UBS Nominees Pty Ltd have been engaged as the custodian of AIB's assets. These appointments have been made to ensure separation of the assets of AIB from those of Aurora.

(d) Roles of the Responsible Entity

The duties of Aurora as responsible entity of the AIB Fund include the obligations to:

- act honestly;
- act in accordance with their duty of care;
- act diligently;
- to act in the best interests of AIB Unitholders and, if there is a conflict of interest between AIB's Unitholders' interests and its own interests, to give priority to AIB Unitholders' interests;
- appropriately value AIB Fund property (including AIB Fund assets);
- comply with the law and the AIB Constitution; and
- ensure that AIB's property is clearly identified.

In order to carry on the activities as the responsible entity for AIB, Aurora must hold an Australian Financial Services License issued by ASIC (**AFSL**). The AFSL requires Aurora to comply with a number of specific requirements including:

- maintaining a required minimum level of solvency;
- satisfying regulatory capital requirements;
- compliance with the AIB Constitution and compliance plans;
- ongoing satisfaction of legislative and regulatory requirements;
- maintaining adequate insurance cover;
- properly training and supervising its employees and agents; and
- ensuring the protection of AIB's assets.

(e) Governing documents and Compliance Committee

AIB is required to have a Constitution and a compliance plan. The compliance plan sets out the mechanisms in place to ensure Bidder's compliance with the Corporations Act, AIB Constitution and AFSL. The Compliance Committee for Aurora as the responsible entity of AIB Fund, comprises:

- Ms Betty Poon (internal);
- Mr David Lewis (external); and
- Ms Kim Rowe (external).

The compliance plan is audited annually by an external auditor. The current auditor of the compliance plan is Deloitte Touche Tohmatsu. The compliance plan is lodged with ASIC.

The Compliance Committee operates under a Compliance Committee Charter, and is responsible for monitoring the Bidder's compliance with the compliance plan and reporting any breaches to the Board and ASIC. It is also responsible for reviewing the operations of the responsible entity.

(f) Access to independent advice

Aurora has a policy whereby Directors are entitled to obtain independent professional advice, at Aurora's expense, to assist them in carrying out their duties as Directors.

(g) External auditors

Bidder has appointed an external auditor for the purpose of preparing reports required under the Corporations Act. The current auditor of AIB is Deloitte Touche Tohmatsu. Bidder monitors the appropriateness and adequacy of the external audit arrangements to ensure that they comply with the legislative requirements.

(h) Conflicts of interest

The Board has in place policies and procedures for the disclosure and resolution of any matter that may give rise to actual or potential conflicts between the interests of a director and those of AIB. For transactions involving related parties of AIB, a procedure has been developed by Bidder to ensure that any related party transactions comply with the requirements of the Corporations Act, ASX Listing Rules and the AIB Constitution.

This process involves numerous safeguards to verify that the transaction constitutes an arm's length dealing. The related party procedures are continually reviewed to ensure that the process is transparent and appropriate. Examples of where Bidder may engage related parties to provide services on behalf of AIB include investment management services and/or investment due diligence.

The Directors of the Bidder are under a fiduciary duty to AIB Fund and its Unitholders to act in their best interests in relation to decisions affecting the AIB Fund when they are voting as a member of the Board. In addition, the Directors and executive staff of the Bidder are expected to act with integrity and honesty at all times.

(i) Ethical standards

Bidder conducts its business with the highest standards of personal and corporate integrity. It has adopted a code of conduct to guide the directors, management and employees in carrying out their duties. The code is updated regularly so that it continues to reflect the highest standards of behaviour and corporate culture.

Further, Bidder has established insider-trading guidelines applicable to their staff to ensure that price sensitive information regarding AIB is not used in an inappropriate or illegal manner. The Bidder's Executives and other staff must also observe trading blackout periods for six weeks prior to the release of half yearly and annual

results to the ASX, or at any time when the Managing Director deems it appropriate to ensure compliance with the law.

(j) Risk management

Effective risk management is a fundamental part of AIB's business strategy. Recognising and managing risk are central to the protection of AIB Unitholders' interests and value. Bidder operates within overall guidelines and specific parameters set by the Board.

The key risks associated with the AIB Fund which Bidder has identified, and implemented effective risk management practices for, are:

Concentration risk

As AIB may hold concentrated positions, the value of AIB may be more volatile than the value of a more diversified fund. Concentrated exposures may also result in significant losses. However, as explained in section 2.3 combining HHY and AIB will likely result in an enlarged fund with greater diversification and complementary portfolio (on a pro forma basis assuming 100% acceptance for all HHY Units).

Conflict of interest risk

Aurora as the responsible entity of AIB, and its various service providers may from time to time act as issuer, investment manager or administrator in relation to, or be otherwise involved with other funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with AIB.

The Bidder maintains a conflicts of interest policy to ensure that all conflicts (if any) are resolved fairly. The Bidder may be subject to conflicts of interest in the performance of its duties. However, it maintains its own conflicts of interest policy to ensure that any actual or perceived conflicts are managed in accordance with ASIC guidelines.

Counterparty credit risk

AIB is exposed to the credit risks of its counterparty and should they go into administration/liquidation, AIB may lose some or all of its assets.

These risks are managed by ensuring that AIB manages its stock borrowing, lending and derivative positions within pre-determined limits, and by only dealing with credible lenders/counterparties based on enforceable legal contracts, and by limiting lenders and counterparties recourse to only AIB's assets.

Currency risk

For investments in international assets, which have currency exposure, there is potential for adverse movements in exchange rates to reduce the Australian dollar value, prior to such time as the currency exposure is hedged.

Bidder manages this risk by seeking to hedge its currency exposure in a timely manner.

Derivatives risk

The value of derivative investments is linked to the value of an underlying asset (or an interest rate, share index or some other reference point) and can be highly volatile. While derivatives offer the opportunity for higher gains for a smaller initial cash outlay, they can also result in significant losses, sometimes significantly in excess of the amount invested to obtain the derivative. Using derivatives may not provide the desired returns or protection from loss, and may increase losses.

Bidder aims to keep derivative risk to a minimum by generally investing in exchange traded derivatives with central counterparty risk or only deal with investment grade counterparties.

External risk

External factors are outside our control, and can affect both the value of the investment and also the income that the investment might produce. These factors include such things as interest rates, government policies, taxation and other laws, global stock market and economic conditions/volatility in general. Whilst external risk factors cannot be eliminated, the Bidder has regard to these factors in its management of AIB.

Leverage risk

Leverage has the effect of magnifying the gains and also the losses, and also the volatility, of an investment. Accordingly, a leveraged investment is a higher risk investment relative to an un-leveraged investment with an otherwise comparable investment strategy. Unitholders have a higher risk of capital loss as the level of borrowing increases. As the level of cash and securities borrowings increase so too does the interest cost of those borrowings, as does the sensitivity to any variation in interest rates themselves. The cost of borrowing may increase materially, or become unavailable, which may lower the targeted and actual returns.

These risks are managed by ensuring that borrowing is restricted below predetermined limits, and by limiting recourse to only AIB's assets.

Hybrid security risk

Hybrid securities are complex products which may have a risk profile similar to either securities or corporate bonds depending on their specific structure. These risks may include such things as high volatility in their market price, more restricted liquidity, subordinated ranking for the repayment of capital, possible punitive and/or variable conversion terms to ordinary equity, possible deferral or termination of interest entitlements, and variable termination terms and timetables.

These risks are managed by ensuring that the holding of these securities is monitored and kept below pre-determined limits.

Interest rate risk

The risk that the capital value or income of AIB, or an investment of AIB, may be adversely affected when interest rates fluctuate.

Responsible entity risk

The skill and performance of a responsible entity can have a significant impact (both directly and indirectly) on the investment returns of managed investment scheme. Changes in the personnel and resources of the responsible entity may also have a material impact on investment returns of AIB. Aurora was established in 2003, and has established policies and procedures in the proper management of its business. The Compliance Committee monitors the performance of Aurora as responsible entity of AIB.

Liquidity and withdrawal risk

If a Unitholder or a group of Unitholders seeks to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the value we receive for those assets. Alternatively, unusual events may occur that cause market liquidity to decrease and/or adversely change. Any such event may prevent AIB from fully implementing the investment strategy, or from entering/liquidating security and/or derivative positions, or may adversely affect the ability of the Bidder to price the assets. In these situations, the Bidder may choose to restrict, delay, or suspend Unit pricing, applications, or redemptions. The assets may be illiquid, particularly during adverse market conditions, and this may adversely affect the NAV. In addition, Bidder may seek to manage the assets (and if necessarily temporarily amend the investment strategy, without prior notice) of AIB in order to minimise disruption, costs, and capital risk to AIB and thereby seek to protect AIB in the interests of all Unitholders.

Market risk

AIB is exposed to equity market risk. This risk is impacted by broad factors such as interest rates, availability of credit, political environment, investor sentiment and significant external events (e.g. natural disasters).

Offshore market risk

By investing in offshore markets, AIB may be exposed to a broad range of international risks, including political, legal and regulatory, taxation, currency, and trading and settlements, and international custody and sub-custody risks. Investing in assets from less developed regions or markets display higher levels of volatility of investment returns than assets in mature market

Operational and administration risk

Some counterparties (which may include the responsible entity and its related entities or related parties) hold the financial and Unitholder records for AIB, and provide the platform for the execution of AIB's securities trading. There is a risk that these counterparties may fail, or fail to accurately price AIB's Units and/or properly retain and update AIB's or Unitholders' interests on a timely basis, and/or properly conduct and record the securities trading of AIB. This may result in some short-term liquidity or other material constraints on AIB or Bidder, and/or loss to Unitholders. A risk of fraud also exists and can never be entirely eliminated. Nevertheless, this risk is mitigated by such things as segregation of assets, dealing with reputable counterparties, ongoing monitoring, and annual audit.

Regulatory risk

The risk that the value or tax treatment of an investment in AIB or its assets, or the effectiveness of AIB's trading or investment strategy may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuations methods. Such changes may make some unit holders consider that a managed investment scheme to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on AIB.

Securities lending risk

AIB's securities that are held by the custodian may be subject to securities lending by the custodian. Under a securities lending transaction, securities are lent to a third party (borrower) by the securities' owner (lender) for a period of time in return for a fee or other benefit. Securities lending exposes both the lender and borrower to additional risks. Whilst these may cause a loss to AIB, processes are in place to manage these risks where possible, including requirements for borrowers to provide sufficient collateral as security and enforceable legal contracts between the parties.

Securities borrowing risk

AIB may borrow securities as part of its investment strategy. The risks of borrowing securities include the risk that the lender recalls the securities loan thereby requiring AIB to unwind a trading position, even if this unwinding results in a loss. There is no guarantee that the securities necessary to cover a short position will be available for purchase. As the level of securities borrowings increase so too does the interest cost of those borrowing, as does the sensitivity to any variation in interest rates themselves. The cost of securities borrowing may increase materially, or become unavailable, which may lower the targeted and actual returns. The Bidder manages this risk by maintaining ongoing review of the portfolio and its positions.

Short-selling risk

Short selling involves a greater risk than holding a long position. Losses incurred through short-selling can be substantial. Whilst short selling can be used to reduce risk, it is also possible AIB's long positions and short positions can both lose money at the same time. Additionally, there can be no guarantee that the securities necessary to cover a short position will be available for purchase.

Short-selling can also add to the effective leverage of AIB as some of the cash that is realised from short-selling a borrowed security is available to be used to buy other securities. These risks are managed by ensuring that short-selling is restricted below pre-determined limits, and by limiting short-selling to shares that can be borrowed, and recourse to only Trust assets

Trust risk

Trust risk refers to specific risks associated with AIB, such as termination and changes to fees and expenses.

Bidder endeavours, to the best of its capability, to manage this risk by monitoring the AIB Fund, implementing the necessary practices, protocols, guidelines, policies and investment management practices to preserve the interests of AIB Unitholders.

(k) Unitholder reporting

Bidder aims to ensure that AIB Unitholders are informed of all major developments affecting AIB. Aurora's Company Secretary ensures that information is communicated to AIB Unitholders through half yearly and annual financial reports, general communications, and releases to the ASX.

The Board strongly supports the view that AIB Unitholders and the investment market should be informed of all major business events that affect the AIB Fund. Bidder produces two sets of financial information annually. This comprises the interim financial report for the half year ended 31 December and the annual report for the year ended 30 June. These publications are made available to AIB Unitholders and the investment community.

(l) Consideration of other factors in relation to investment decisions

Bidder does not take into account labour standards or environmental, social or ethical considerations in determining the selection, retention or realisation of assets of the AIB Fund.

(m) AIB's Unit Registrar

Registry Direct (a business of ShareandFund Pty Ltd, ACN 160 181 840) has been appointed to provide registry services to the AIB Fund. Bidder may remove Registry Direct and appoint another registry service provider in its place at any time without notice to Unitholders.

(n) Cooling off period

The AIB PDS and Constitution indicates no cooling-off period applies for the acceptance of AIB Units.

(o) Complaints handling

AIB Unitholders may lodge any complaints by writing to Aurora. Aurora acknowledges any complaint in writing and will respond within 45 days. AIB Unitholders who remain unhappy may contact the Financial Ombudsman Service

The Australian Securities and Investment Commission also has a free call Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

(p) ASIC and ASX waivers

ASIC and ASX waivers obtained by AIB may be viewed at <http://www.asic.gov.au> and <http://www.asx.com.au>.

4.5 Recent financial position and performance of AIB

AIB lodged its annual financial results for the year ended 30 June 2016 with ASX on 26 September 2016.

In summary, the annual results showed that:

- (i) net tangible assets per unit on 30 June 2016 was \$0.83 (compared to \$0.85 at 30 June 2015);
- (ii) operating profit/(loss) before finance costs attributable to AIB Unitholders was \$(50,210) (compared to \$355,568 on 30 June 2015); and
- (iii) distributions paid and payable during FY16 were \$451,298 (compared to \$651,110 during FY15).

4.6 Public announcements by AIB

AIB is a disclosing entity for the purposes of the Corporations Act. As a disclosing entity, it is subject to regular reporting and disclosure obligations. AIB is required to lodge various documents with ASIC. Copies of any documents lodged with ASIC in relation to AIB may be obtained from ASIC.

AIB is subject to the ASX Listing Rules which requires Aurora to continuously disclose information relating to AIB. Copies of documents lodged by Aurora are available for inspection on the ASX's website at <http://www.asx.com.au>.

A description of each announcement made by HHY since the publication of its last Annual Report on 26 September 2016 is set out at Annexure B.

4.7 Announcement by Aurora in relation to the Offer

On 29 September 2016, Aurora as responsible entity for AIB and HHY made a public announcement to the ASX in relation to the Offer. A copy of that announcement is available for inspection on the ASX's website at <http://www.asx.com.au>.

4.8 Further information on AIB

Further information regarding AIB can be found on the website:
<http://www.aurorafunds.com.au/investment-funds/aib-listed/>.

5. Profile of Aurora

5.1 Overview of Aurora

Aurora is the issuer and responsible entity of AIB. Aurora was established in 2003 and is a boutique funds manager specialising in managing funds that invest in Australian and global listed securities and derivatives.

5.2 History of the ownership of Aurora

On 19 December 2014, SIV Asset Management Limited (formerly known as Aurora Funds Limited), the parent company of Aurora, entered into a binding term sheet for Keybridge to acquire the funds management business and on 27 March 2015 the transaction was completed.

On 27 June 2016, Keybridge entered into a binding agreement for Seventh Orion Pty Limited (ACN 613 173 238) as trustee for the Aurora Investments Unit Trust to acquire Aurora. On 30 June 2016, Keybridge completed the sale of 100% of the share capital of Aurora to Seventh Orion.

5.3 Senior Executives of Aurora

Name	Biography
John Patton <i>B Ec, ACA</i> <i>Executive Director, Managing Director</i> Appointed 30 June 2016	Mr Patton is the Managing Director of Aurora. Previously, John was a partner with Ernst & Young in the Transactions Advisory Services division and prior to that was the Chief Financial Officer of the Hastings Diversified Utilities Fund. With over 25 years of professional services and industry experience, Mr Patton has extensive corporate finance credentials being involved in over 150 corporate transactions, including mergers & acquisitions (lead advisory), structuring, debt & equity raisings, IPO's, management buy-outs, valuations (including Independent Expert Reports), due diligence, financial modelling, restructure and corporate advisory.
Jim Hallam <i>B Economics, Accounting Non- Executive Director</i> Appointed 30 June 2016	Mr Hallam has over 20 years' finance and operational experience in the Australian funds and investment management industry. Focused on building strong strategically important processes to create and support funds management, Jim has established, bought, sold and listed some of Australia's leading infrastructure business. He helped establish and grow Hastings Funds Management and Turnberry. With strong expertise in finance, Jim joined Hastings in 1997 as the CFO, guiding and leading a team that grew funds under management from \$0.5bn to \$3.6bn with investments in Australia, the UK and US.
Betty Poon <i>B Bus Accounting, Executive Director</i> Appointed 7 September 2015	Ms Poon joined Aurora as Chief Financial Officer in April 2013. Betty brings over 20 years of financial management experience and expertise to the company, with over 15 years of those in financial services. Prior to joining Aurora, Ms Poon held a number of senior finance roles at ANZ/OnePath, J.P. Morgan, Aviva Investors and Pitcher Partners. Her responsibilities included providing executives with timely and accurate financial information, ongoing cash flow projections, oversight over accounting and finance operations, as well as design and maintenance of the financial reporting and internal control framework.

Victor Siciliano***B Bus and Master
of Applied Finance*****Investment
Manager**

Mr Siciliano joined Aurora as a Portfolio Manager in July 2016.

Victor has significant experience, most recently as Portfolio Manager of the HHY Fund at Keybridge Capital Limited. Prior to this, Victor worked as an investment analyst and assistant portfolio manager at boutique fund manager Sterling Equity, as well as an investment advisor at Macquarie Group.

Through these roles Victor was responsible for undertaking detailed company analysis on Australian and International listed companies and making investment decisions.

5.4 Aurora's Experience

In addition to AIB and HHY, other funds that Aurora has developed and manage include:

(i) **Aurora Fortitude Absolute Return Fund (AFARF)**

AFARF is the master fund of the ABW Fund. The AFARF Fund aims to achieve an income return, whilst seeking to preserve the capital of the AFARF Fund over both rising and falling equity markets.

(ii) **Aurora Absolute Return Fund (ABW)**

The investment strategy of the ABW Fund aims to achieve an income return, whilst seeking to preserve the capital of the Fund over both rising and falling equity markets. The pursuit of a diverse range of investments means that the ABW Fund's returns are not necessarily dependent on the stock market's direction, or dependent on any specific assumption or key market parameter.

(iii) **Aurora Property Buy-Write Income Trust (AUP)**

The investment strategy of the AUP Fund seeks to capture returns from investing in some of Australia's leading ASX listed property securities, with the objective of increasing the income generated by implementing an active call option selling strategy.

(iv) **Aurora Dividend Income Trust (AOD)**

The AOD Fund seeks to outperform the S&P/ASX200 Accumulation Index over rolling five year periods. The investment strategy is predominantly to invest in a portfolio of fully franked dividend paying companies listed on the ASX while employing a risk management overlay to limit the exposure to Australian equities to around 50% of the net assets within the AOD Fund.

6. Profile of HHY

6.1 Disclaimer

Despite Aurora being the responsible entity of AIB and HHY, appropriate divisions have been established within Aurora, including amongst its directors as well as the engagement of separate advisers, to ensure the best interests of Unitholders of both funds are served.

The information on HHY should not be considered comprehensive. Further information relating to HHY may be included in HHY's Target Statement which will be sent to you by HHY.

6.2 Overview of HHY

(a) Introduction

HHY is a registered managed investment scheme under the *Corporations Act* listed on the ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.

HHY is comprised of a portfolio of investments, providing HHY Unitholders with exposure to listed Australian and international equities as well as high yield securities in the form of loans and hybrid instruments and other derivatives.

On 30 June 2015, Aurora was appointed as responsible entity of HHY. This was approved by a vote of the Unitholders during the general meeting held on 29 June 2015.

On 30 June 2016, Keybridge Capital Limited (**Keybridge**) was appointed as the Investment Manager of HHY. During the current financial year, Aurora provided certain administrative support functions to enable Keybridge to provide the investment management services in a cost-efficient manner from the HHY Fund's perspective.

(b) HHY's portfolio

HHY has a portfolio of 20 investments spread across domestic shares, international shares, domestic listed properties, derivatives, cash and other investments with a totalling \$11.1 million (as of 17 November 2016).

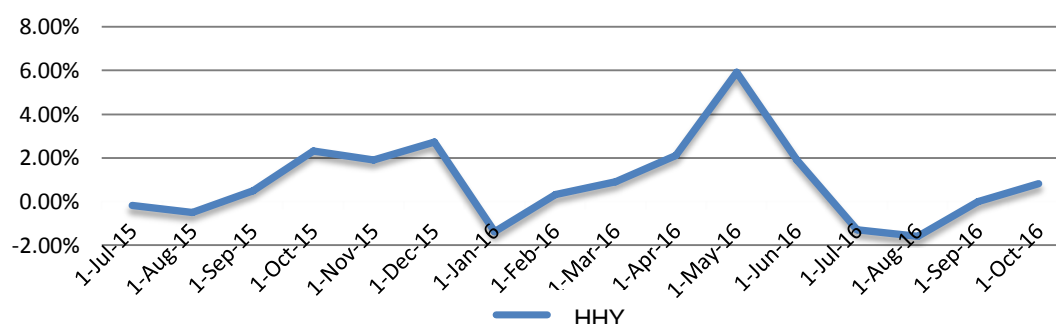
6.3 Recent financial position and performance of HHY

HHY lodged its annual financial results with the ASX on 28 September 2016 for the financial year ended 30 June 2016.

In summary, the annual results showed:

- (i) net tangible assets per unit increased by 17.27% to \$0.129 for the year ended 30 June 2016 (compared with \$0.110 on 30 June 2015); and
- (ii) operating profit/(loss) after income tax improved by \$13.325 million to a profit of \$1.668 million for the year ended 30 June 2016 (compared with a loss of \$(11.657) million for the previous financial year).

Figure 6.3.1 Summary of the monthly performance of the HHY Fund



6.4 Substantial holders of HHY Units

According to publicly available documents as at the date of this Bidder's Statement, the Unitholders of HHY with a holding of 5% or greater are:

Unitholder	Class	Number	Percentage of issued capital
Keybridge Capital Limited	Ordinary	22,646,973	24.87%
Wilson Asset Management Group ¹⁶	Ordinary	19,033,404	20.90%

6.5 Extraordinary General Meeting

On 10 November 2016, the Aurora as the responsible entity of HHY received a notice of general meeting of HHY Unitholders to be held on 6 December 2016, convened under section 252D(1) of the Corporations Act by RBC Investor Services Australia Nominees Pty Limited as custodian for WAM Capital Limited, WAM Active Limited and Botanical Nominees Pty Ltd as trustee for Wilson Asset Management Equity Fund (**Convenors**).

Section 252D(1) allows members of a registered scheme who hold interests carrying at least 5% of the votes that may be cast at a meeting of unitholders to call and arrange to hold a meeting of unitholders.

The Convenors have proposed resolutions to remove and replace Aurora as the responsible entity of the HHY Fund. Should the resolutions pass, this may trigger the Conditions (see section 12.7) and be fatal to this Offer made by the Bidder to the HHY Unitholders.

6.6 Publicly available information

For information concerning the financial position and affairs of HHY, you should refer to the information that has been disclosed by HHY in accordance with its continuous disclosure obligations, which can be obtained via the ASX or via HHY's responsible entity's website: <http://www.aurorafunds.com.au/>.

A description of each announcement made by HHY since the publication of its last Annual Report on 28 September 2016 is set out at Annexure A.

¹⁶ Wilson Asset Management Group is defined to include Wilson Asset Management (International) Pty Limited, MAM Pty Limited, WAM Capital Limited, Botanical Nominees Pty Limited as trustee of the Wilson Asset Management Equity Fund, WAM Research Limited and WAM Active Limited (as set out in the Substantial Holder Notice lodged to the ASX).

7. Information about AIB Units

7.1 AIB Securities

Class of securities	Total issued
AIB Ordinary Units	5,260,168

7.2 Trading of AIB Units

The latest recorded sale price of AIB Units on the ASX before the Announcement Date was \$0.775 (on 28 September 2016).

The latest recorded sale price of AIB Units on the ASX before the date on which the Bidder's Statement was lodged with ASIC was \$0.775 (on 17 November 2016).

The highest recorded sale price of AIB Units on ASX in the four months before the Bidder's Statement was lodged with ASIC was \$0.790 (on 25 October 2016).

The lowest recorded sale price of AIB Units on ASX in the four months before the Bidder's Statement was lodged with ASIC was \$0.695 (on 19 July 2016).

7.3 Distribution history of AIB units

Period	Amount (\$ per unit)	Yield (p.a.)
31-Mar-11	\$0.0300	10.1%
30-Jun-11	\$0.0300	10.2%
30-Sep-11	\$0.0295	10.1%
31-Dec-11	\$0.0272	10.0%
30-Mar-12	\$0.0263	10.0%
29-Jun-12	\$0.0263	10.0%
30-Sep-12	\$0.0250	10.0%
31-Dec-12	\$0.0250	10.0%
31-Mar-13	\$0.0253	10.0%
30-Jun-13	\$0.0259	10.0%
30-Sep-13	\$0.0255	10.0%
31-Dec-13	\$0.0244	10.0%
31-Mar-14	\$0.0225	10.0%
30-Jun-14	\$0.0226	10.0%
30-Sep-14	\$0.0220	10.0%
31-Dec-14	\$0.0216	10.0%
31-Mar-15	\$0.0215	10.0%
30-Jun-15	\$0.0212	10.0%
30-Sep-15	\$0.0169	8.0%
31-Dec-15	\$0.0171	8.0%
31-Mar-16	\$0.0170	8.0%
30-Jun-16	\$0.0167	8.0%
30-Sep-16	\$0.0153	8.0%

7.4 AIB's investment portfolio

AIB has a portfolio of 35 investments spread across domestic shares, international shares, derivatives and cash with a total of \$4.1 million (as of 17 November 2016). For further information please see section 4.3.

7.5 Summary of rights attaching to AIB Units

(a) Introduction

The following information is a summary of the AIB Constitution. AIB Unitholders have the right to acquire a copy of the AIB Constitution, free of charge, from Aurora by contacting the AIB Offer Information Line.

(b) AIB Units

(i) Right to transfer AIB Units

AIB Unitholders may instruct their broker or financial adviser to sell any or all of their AIB Units on the ASX.

Alternatively, AIB Unitholders may transfer their Units off market by a withdrawal request. Bidder processes withdrawal requests every month. If Aurora receives an AIB Unitholder's fully completed withdrawal request at the Unit Registrar's office by the close of business on the 20th day of each month (Sydney time), the withdrawal will be processed using the redemption price calculated, based on market valuations, at the close of business on the last day of the same month in accordance with the AIB Constitution and PDS.

(ii) Right to income

AIB Unitholders who are on the AIB Unit Register at the close of business of the last business day of a distribution period (currently determined to be a calendar quarter), are entitled to a quarterly distribution.

Aurora may allow AIB unitholders the right to reinvest income in further AIB Units under the distribution reinvestment plan. The procedure for reinvestment is to be determined by Distribution Reinvestment Plan Rules Booklet lodged on the ASX.

(iii) Right to redemption

You may instruct your broker or financial adviser to sell any or all of Your HHY Units on the ASX.

AIB Unitholders may ask to exit the AIB Fund at any time by an off-market redemption request however there is no obligation for the responsible entity to satisfy the request.

(iv) Right to call and attend meeting

Bidder may at any time convene a meeting of AIB Unitholders and must convene a meeting when required to do so by the Corporations Act. AIB Unitholders have a right to call and attend meetings as set out in the Corporations Act and the AIB Constitution.

(v) Rights on winding up

Bidder may wind-up AIB after giving the appropriate notice to AIB Unitholders. On termination of AIB, AIB Unitholders are entitled to receive a share of the net proceeds of realisation of AIB's property in accordance with the number of AIB Units held by each AIB Unitholder. Aurora, as the responsible entity of AIB, must realise the assets in a manner it considers appropriate.

(vi) Liability of AIB Unitholders

The liability of an AIB Unitholder is limited to the amount, if any, which remains unpaid in relation to the AIB Unitholders' subscription for AIB Units. In certain circumstances, set out in the Constitution, Bidder is entitled to be indemnified by an AIB Unitholder or a former AIB Unitholder to the extent that Bidder incurs any liability for tax or fees which AIB considers should be borne by an AIB Unitholder.

(vii) Aurora's remuneration

The AIB Constitution sets out the right of Aurora as responsible entity of AIB to a management fee as remuneration for overseeing AIB's operation and managing AIB's investment strategy. The management fee is the larger of up to 3% per annum (excluding GST) of the total asset value of AIB or 6% per annum (excluding GST) of the NAV. As set out in the AIB PDS, Aurora has currently elected to only receive 1.3325% per annum of AIB's NAV as its management fee.

Bidder is also entitled to receive an establishment of up to 4% (excluding GST) of the application monies for each application to join AIB which is approved. Currently, Bidder has not elected to receive an establishment fee and Bidder will not be applying an establishment fee to AIB units issued under the Offer.

Bidder is also entitled to a performance fee of up to 30% (excluding GST) of AIB's total unit return above the UBS Bank Bill Index (or other similar indicator) over each financial year. However, as set out in the AIB PDS, a performance fee will be charged equal to 20% per annum (excluding GST) and will provide at least 30 days' notice should this change.

Bidder is entitled to be reimbursed from AIB's assets for expenses incurred during the proper performance of its duties in respect of AIB. Bidder is also entitled to be reimbursed if it becomes liable to pay GST in respect of a supply of goods, services, rights, benefits or things in connection with the performance of its roles and responsibilities as set out in the AIB Constitution.

Currently, Bidder does not receive any other reimbursement or fees in relation to AIB. Please see the AIB Constitution and AIB PDS for further details relating to Bidder's remuneration and other applicable fees. A copy of the AIB Constitution and / or AIB PDS may be requested through the AIB Offer Information Line.

(viii) **Other provisions**

In addition, the AIB Constitution contains provisions governing:

- (i) the nature of AIB Units;
- (ii) what happens in the case of an AIB Unitholders' death or liability;
- (iii) procedures for the issue and pricing of AIB Units;
- (iv) the way payments are to be made and notices are to be given to Aurora and AIB Unitholders;
- (v) the powers, rights and liabilities and indemnities of Aurora;
- (vi) the principal investment policy of AIB;
- (vii) retirement and removal of Aurora;
- (viii) restrictions on AIB Unitholders;
- (ix) duration and termination of AIB;
- (x) how the AIB Constitution may be amended;
- (xi) the Compliance Committee; and
- (xii) how complaints by AIB Unitholders are to be dealt with.

7.6 Directors' interests in AIB Units

Director	Class	Number	Interest
Mr John Patton	Ordinary	Nil	N/A
Mr James Hallam	Ordinary	Nil	N/A
Ms Betty Poon	Ordinary	Nil	N/A

8. Information about HHY Units

8.1 HHY Securities

HHY is listed on the ASX and HHY Units are quoted as “HHY”.

As at the date of Bidder’s Statement, the following quoted and fully paid securities were on issue:

Class of securities	Total issued
HHY Ordinary Units	91,053,385

8.2 Recent price performance of HHY Units

The last recorded sale price of HHY Units on ASX on 27 September 2016 (immediately prior to the Announcement Date) was \$0.125.

The last recorded sale price of HHY Units on ASX on 17 November 2016 (immediately prior to the lodgement of the Bidder’s Statement) was \$0.125.

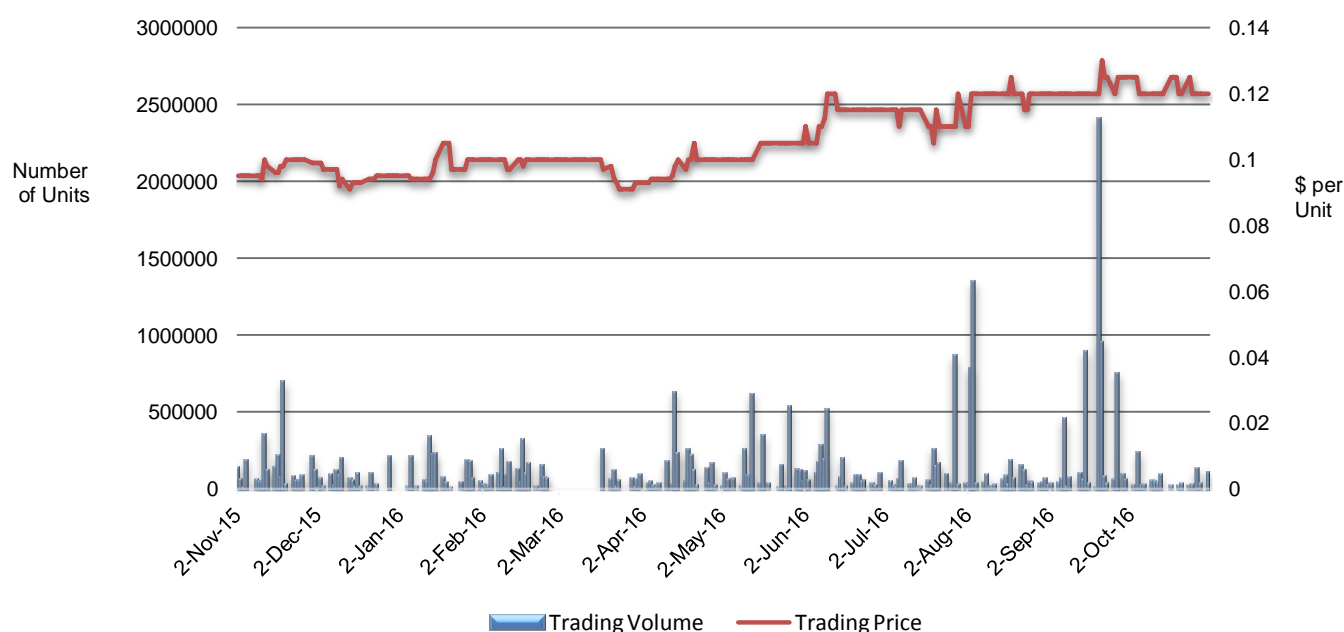
In the four months prior to the date of this Bidder’s Statement:

- (a) The highest recorded sale price on ASX for HHY Units was \$0.13 (on 21 September 2016).
- (b) The lowest recorded sale price on ASX for HHY Units was \$0.105 (on 20 July 2016).

8.3 HHY Unit trading price and volume activity

The following chart illustrates the price and trading volume of HHY Units on ASX for the 12 month period to 31 October 2016.

Figure 8.3.1 HHY Unit trading price and volume activity



8.4 Distribution history of HHY Units

Period	Amount (\$ per Unit)
30-Jun-08	\$0.0480
30-Sep-08	\$0.0480
31-Dec-08	\$0.0480
31-Mar-09	\$0.0460
30-Jun-09	\$0.0410
30-Sep-09	\$0.0350
31-Dec-09	\$0.0370
31-Mar-10	\$0.0370
30-Jun-10	\$0.0370
30-Sep-10	\$0.0370
31-Dec-10	\$0.0370
31-Mar-11	\$0.0370
30-Jun-11	\$0.0370
30-Sep-11	\$0.0375
31-Dec-11	\$0.0375
30-Mar-12	\$0.0375
29-Jun-12	\$0.0375
30-Sep-12	\$0.3900
31-Dec-12	\$0.0175
31-Mar-13	\$0.3750
30-Jun-13	\$0.1810
30-Sep-13	\$0.0359
31-Dec-13	\$0.0000
31-Mar-14	\$0.0000
31-Jul-14	\$0.2580

8.5 Bidder's interest HHY securities

(a) Bidder's relevant interests in HHY Units

Bidder has no relevant interest in the units of HHY Units as at the date of this Bidder's Statement.

(b) Aurora's voting power in HHY

Bidder has no voting power in the units of HHY Units as at the date of this Bidder's Statement.

(c) Acquisitions of HHY Units by Aurora or Aurora's associates

During the period beginning four months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before the date of the Offer, Bidder acquired 4,039,323 HHY Units through on-market buy-back purchases on the ASX for a total consideration (excluding brokerage fees) of \$492,991 (as of 17 November 2017). The highest price paid by Bidder or any associate of Bidder, for any HHY Units during the four month period preceding the date of this Bidder's Statement is \$0.125. There were no other acquisitions by Bidder or its associates of HHY Units during this period.

8.6 Acquisition by Bidder and its associates of HHY Units during previous 4 months

On 17 September 2016, Aurora made an offer to acquire a parcel of HHY Units for 12.75 cents cash per HHY Unit. Aurora's offer was subsequently withdrawn prior to any acceptance.

Other than as disclosed above, during the period beginning 4 months before the date on which this Bidder's Statement is lodged with the Target and ASIC, neither the Bidder nor any Associate, has provided, or agreed to give a benefit to another person and the benefit was likely to induce other person, or an associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of HHY Units,

which benefit was not offered to all holders of HHY Units under the Offer.

9. Post takeover intentions

9.1 Overview

This section sets out the intentions of the Bidder on the basis of the facts and information concerning HHY which are known to the Bidder and the general business environment which are known to the Bidder and the existing circumstances affecting the business of HHY, in relation to the following:

- the continuation of HHY and its current operating structure; and
- any major changes to be made to HHY, including redeployment of the fixed assets of HHY.

Final decisions on these matters will only be reached in light of all material facts and circumstances at the relevant time. Accordingly, those statements set out in this section 9 are statements of current intention only and may vary as new information becomes available or as circumstances require. These intentions have been formulated based on publicly available information about HHY and its affairs.

Following the end of the Offer Period, Bidder will conduct a review of the operations, assets and structure of HHY. Final decisions will only be reached after that review and in light of all material facts and circumstances. The statements in this section should be read in this context.

9.2 Intentions if Bidder obtains 90% or more of the HHY Units

This section sets out the current intentions of Bidder if it acquires 90% or more of the HHY Units.

(a) Compulsory acquisition

Should the Bidder and its Associates acquire a relevant interest in 90% or more of the HHY Units and receives acceptances of at least 75% of the HHY Units subject to the Offer and is consequently entitled to proceed to compulsory acquisition of the outstanding HHY Units, the Bidder intends to proceed with the compulsory acquisition of any HHY Units not acquired under the Offer as it is entitled to under Part 6A.1 Division 1 Corporations Act. The Bidder intends to then procure the removal of HHY from the official list of the ASX.

If the Bidder does not become entitled to compulsorily acquire HHY Units under Part 6A.1 Division 1 of the Corporations Act, it may nevertheless subsequently become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act. In that event, it intends to exercise those rights if they become available.

(b) Directors

Changes to the members of the Board of Aurora are not contemplated if the Offer was to be successful to obtain all of the Units in the HHY.

(c) Review of operations and assets

As noted above, after the end of the Offer Period, Bidder intends to conduct an immediate review of HHY's assets, portfolio and investments. The key objective of this review will be to ascertain the extent of any changes required to improve the performance of HHY and to achieve a strategic fit with the business objectives of the AIB Fund.

(d) Business Efficiencies

AIB proposes to conduct the business of HHY and AIB in such a way as to minimise the separate costs incurred in respect of each of them and enhance the efficiency of both funds.

(e) Employees

Aurora does not presently intend to alter the staffing levels necessary to manage the HHY Fund.

9.3 Implications if Bidder acquires control but less than 90% of HHY Units

This section 9.3 sets out the Bidder's intentions if the Bidder acquires control of HHY but does not obtain a relevant interest in 90% or more of HHY Units (and is therefore not entitled to proceed to compulsorily acquire the outstanding HHY units).

In such a circumstance, HHY Unitholders who do not accept the Offer may remain as minority Unitholders of HHY. Possible consequences of this include:

(a) ASX listing;

Bidder obtaining control but less than 90% of HHY

Should the Bidder obtain control of HHY but have a relevant interest in less than 90% of HHY units, HHY may not be suited for listing following the end of the Offer. The ASX has stated in a published guidance that it is generally acceptable for an entity to be removed from the official list of the ASX if, as a result of a takeover, the entity only has a small number of remaining Unitholders so its continued listing can no longer be justified.

Whilst the ASX does not prescribe a minimum unit holding that the Bidder must have, or a maximum number of remaining Unitholders, before it will allow a delisting to occur, the ASX's published guidance states that it will likely require the approval of Unitholders for the proposed delisting unless (most relevantly):

- the Bidder and its related bodies corporate own or control at least 75% of the Target Fund's ordinary securities;
- excluding the Bidder and its related bodies corporate, the number of holders of Units having holdings with a value of at least \$500 is fewer than 150; and
- the Bidder applied for removal from the official list no later than one month after the end of the Offer Period.

Ultimately however, the continued listing of HHY will be at the discretion of ASX and final decisions on these matters will, however, only be reached in light of all material facts and circumstances at the relevant time.

HHY Unitholders should be aware that, if the removal of HHY is permitted by the ASX, this would result in any remaining HHY Unitholders either having to dispose of their HHY Units or remaining in a potentially illiquid, unlisted vehicle. Additionally, HHY Unitholders should also be aware that in circumstances where they do not accept the Offer and the HHY Units continue to be quoted on ASX, the liquidity of their HHY Units may decrease materially.

(b) Further acquisition of HHY units;

The Bidder may acquire additional HHY Units under the "creep" provisions of the Corporations Act. In summary, those provisions would relevantly permit the Bidder and its Associates to acquire up to 3% of HHY Units every six months. Bidder has not yet decided whether it will acquire HHY Units under the "creep" provisions, as that will depend on (among other things) the extent of voting power of the Bidder and its Associates in HHY and market conditions at the time.

9.4 Other intentions if control is not obtained

If the Bidder does not acquire control of HHY, the Bidder considers it likely that HHY remains listed on ASX and will continue to support Keybridge as the Investment Manager. AIB proposes to conduct the business of HHY and AIB in such a way as to minimise the separate costs incurred in respect of each of them and enhance the efficiency of both funds, to the extent practicable, consistent with the separate interests of the members of the two funds.

9.5 Limitations in giving effect to intentions

The intentions expressed in this section 9 and elsewhere in this Bidder's Statement have been formed on the basis of facts and information concerning the Target Fund, and the general business environment, which are known at the time of preparing this Bidder's

Statement. Final decisions will only be reached by the Bidder in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 9 are statements of current intention only and may vary as new information becomes available or circumstances change and / or according to the absolute discretion of the Bidder.

10. Taxation Considerations

Please see Deloitte Tax Services Pty Ltd's advice regarding the Australian income tax implications of the Offer provided below.

15 November 2016

Directors
Aurora Funds Management Limited
Level 6
2 Russell St
Melbourne VIC 3000

Dear Directors

**EXCHANGE OF UNITS IN HASTINGS HIGH YIELD FUND (HHY) FOR UNITS IN AURORA GLOBAL
INCOME FUND (AIB)
AUSTRALIAN INCOME TAX IMPLICATIONS**

1 Summary of Australian income tax implications

- 1.1 The Australian income taxation information below has been prepared to provide a general summary of the Australian income tax considerations for HHY Unitholders who dispose of their HHY Units in exchange for AIB Units, as a result of accepting the offer set out in the Bidder's Statement to be dated on or around 18 November 2016.
- 1.2 The following is intended to be a brief summary of the Australian income tax implications arising to HHY Unitholders. The information is based on the Australian taxation laws applicable as at the date of this letter. The taxation implications may vary depending on the particular circumstances of the HHY Unitholders. HHY Unitholders should seek, and rely upon, their own taxation advice before concluding on the particular taxation consequences that will apply to them.
- 1.3 Further, this summary does not consider the goods and services taxes and stamp duty considerations. HHY Unitholders should seek and rely upon their own taxation advice in respect of such matters.
- 1.4 The information applies only to HHY Unitholders who hold HHY Units on capital account. The information does not cover HHY Unitholders who hold their investment in HHY Units on revenue account, as trading stock, or where the HHY Units are subject to the taxation of financial arrangements provisions.
- 1.5 HHY Unitholders who are not residents of Australia for Australian income tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of the disposal of HHY Units under the Offer.
- 1.6 This summary applies to the offer as set out in the Bidder's Statement dated on or around 18 November 2016. The offer involves the exchange of HHY Units for AIB Units. That is, there is no cash consideration included as part of the offer.

2 HHY Unitholders who are Australian residents for Australian income tax purposes

Capital gains tax ("CGT") consequences

- 2.1 Acceptance of the offer will involve the disposal of HHY Units by HHY Unitholders for Australian CGT purposes. The disposal will represent a CGT event for CGT purposes. Consequently, HHY Unitholders may realise a capital gain or capital loss on the disposal of their HHY Units. A capital gain may arise if the capital proceeds (i.e., the market value of new AIB Units) received exceeds the cost base of the HHY Units that are disposed of. A capital loss may arise to the extent that the capital proceeds received are less than the reduced cost base of the HHY Units.
- 2.2 For CGT purposes, the time of the disposal will be at the later of:
 - (a) HHY Unitholder acceptance of the offer; and
 - (b) All of the conditions to which the Offer being satisfied and/or waived.
- 2.3 The cost base or reduced cost base should broadly equal the amount HHY Unitholders paid to acquire their HHY Units plus certain incidental capital costs associated with the acquisition or disposal of the HHY Units, less any tax deferred or return of capital distributions made by HHY during the period that the HHY Units have been held.
- 2.4 After applying any available capital losses, HHY Unitholders who are individuals, trusts or complying superannuation funds will be able to apply the CGT discount (where the relevant requirements are satisfied) to reduce the taxable capital gain arising from the disposal of their HHY Units by the relevant discount percentage. HHY Unitholders who are companies will not be able to apply the CGT discount.
- 2.5 HHY Unitholders who are individuals, trusts or complying superannuation funds may apply the CGT discount to reduce any capital gain if their HHY Units were held for at least 12 months prior to disposal. The CGT discount is 50% for individuals and trusts, and 33⅓% for complying superannuation funds.
- 2.6 Any net capital gain, after applying capital losses and CGT discount, if applicable, should be included in HHY Unitholders' assessable income.

Scrip-for-scrip roll over relief

- 2.7 In the event that AIB acquires 80% or more of the HHY Units, HHY Unitholders who would otherwise have made a capital gain may elect to apply scrip-for-scrip rollover relief.
- 2.8 Where the HHY Unitholder makes an election to apply scrip-for-scrip rollover relief, the following Australian income tax consequences should occur:
 - The capital gain that would have otherwise been made in relation to the disposal of the HHY Units is disregarded;
 - The cost base of the AIB Units received as a result of the offer is calculated by attributing the cost base of the HHY Units to the acquired AIB Units on a reasonable basis; and
 - For discount CGT purposes, the AIB Units received as a result of the exchange will be taken to have been acquired at the same time as the corresponding HHY Units were acquired.

3 HHY Unitholders who are not Australian residents for Australian tax purposes

- 3.1 A HHY Unitholder who is not a resident of Australia for Australian income taxation purposes will not make a taxable capital gain under the offer, as the HHY Units should not be taxable Australian property.

* * * * *

If you have any questions or require further information, please call me on +61 (0) 2 9322 7752.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Adele Watson', with a long, sweeping horizontal line extending from the end of the signature.

Adele Watson
Partner, Deloitte Tax Services Pty Ltd

11. Other Material Information

11.1 Modifications to and exemptions from the Corporations Act

Bidder has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Bidder.

11.2 Consents

Each of the following persons has consented in writing to being named in this Bidder's Statement in the form and context in which it is named, and has not withdrawn that consent as at the date of this Bidder's Statement:

- Atanaskovic Hartnell to be named as legal adviser in relation to the Offer;
- Deloitte Touche Tohmatsu to be named as tax adviser to the Bidder in relation to the Offer; and
- Registry Direct Pty Limited to be named as the Unit Registrar of the Bidder in relation to the Offer.

None of the above persons or entities has caused or authorised the issue of the Bidder's Statement, makes or purports to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based and takes no responsibility for any part of this Bidder's Statement other than the reference to its name.

This Bidder's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement.

11.3 On-market acquisitions

According to the conditions of Aurora's licence, Aurora will not acquire or dispose of units in funds listed on the ASX for which it is responsible entity (other than acquisitions permitted pursuant to ASIC Class Order 07/422). Accordingly, Bidder has not acquired HHY Units on-market during the four months preceding the date of this Bidder's Statement.

Subject to the Corporations Act, Bidder's Associates may acquire HHY Units on-market at prices up to the Offer price during normal trading on ASX. If any of the Bidder's Associates acquires HHY Units on-market at a price during normal trading on ASX higher than the consideration provided under the Offer (as calculated under section 12.5), the consideration under the Offer will be increased to at least match that price and any HHY Unitholders who has accepted the Offer prior to the on-market purchase, will be entitled to the additional consideration as a result of the increased Offer.

HHY Unitholders who sell their HHY Units on ASX cannot subsequently accept the Offer in respect of HHY Units sold on ASX.

11.4 Date for determining holders of HHY units

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under Items 6 of subsection 633(1) is the Register Date.

11.5 Escalation Agreements

Neither Bidder nor any Associate of Bidder has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

11.6 No other material information

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by a HHY Unitholder whether or not to accept the Offer, being information that is known to Bidder and has not previously been disclosed to HHY Unitholders.

12. Formal Terms of the Offer

12.1 Identity of the Bidder

The Bidder is Aurora Funds Management Limited in its capacity as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406).

12.2 Offer

Bidder offers to acquire all of Your HHY Units together with all Rights attaching to them on the terms and subject to the conditions set out in this section 12 of the Bidder's Statement.

You may accept the Offer for all or any number of Your HHY Units.

If you accept this Offer for only some of Your HHY Units you may still accept the Offer for the balance of Your HHY Units at any time during the Offer Period.

If you choose to accept the Offer for all Your HHY Units, you will be taken to have accepted the Offer for all Your HHY Units held by you at the date your acceptance is processed (despite any difference between that number and the number of HHY Units specified on your Acceptance Form and accompanying unit certificate(s)).

The Bidder may vary this Offer in accordance with the Corporations Act. Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders who accept the Offer will not be entitled to receive AIB Units (please see sections 12.5(c) and 12.12 for further information).

Date of Offer

The Offer is dated 28 November 2016, being the date on which the first of the Offers are sent to the registered Unitholders of HHY as of the Register Date.

Offer Period

Unless withdrawn or extended, in either case in accordance with the requirements of the Corporations Act, this Offer will remain open for acceptance by you during the period commencing on the date of this Offer and ending at 7:00pm (Melbourne Time) on 30 January 2017.

Subject to the Corporations Act, Bidder reserves the right, exercisable in its sole discretion, to extend the Offer Period. If, within the last seven days of the Offer Period any of the following occurs:

- the Offer is varied to improve the consideration offered; or
- Bidder's voting power in HHY increases to more than 50.1%;

the Offer Period is extended so that it ends 14 days after that relevant event (subject to any further extensions made in accordance with the Corporations Act).

Offerees

The Offer is made in respect of all HHY Units that exist or will exist as at 7:00pm (Melbourne Time) on the Register Date and any HHY Units that are issued during the period from the Register Date to the end of the Offer Period.

Subject to this section 12 of this Bidder's Statement, an Offer in this form is being made to:

- each HHY Unitholder registered in the HHY Unit Register as at the Register Date;
- any person who becomes registered or entitled to be registered as the holder of HHY Units as a result of the conversion or exercise of rights attached to other Units in HHY held by that person,

and is extended to any person who is able during the Offer Period to give good title to a parcel of Your HHY Units. If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of the Units to which this Offer relates:

- a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those HHY Units;

- a corresponding offer on the same terms and condition as this Offer will be deemed to have been made to you in respect of any other HHY Units you hold to which this Offer relates; and
- this Offer will be deemed to have been withdrawn immediately at that time with respect to the HHY Units no longer held by you.

Trustees and nominees

If during the Offer Period, and before you accept this Offer, Your HHY Units consist of two or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- Bidder is taken to have made a separate Offer to you for each separate parcel of HHY Units; and
- acceptance by you of the Offer for any distinct parcel of HHY Units is ineffective unless:
 - you give Bidder notice in accordance with Part 6.8 of the Corporations Act, stating that Your HHY Units consist of separate parcels; and
 - your acceptance specifies the number of HHY Units in each separate parcel to which the acceptance relates.

12.3 How to accept this Offer

Acceptance is for all or any of Your HHY Units

You may accept the Offer for all or any number of Your HHY Units.

If you accept this Offer for some of your HHY Units by specifying that number on the Acceptance Form, you may still accept the Offer for the balance of Your HHY Units at any time during the Offer Period.

If you choose to accept the Offer for all Your HHY Units, you will be taken to have accepted the Offer for all Your HHY Units held by you at the date your acceptance is processed (despite any difference between that number and the number of HHY Units specified on your Acceptance Form and accompanying unit certificate(s)).

CHESS Holdings

If Your HHY Units are in a CHESS Holding (in which case your Holder Identification Number will commence with an 'X') and you are not a Broker or non-broker participant, you may:

- (1) instruct your Controlling Participant (this is typically your broker through whom you bought Your Units or ordinarily acquire Your Units on the ASX) to initiate acceptance of this Offer for all or any specific number of Your HHY Units in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for them to accept the Offer on your behalf before the end of the Offer Period; or
- (2) authorise the Bidder to instruct your Controlling Participant on your behalf to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules, by completing, signing and returning the enclosed Acceptance Form in accordance with the instructions on it. The Acceptance Form must be received at the address stated on it before the end of the Offer Period in sufficient time to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf before the end of the Offer Period (see the section below entitled 'Acceptance Form and other documents' for further information).

Your HHY Units are in a CHESS Holding if they are sponsored by a broker or other CHESS Participant or if you are a broker or non-broker participant.

Broker or non-broker participant

If Your HHY Units are in a CHESS Holding and you are a Broker or non-broker participant, acceptance of this Offer may be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Issuer Sponsored Holdings and Certificated Holdings

To accept this Offer for Your Units held on the HHY issuer sponsored sub-register (in which case your Security Holder Reference will commence with 'I'), you must:

- (1) complete and sign the Acceptance Form in accordance with the instructions on it; and
- (2) send the Acceptance Form, and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period at the address stated on the Acceptance Form.

A reply paid return addressed envelope is enclosed for your use.

Separate Holdings

If Your HHY Units are in separate holdings, you will need to accept the Offer for each holding in respect of which you wish to accept the Offer, and take the relevant action as set out above depending upon which such HHY Units are held in a CHES Holding and Issuer Sponsored Holding.

Acceptance Form and other documents

The Acceptance Form forms part of this Offer.

If the Acceptance Form (including any document required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted in sufficient time for them to be received by Bidder before the end of the Offer period at the address shown on the Acceptance Form. The postage of the Acceptance Form and other documents is at your own risk.

When using the Acceptance Form to accept this Offer in respect of Units in a CHES Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instructions on the Acceptance Form) are received by Bidder in time for Bidder to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Rights attaching to HHY Units

By accepting this Offer, you undertake to transfer to Bidder not only such number of Your HHY Units to which your acceptance of this Offer relates, but also all of the Rights attached to those Units.

If Bidder becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Bidder all documents necessary to vest title to those Rights in the Bidder. If you do not give those documents to Bidder, or if you have received or are entitled to receive (or any previous holder of Your HHY Units has received or is entitled to receive) the benefit of those Rights after the date of this Offer, the Bidder is entitled to deduct the amount (or value as reasonably assessed by Bidder) of such Rights (including the value of any franking credit) from any consideration otherwise payable or transferable to you. If Bidder does not, or cannot, make such a deduction, you must pay that amount to Bidder.

Powers of attorney

If the Acceptance Form is signed under a power of attorney, that attorney by signing the Acceptance Form declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney as set out in section 12 including section 12.6(d).

Effect of Acceptance

By completing, signing and returning the Acceptance Form or otherwise accepting the Offer in accordance with this section 12 you will be deemed to have:

- (a) accepted the Offer (and any variation of it) in respect of, and subject to all of the Defeating Conditions being fulfilled or waived, and agree to transfer to Bidder, such number of Your HHY Units as to which the acceptance relates; and

- (b) agreed that you will be unable to revoke your acceptance, and the contract resulting from your acceptance will be binding, on you and you will be unable to withdraw Your HHY Units from the Offer or otherwise dispose of Your HHY Units, save where such withdrawal is permitted in accordance with section 650E of the Corporations Act.

12.4 Bidder's discretion regarding incomplete or incorrect acceptance

Subject to this section 12.4 your acceptance of the Offer will not be valid unless it is made in accordance with Section 12.3.

Bidder will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer at the time of receipt of an acceptance of the Offer. Bidder is not required to communicate with you prior to or after making this determination. The determination will be final and binding.

Despite anything in section 12.3, Bidder may at any time and without further communication to you and in its absolute discretion waive any or all of the requirements set out in section 12.3 and on the Acceptance Form (even if there is non-compliance with any one or more of the other requirements for acceptance as set out in section 12) and deem any Acceptance Form it receives to be a valid acceptance in respect of Your Units, but you may not be transferred your consideration (as set out in section 12.5) until:

- (a) an irregularity or error (if any) has been resolved; and
- (b) the unit certificate (if any), or an acceptable indemnity, and another document required to enable Bidder to be registered as the holder of Your HHY Units, have been given to Bidder.

By completing, signing and returning the Acceptance Form in accordance with section 12.3 you authorise Bidder and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:

- (a) make it an effective acceptance of this Offer for Your HHY Units; and
- (b) enable the transfer of Your HHY Units to Bidder.

12.5 Consideration

- (a) The number of AIB Units to be issued to you

Subject to this section 12 (including this section 12.5) and the Corporations Act, the Bidder will provide each accepting HHY Unitholder with AIB Units such that the total NAV of those AIB Units are equivalent to the NAV of the HHY Units in respect of which the Offer has been accepted by that HHY Unitholder and calculated in the following manner:

$$AIB \text{ units to be issued} = \frac{NAV_1/A}{NAV_2/B} \times H$$

where:

- NAV₁ = the NAV of the HHY Fund at the close of business on the Calculation Date, and calculated in accordance with the HHY Constitution;
- NAV₂ = the NAV of the AIB Fund at the close of business on the Calculation Date, and calculated in accordance with the AIB Constitution;
- A = total number of HHY units on issue at the close of business on the Calculation Date;
- B = total number of AIB units on issue at the close of business on the Calculation Date; and

H = the number of HHY Units the HHY Unitholder has elected to accept the Offer.¹⁷

Aurora (in its capacity as responsible entity of HHY) has acquired HHY Units through a buy-back scheme and the highest price paid for those Units in the four months prior to the date of this Offer has been \$0.125 per unit. Accordingly, as required by section 621(3) of the *Corporations Act*, the above calculation is subject to a minimum such that the NAV of HHY per HHY Unit, that is $\frac{NAV_1}{A}$, must be no less than \$0.125.

Aurora, as the responsible entity of AIB, is the issuer of the AIB Units to be provided as consideration for Your HHY Units. No transaction costs or fees will be applied to the issuing of the AIB units provided under this Offer.

Should any HHY Unitholder require a copy of the AIB Constitution, a request may be made through the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (callers outside Australia) and a copy will be provided to you. Additionally, a copy of the most recent AIB Product Disclosure Statement may be viewed at: <http://www.aurorafunds.com.au/investment-funds/aib-listed/> or a physical copy may be requested through the AIB Offer Information Line.

(b) Provision of consideration

Subject to this section 12 (including this section 12.5 and section 12.6) and the *Corporations Act*, if you validly accept this Offer and provide the necessary transfer documents with your Acceptance Form, Bidder will provide the consideration for Your HHY Units to which the Bidder acquires good title on or before the earlier of:

- (i) within 1 month after the Offer becomes, or is declared, unconditional; and
- (ii) the day 21 days after the end of the Offer Period.

If the documents are given after your acceptance and before the end of the Offer Period, Bidder will provide you the consideration by the end of whichever of the following periods ends first:

- (i) 1 month after Bidder is given the documents and the Offer becoming or is declared unconditional; and
- (ii) 21 days after the end of the Offer Period.

If the documents are given after the end of the Offer Period, Bidder will provide you the consideration within 21 days after the documents are given.

(c) Consideration to Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders

In accordance with section 619(3) of the *Corporations Act*, if you are an Ineligible Foreign Unitholder (or if the Bidder believes that you are an Ineligible Foreign Unitholder), or alternatively in accordance with ASIC Class Order 13/521 if you are an Unmarketable Parcel Unitholder (or if the Bidder believes that you are an Unmarketable Parcel Unitholder), and you accept this Offer, you will not be entitled to receive AIB Units as your consideration (as set out in sections 12.5(a) and 12.5(b)), and the Bidder will instead:

- (i) arrange for the issuance of AIB Units to a nominee approved by ASIC (the **Nominee**) to which all Ineligible Foreign Unitholders and all Unmarketable Parcel Unitholders (including you) would have been entitled but for this section 12.5(c);
- (ii) cause all the AIB Units so issued to be offered for sale by the Nominee on the ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee and the Nominee will remit the proceeds of such sale to Bidder (**Proceeds of Sale**); and

¹⁷ If you choose to accept the Offer for all Your HHY Units, you will be taken to have accepted the Offer for all Your HHY Units held by you at the date your acceptance is processed (despite any difference between that number and the number of HHY Units specified on your Acceptance Form and accompanying unit certificate(s)).

- (iii) Bidder will cause the amount ascertained in accordance with the formula below to be paid to you:

$$N \times \frac{AIB_1}{AIB_2}$$

where:

- N = the amount, if any, remaining after deducting the expenses incurred in relation to the sale and any other costs of appointing the Nominee from the total Proceeds of Sale of the AIB Units issued to the Nominee under this section 12.5(c);
- AIB_1 = the number of AIB Units that would, but for this section 12.5(c), have been issued to you (as Ineligible Foreign Unitholder or Unmarketable Parcel Unitholder) under this Offer;
- AIB_2 = the total number of AIB Units issued to the Nominee under this section 12.5(c);
- (iv) payment of the proceeds calculated in accordance with this section 12.5(c) will be made by cheque drawn in Australian currency in your favour that is sent to you at your risk by ordinary mail (or in the case of HHY Unitholders with addresses outside of Australia, by airmail) to your address as shown on the HHY Unit Register as at the Register Date within the period required by the Corporations Act;
- (v) under no circumstances, will any interest be paid on or in relation to that payment of proceeds regardless of any delay in the remittance of the amount to you;
- (vi) the Nominee may sell the AIB Units in such manner, at such price and on such terms as the Nominee determines, and at the risk of the Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders. The Nominee will sell the AIB Unit on ASX following the issue of those AIB Units to the Nominee;
- (vii) as the market price of AIB Units will be subject to change from time to time, the sale price of the AIB Units sold by the Nominee and the quantum of the Proceeds of Sale cannot be guaranteed. Neither Bidder nor the Nominee gives any assurance as to the price that will be achieved for the sale of the AIB Units by the Nominee; and
- (viii) the Nominee will be appointed by, and will provide the Nominee services to, Bidder. In acting as Nominee, the Nominee will not be acting as agent or sub-agent of any Ineligible Foreign Unitholder or Unmarketable Parcel Unitholder, does not have duties or obligations (fiduciary or otherwise) to any Ineligible Foreign Unitholder or Unmarketable Parcel Unitholder and does not underwrite the sale of the AIB Units.

12.6 Your agreement

By carrying out the instructions in section 12.3 on how to accept this Offer:

- (a) you accepted this Offer in respect of all or any chosen number of Your HHY Units. If you choose to accept the Offer for all Your HHY Units, you will be taken to have accepted the Offer for all Your HHY Units as held by you on the HHY Unit Register at the date your acceptance is processed despite any difference between that number and the number of HHY Units specified in the Acceptance Form;
- (b) you represented and warranted to Bidder that you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership in Your Units (including any Rights) to Bidder and that Your HHY Units will be fully paid up at all times from the time of your acceptance of this Offer, and that Bidder will acquire good title to, and beneficial ownership, of Your HHY Units free from any and all Encumbrances;

- (c) your transfer, or consent to the transfer of Your HHY Units to Bidder are subject to the conditions of the HHY Constitution on which they were held immediately before your acceptance of this Offer (and Bidder agrees to take those HHY Units subject to those conditions);
- (d) with effect from the time on which all Conditions to the Offer have been fulfilled or freed, to have irrevocably appointed Bidder and each director and nominee of Bidder as your true and lawful attorney to exercise all your powers and rights in relation to the HHY Units, including without limitation to:
 - (i) attend and vote in respect of Your HHY Units at all general meetings of HHY; and
 - (ii) execute all forms, notices, documents (including a document appointing a director of Bidder as a proxy for any of Your HHY Units) and resolutions relating to Your HHY Units and generally to exercise all powers and rights which you have as the registered holder of Your HHY Units; and
 - (iii) request Aurora (as responsible entity of HHY) to register the HHY Units on the HHY Unit Register, in the name of Bidder or its nominees, with full power of substitution (such as power of attorney being coupled with an interest, being irrevocable); and
- (e) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Bidder has not yet paid or provided the consideration due to you), you agree not to attend or vote in person at any general meeting of HHY or to exercise, or to purport to exercise, (in person, by proxy or otherwise) any of the powers conferred on the directors of Bidder by section 12.6(d);
- (f) if you signed the Acceptance Form in respect of Your HHY Units which are held in a CHESS Holding, you irrevocably authorise Bidder or its nominee or agent to instruct your Controlling Participant to initiate acceptance of this Offer in respect of the Units in accordance with Rule 14.14 of the ASX Settlement Operating Rules, and to give any other instructions in relation to Your Units to your Controlling Participant, as determined by Bidder or its agents or its nominee acting in its own interest as beneficial owner and intended registered holder of those Units;
- (g) agreed to do all such acts, matters and things that Bidder may require to give effect to the matters of section 12 including this section 12.6 and to execute all such documents, transfers and assurances, and do all such acts, matters and things that Bidder may consider necessary or desirable to convey the HHY Units registered in your name and Rights to Bidder;
- (h) agreed to indemnify Bidder in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Security Holder Reference, or in consequence of the transfer of Your HHY Units to Bidder without production of your Holder Identification Number or your Security Holder Reference for Your HHY Units;
- (i) represented and warranted to Bidder that unless you have notified Bidder in accordance with section, Your HHY Units do not consist of separate parcels of HHY Units;
- (j) irrevocably authorised Bidder (any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer Your HHY Units to Bidder's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under the Offer; and
- (k) agreed to accept the AIB Units to which you have become entitled by acceptance of the Offer subject to the AIB Constitution and have authorised Bidder to place your name on the AIB Unit Register in respect of those Units.

The undertakings and authorities referred to in this section 12.6 will remain in force after you receive the consideration for Your HHY Units and after Bidder becomes registered as the holder of Your HHY Units.

12.7 Defeating Conditions to the Offer

Subject to section 12.7 and the discretion of Bidder, the completion of the Offer and any contract that results from an acceptance of the Offer, are subject to the fulfilment of the Conditions set out below:

(a) *Aurora not being removed as responsible entity of AIB or HHY*

There is no change in the responsible entity of AIB or HHY between the Announcement Date and end of the Offer Period; and

(b) *No Material Adverse Change*

There is no Material Adverse Change to the HHY Fund between the Announcement Date and the end of the Offer Period.

(c) *No material changes to the business of HHY*

There are no material changes in the conduct of the HHY Fund business.

(d) *No distributions*

There are no HHY Fund distributions made to HHY Unitholders prior to the end of the Offer Period.

(e) *Regulatory approvals*

Before the end of the Offer Period, all approvals, waivers, exemptions, declarations or consents that are required by law, or by or from any Government Agency including the Takeovers Panel, as are necessary to permit:

- (i) the Offer to be lawfully made to and accepted by HHY Unitholders; and
- (ii) the Takeover Bid to be completed,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(f) *No adverse regulatory action*

Between the Announcement Date and the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency; and
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency,

in consequence of, or in connection with, the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel, under or relating to a breach of Chapters 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of Takeover Bid or which requires the divestiture by Bidder of any HHY Units.

(g) *Prescribed occurrence*

Between the Announcement Date and the end of the Offer Period, no prescribed occurrences shall have occurred (being the events articulated in section 652C of the Corporations Act).

(h) *No material litigation*

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) no litigation against the Target which may reasonably result in a judgement of \$100,000 or more is commenced, is threatened in writing to be commenced, is announced, or is made known to the Target other than that which has been

fully and fairly publicly disclosed to the ASX prior to the Announcement Date;
and

neither:

- (ii) the consideration under the Offer is required to be increased; nor
- (iii) Bidder or an Associate of the Bidder is required or reasonably likely to be required to pay any amount to any one or more HHY Unitholders in connection with the Offer,

as a result of:

- (iv) any litigation that is commenced, is threatened to be commenced, announced or is made known to the Target (whether or not becoming public); or
- (v) any preliminary or final decision or order of any Government Agency, other than as a result of the Bidder publicly undertaking to increase the consideration under the Offer or by Bidder lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Offer.

(i) No untrue statements in HHY's statements to ASIC or ASX

Between the Announcement Date and the end of the Offer Period, Bidder does not become aware that any document filed or lodged to ASIC or ASX by or on behalf of Target:

- (i) contains a statement which is incorrect or misleading in a material particular; or
- (ii) from which there is a material omission.

(j) Net Asset Value does not fall

The NAV of the HHY Fund does not fall below \$0.124 per HHY Unit between the Announcement Date and the end of the Offer Period.

12.8 Nature and benefit of conditions

- (i) Each Condition in section 12.7 is a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other Condition.
- (ii) The Conditions in section 12.7 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell Your Units from arising, but entitles Bidder by written notice to you, to rescind the contract resulting from your acceptance of the Offer.
- (iii) Subject to the Corporations Act, Bidder alone is entitled to the benefit of the Conditions in section 12.7, or to rely on any non-fulfilment of any of them.
- (iv) Bidder may free the Offer, and any contract resulting from its acceptance, from all or any of the Condition in section 12.7, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to the Target and to the ASX declaring the Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given not less than 7 days before the end of the Offer Period.

If, at the end of the Offer Period the Conditions in section 12.7 have been triggered or not fulfilled (as the case may be) and Bidder has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

- (v) The date for giving the notice on the status of the Conditions required by section 630(1) of the Corporations Act is 20 January 2017 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

12.9 Clearances for non-Australian residents and others

If at the time you accept this Offer or at the time the consideration is to be provided under it:

- (a) any authority or clearance of the Reserve Bank of Australia or the Australian Tax Office is required for you to receive any consideration under this Offer; or
- (b) you are resident in or a resident of a place to which, or you are a person to whom any of the following applies:
 - (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
 - (ii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);
 - (iii) the *Charter of the United Nations (Sanctions – Iraq) Regulations 2008* (Cth);
 - (iv) the *Autonomous Sanctions Regulations 2011* (Cth);
 - (v) Part 5 of the *Charter of the United Nations Act 1945* (Cth);
 - (vi) the *Charter of the United Nations (Sanctions – Al-Qaida) Regulations 2008*; or
- (c) you are within the class of individuals specified within the *Autonomous Sanctions Regulations 2011* (Cth) which thereby prohibits Bidder from making an asset available to, or for the benefit of, a designated person or entity without authorisation from the Minister for Foreign Affairs or to use or deal with an asset owned or controlled by a designated person or entity without authorisation from the Minister for Foreign Affairs. Designated persons and entities include:
 - (i) specified individuals associated with the Democratic People's Republic of Korea (North Korea);
 - (ii) specified individuals associated with the former government of the Federal Republic of Yugoslavia;
 - (iii) specified entities and individuals who contribute to Iran's proliferation activities or assist Iran to violate United Nations Security Council Resolutions;
 - (iv) specified individuals associated with the former Qadhafi regime;
 - (v) specified individuals in Myanmar associated with the current or former military and government;
 - (vi) specified individuals participating or providing support for the Syrian regime;
 - (vii) specified individuals who have engaged or are engaging in activities that undermine democracy and respect for human rights and rule of law in Zimbabwe; and
 - (viii) specified individuals responsible or complicit in the threat to the sovereignty and territorial integrity of Ukraine; or
- (d) any other law of Australia or elsewhere that would make it unlawful for Bidder to provide consideration for Your HHY Units,

then your acceptance of this Offer does not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until you obtain all requisite authorities or clearances.

12.10 Costs and stamp duty

Bidder will pay all costs and expenses of the preparation and circulation of the Offers and any Australian stamp duty tax payable on the transfer of any HHY Units to Bidder pursuant to the Offer.

If Your HHY Units are registered in an Issuer Sponsored Holding in your name and you deliver them directly to the Bidder, you will not incur any brokerage in connection with your acceptance of the Offer.

If Your HHY Units are registered in a CHESSE Holding, or if you become registered in a CHESSE Holding, or if you are a beneficial owner whose HHY Units are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling

Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charged in connection acceptance of the Offer.

12.11 Withdrawal of Offer

In accordance with section 652B of the Corporations Act, Bidder may withdraw this Offer with the written consent of ASIC and subject to the Conditions (if any) which apply to that consent.

12.12 Foreign laws, foreign selling restrictions and foreign Unitholders

Foreign laws

No action has been taken to register or qualify the AIB Fund or to otherwise permit a public offering of AIB Units outside Australia. This Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Offer.

Foreign Unitholders in New Zealand

It is a term of the Offer that the offer of AIB Units to the public in New Zealand (including HHY Unitholders whose address in HHY's Unit Register is in New Zealand or its territories) is made in compliance with the laws of Australia and any code, rules and requirements relating to the Offer that apply in Australia.

This Offer is made to HHY Unitholders in New Zealand in reliance upon an exemption from the relevant New Zealand securities regime by the exemption provided by the *Securities Act (Overseas Companies) Exemption Notice 2013* and any other relevant exemption.

This Bidder's Statement is not a New Zealand prospectus, investment statement or product disclosure statement and may not contain all the information that an investment statement, prospectus or product disclosure statement required under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Securities Act 1978*, *Financial Markets Conduct Act 2013* or any other relevant New Zealand law. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ineligible Foreign Unitholders in the United States

In relation to Ineligible Foreign Unitholders in the United States AIB Units have not been, and will not be, registered under the *United States Securities Act of 1933 (Securities Act)* and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ineligible Foreign Unitholders in Singapore

In relation to Ineligible Foreign Unitholders in Singapore, this Bidder's Statement is personal to you and may not be shared with anyone else. Neither this Bidder's Statement nor any copy of it may be taken or transmitted into any country where the distribution or dissemination is prohibited. This Bidder's Statement is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person. The information, tools and materials represented in this Bidder's Statement are provided to you for information purposes only, and on the basis that you are an existing HHY Unitholder. In the event that you are not an existing HHY Unitholder, please return this document to Bidder immediately.

Nothing in this Bidder's Statement constitutes investment, legal, accounting or tax advice or a representation that your approval of the Offer is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you. This Bidder's Statement and any other document or material relating to AIB Units have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore and the offering made under this Bidder's Statement is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly,

statutory liabilities in connection with the contents of prospectuses under the *Securities and Futures Act (Cap. 289)* (the **SFA**) will not apply. This Bidder's Statement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of AIB Units may not be issued, circulated or distributed, nor may AIB Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This Offer is not made to you with a view of AIB Units being subsequently offered for sale to any other party. There may be on-sale restrictions in Singapore that may be applicable to investors who acquire AIB Units. As such, you are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ineligible Foreign Unitholders in Hong Kong

In relation to Ineligible Foreign Unitholders in Hong Kong, this Bidder's Statement has not been, and will not be, authorised by the Securities and Futures Commission in Hong Kong pursuant to the *Securities and Futures Ordinance (Cap. 571)* of the laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the AIB Units have not been and will not be offered or sold in Hong Kong by means of any document. No advertisement, invitation or document relating to the AIB Units has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to AIB Units which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

12.13 Governing law

This Offer and any contract resulting from acceptance of it are governed by the law in force in the state of New South Wales, Australia.

13. Definitions and Interpretation

13.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

Term	Meaning
\$ or A\$, dollars, or cents	is a reference to the lawful currency of the Commonwealth of Australia.
AIB Constitution	the consolidated constitution of the Aurora Global Income Trust dated 16 December 2010.
AIB Units or Units in AIB	the fully paid ordinary units in AIB.
Acceptance Form	the acceptance form enclosed with the Bidder's Statement.
Announcement Date	the date of the announcement of the intention to make an off-market bid, being 29 September 2016.
ASIC	the Australian Securities and Investments Commission.
Associates	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this Bidder's Statement.
ASX	Australian Securities Exchange Ltd and the securities market operated by it.
ASX Listing Rules	the Listing Rules published from time to time by ASX.
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532.
ASX Settlement Operating Rules	the operating rules of ASX Settlement which govern the administration of the Clearing House Electronic Sub-register System.
Bidder	Aurora Funds Management Limited as the responsible entity of Aurora Global Income Trust (ARSN 127 692 406).
Bidder's Statement	this document, being the statement made by Bidder under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Bid.
Calculation Date	the last occurring date prior to the Closing Date which falls on the 20 th day of the month.
CHESS	Clearing House Electronic Sub-register System established and operated by ASX Settlement for the clearing, settlement, transfer and registration of approved securities.
CHESS Holding	a holding of Units on the HHY register of members administered by ASX Settlement which records uncertificated holdings of Units.
Closing Date	means the date and time at which the Offer Period expires unless otherwise extended.

Term	Meaning
Condition or Defeating Condition	those defeating conditions set out in section 12.7.
Controlling Participant	the same meaning, in relation to HHY Units, as in the ASX Settlement and Operating Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth) as modified by any relevant exemption or declaration by ASIC.
Encumbrance	<ul style="list-style-type: none"> (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement; (b) security interest as defined by section 12 of the <i>Personal Property Security Act 2009</i> (Cth); (c) a notice under section 255 of the <i>Income Tax Assessment Act 1936</i> (Cth), subdivision 260-A in schedule 1 to the <i>Taxation Administration Act 1953</i> (Cth) or any similar legislation; (d) any other interest or adverse interest in, or right over, HHY Units (including a right to set off or withhold payment of a deposit or other money); (e) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or (f) an agreement to create anything referred to above or to allow any of them to exist.
Foreign Law	a law of a jurisdiction other than an Australian jurisdiction.
Global Market Neutral Fund	a fund which engages in a strategy of attempting to avoid some form of market risk, typically by hedging.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including the Australian Takeovers Panel, ASIC and the Australian Competition and Consumer Commission), or any minister of the Crown in right of the Commonwealth of Australia or any State, any other federal, state, provincial, or local government, and including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange.
GST	the same meaning as in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
HHY	HHY Fund (ARSN 112 579 129).
HHY Constitution	the consolidated constitution of the HHY Fund dated 12 March 2012.
HHY Units or Units in HHY	the fully paid ordinary units in HHY.
Holder Identification Number or 'HIN'	has the same meaning as in the ASX Settlement Operating Rules.

Term	Meaning
Ineligible Foreign Unitholders	<p>means a HHY Unitholder whose address as shown in the HHY Unit Register is in a jurisdiction other than Australia or its external territories and New Zealand, unless the Bidder otherwise determines (in its absolute discretion) after being satisfied that it is:</p> <ul style="list-style-type: none"> (a) not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a HHY Unitholder in the relevant jurisdiction for AIB Units to be issued to such HHY Unitholder on acceptance of the Offer; and (b) that is not unlawful for such a HHY Unitholder to accept the Offer in such circumstances in the relevant jurisdiction.
Marketable Parcel	has the meaning given in the ASX Operating Rules Procedures which, among other things, includes a parcel of securities, the value of which is not less than \$500.
Material Adverse Change	<p>is a material adverse change to the HHY Fund which includes, between the Announcement Date and the end of the Offer Period:</p> <ul style="list-style-type: none"> (i) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur; (ii) information is disclosed to, or announced by, the responsible entity of the Target concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to the Bidder (whether or not becoming public), <p>(each of (i), (ii) and (iii), a “Specified Event”),</p> <p>which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have a material adverse effect on the assets, liabilities, financial or trading position, profitability or prospects of the Target Fund taken as a whole.</p> <p>For the purposes of section 12.7 the Bidder shall not be taken to know of information concerning any event, change, condition, matter or thing before the Announcement Date, unless the information has been fully and fairly disclosed by the Target in its public filings with the ASX before the Announcement Date.</p>
Net Asset Value	net asset value of the relevant fund calculated in accordance with the rules of the relevant constitution, (being either the HHY Constitution, AIB Constitution or both as relevant).
Offer	the Offer and each of the other offers made on the same terms for HHY Units as set out in this Bidder’s Statements and includes a reference to those offers as varied in accordance with the Corporations Act.
Offer Date	the date of the Offer as indicated in section 12.1.
Offer Period	the period for which the Offer remains capable of being accepted by HHY Unitholders as set out in section 12.2 (unless otherwise extended).

Term	Meaning
Register Date	7:00 pm (Melbourne Time) on 25 November 2016 as the date set by Bidder under section 633(2) of the Corporations Act, notice of which will be given to the ASX in accordance with section 633(4)(a) of the Corporations Act.
Relevant Interest	the same meaning given in the Corporations Act.
Rights	all accretions and rights or benefits of whatever kind attaching or arising from HHY Units (including all rights to receive dividends and other distributions declared or paid and to receive or subscribe for units, notes or options issued by HHY, and which includes, for the avoidance of doubt, any dividend or distribution declared or announced since the Announcement Date, whether or not such dividend or distribution relates in whole or in part to a period prior to that date).
Security Holder Reference or 'SRN'	has the same meaning of Security Holder Reference Number as in the ASX Settlement Operating Rules.
Superior Proposal	means a publicly announced competing offer which Bidder, acting in good faith, and after taking advice from its advisers is, of the view it is: <ul style="list-style-type: none"> (a) bona fide; (b) reasonably capable of being completed taking into account all aspects of the Offer and that competing offer; and (c) more favourable to HHY Unitholders than the Offer, including that the consideration offered by the person making the competing offer exceeds the consideration offered by Bidder under the Offer by at least 5%, and taking into account all other terms and conditions of the competing offer.
Takeover Bid	the off-market takeover bid by Bidder constituted by the Offer for the Units of HHY.
Takeover Transferee Holding	has the same meaning as in the ASX Settlement Operating Rules.
Target	Aurora as the responsible entity of the Target Fund.
Target Fund	HHY Fund (ARSN 112 579 129).
Target's Statement	the target's statement that will be issued by the Target in relation to the Takeover Bid.
Takeover Transferee Holding	the same meaning as in the ASX Settlement Operating Rules.
Units	according to the context, a fully paid ordinary unit in either: <ul style="list-style-type: none"> (i) HHY Fund; or (ii) AIB Fund.
Unitholder	a holder of one or more of the relevant Units.
Unit Register	the register of persons listed as holding one or more Units in HHY.

Term	Meaning
Unit Registrar	the Unit Registrar as set out in the Corporate Directory in section 15 of this Bidder's Statement.
Unmarketable Parcel Unitholder	a HHY Unitholder to whom, if they accept the Offer, AIB units would be issued which would not constitute a Marketable Parcel.
Your Units (including 'Your HHY Units' and 'Your AIB Units', as the case may be)	<p>the Units:</p> <ul style="list-style-type: none"> (a) of which you are registered or entitled to be registered as the holder in the Unit Register for the relevant fund at the Register Date; (b) in relation to HHY Units, all new HHY Units of which you are named as the registered holder on the HHY Unit Register from the Register Date to the end of the Offer Period as a result of a any issuance of HHY Units during the Offer Period, or as a result of a conversion of, or exercise of rights attached to, other securities; and (c) in relation to HHY Units, all other HHY Units, to which you are able to give good title at the time you accept this Offer during the Offer Period.

13.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) words defined in section 13.1 or otherwise defined or capitalised throughout this Bidder's Statement have that meaning;
- (b) words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning;
- (c) headings are for convenience only and do not affect interpretation;
- (d) a singular word includes the plural, and vice versa;
- (e) a word which suggests one gender includes the other genders;
- (f) unless otherwise stated, references in this Bidder's Statement to annexures, sections, paragraphs and sub-paragraphs are to annexures, sections, paragraphs and subparagraphs of this Bidder's Statement;
- (g) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (h) a reference to time is a reference to time in Melbourne, Australia; and
- (i) a reference to a person includes a body corporate.

14. Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Aurora Funds Management Limited on 18 November 2016.

Signed by JOHN PATTON for and on behalf of Aurora Funds Management Limited in accordance with section 351 of the Corporations Act.

A handwritten signature in black ink, appearing to read 'J. Patton', with a large, sweeping flourish extending from the bottom right.

John Patton
Managing Director
18 November 2016

15. Corporate Directory

Directors of Bidder and Aurora

John Patton
Jim Hallam
Betty Poon

Legal Adviser to the Offer

Atanaskovic Hartnell
Level 10, Atanaskovic Hartnell House
75 - 85 Elizabeth Street
SYDNEY NSW 2000
AUSTRALIA
<http://www.ah.com.au>

Tax Adviser to the Offer

Deloitte Touche Tohmatsu
225 George St,
SYDNEY NSW 2000
AUSTRALIA
<https://www2.deloitte.com/au/en.html>

Unit Registrar to the Offer

Registry Direct
120 Collins Street
MELBOURNE VIC 3000
AUSTRALIA
<http://www.registrydirect.com.au>

Annexure A

HHY announcements made since the announcement of its FY15/16 Annual Report (as of 17 November 2016)

<u>Date</u>	<u>Description of Announcement</u>
16/11/2016	Change in substantial holding for NAC
16/11/2016	Update on General Meeting Convened by Scheme Members
16/11/2016	Daily share buy-back notice – Appendix 3E
14/11/2016	Daily share buy-back notice – Appendix 3E
11/11/2016	Changes in substantial holding for NAC
11/11/2016	General Meeting Convened by Scheme Members
11/11/2016	Daily share buy-back notice – Appendix 3E
10/11/2016	Daily share buy-back notice – Appendix 3E
9/11/2016	Daily share buy-back notice – Appendix 3E
7/11/2016	Daily share buy-back notice – Appendix 3E
4/11/2016	Net Tangible Asset Backing - October 2016
4/11/2016	Daily share buy-back notice – Appendix 3E
1/11/2016	Daily share buy-back notice – Appendix 3E
31/10/2016	Daily share buy-back notice – Appendix 3E
28/10/2016	Change in substantial holding from KBC
28/10/2016	Daily share buy-back notice – Appendix 3E
20/10/2016	Change in substantial holding from WAA
20/10/2016	Change in substantial holding from WAM
14/10/2016	Form 484 – Cancellation of Units
13/10/2016	Appendix 4G
11/10/2016	Net Tangible Asset Backing - September 2016
5/10/2016	Change in substantial holding from KBC
29/09/2016	Adjournment of HHY Fund Meeting
29/09/2016	HHY Fund Members Meeting – Chairman's Address
29/09/2016	Scrip takeover bid from AIB
28/09/2016	2016 Annual Report

ASX announcements released in relation to HHY may be viewed at www.asx.com.au.

Annexure B

*AIB announcements made since the
announcement of its FY15/16 Annual Report (as of 17 November 2016).*

<u>Date</u>	<u>Description of Announcement</u>
17/11/2016	AIB – NTA Estimate \$0.795
16/11/2016	31 October 2016 Final NTA Price
16/11/2016	General Meeting Convened by Scheme Members
16/11/2016	AIB – NTA Estimate \$0.805
15/11/2016	AIB - NTA Estimate \$0.795
14/11/2016	AIB - NTA Estimate \$0.795
11/11/2016	Daily share buy-back notice – Appendix 3E
11/11/2016	AIB - NTA Estimate \$0.79
10/11/2016	AIB - NTA Estimate \$0.785
9/11/2016	Daily share buy-back notice – Appendix 3E
9/11/2016	AIB - NTA Estimate \$0.795
9/11/2016	Form 464 - Cancellation of Units
8/11/2016	AIB - NTA Estimate \$0.79
7/11/2016	AIB - NTA Estimate \$0.79
4/11/2016	Daily share buy-back notice – Appendix 3E
4/11/2016	AIB - NTA Estimate \$0.79
3/11/2016	AIB - NTA Estimate \$0.79
2/11/2016	AIB - NTA Estimate \$0.79
2/11/2016	30 September 2016 Newsletter
1/11/2016	AIB - NTA Estimate \$0.79
1/11/2016	Daily share buy-back notice – Appendix 3E
31/10/2016	Daily share buy-back notice – Appendix 3E
31/10/2016	AIB - NTA Estimate \$0.79
28/10/2016	AIB - NTA Estimate \$0.79
27/10/2016	AIB - NTA Estimate \$0.79
26/10/2016	Daily share buy-back notice – Appendix 3E
26/10/2016	AIB - NTA Estimate \$0.79
25/10/2016	AIB - NTA Estimate \$0.79
24/10/2016	AIB - NTA Estimate \$0.79
21/10/2016	AIB - NTA Estimate \$0.780
20/10/2016	AIB - NTA Estimate \$0.775
20/10/2016	Becoming a substantial holder
19/10/2016	AIB - NTA Estimate \$0,775
18/10/2016	AIB - NTA Estimate \$0,755
17/10/2016	AIB - NTA Estimate \$0.760
17/10/2016	Ceasing to be a substantial holder
14/10/2016	AIB - NTA Estimate \$0.765
14/10/2016	Form 484 - Cancellation of Units

13/10/2016	AIB - NTA Estimate \$0,760
13/10/2016	Appendix 4G
12/10/2016	AIB - NTA Estimate \$0.765
12/10/2016	Appendix 3B - DRP
11/10/2016	AIB - NTA Estimate \$0.765
11/10/2016	31 August 2016 Newsletter
10/10/2016	AIB - NTA Estimate \$0.765
7/10/2016	AIB - NTA Estimate \$0.765
7/10/2016	30 September 2016 Final NTA price
7/10/2016	Update - Dividend/Distribution - AIB
6/10/2016	AIB - NTA Estimate \$0.760
5/10/2016	AIB - NTA Estimate \$0.765
4/10/2016	AIB - NTA Estimate \$0.765
3/10/2016	AIB - NTA Estimate \$0.765 Ex-Dividend
30/09/2016	AIB - NTA Estimate \$0.780
29/09/2016	AIB - NTA Estimate \$0.780
29/09/2016	Script takeover bid for HHY Fund
29/09/2016	HHY: Script takeover bid from AIB
29/09/2016	Update - Dividend/Distribution - AIB
28/09/2016	AIB - NTA Estimate \$0.775
27/09/2016	AIB - NTA Estimate \$0.775
26/09/2016	AIB - NTA Estimate \$0.780
26/09/2016	Update - Dividend/Distribution – AIB
26/09/2016	2016 Annual Report

ASX announcements released in relation to AIB may be viewed at www.asx.com.au.