



Hastings Funds Management Limited
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ABN 27 058 693 388
AFSL No. 238309

Total pages: 2

ASX Announcement

Hastings High Yield Fund (HHY)

25 May 2015

Announcement of Notice of Meeting and Explanatory Memorandum

Hastings Funds Management Limited as responsible entity of HHY (**Hastings**) announced the release of a Notice of General Meeting of HHY unit holders and the Explanatory Memorandum, copies of which have been sent to HHY unit holders today.

The General Meeting of HHY will be held at 10.30am on Monday 29 June 2015 at the Royal Automobile Club of Australia, Level 5, 89 Macquarie St., Sydney, (**Meeting**).

The resolutions for consideration at the Meeting (**Resolutions**) seek unit holder approval to change the responsible entity of HHY from Hastings to Aurora Funds Management Limited (**Aurora**) and, if those resolutions are approved by HHY unit holders, to change the name of the fund from Hastings High Yield Fund to HHY Fund.

The Hastings Directors have elected not to make a recommendation to HHY unit holders in relation to the Resolutions, because they believe that Hastings has delivered on its strategy for HHY and its role as responsible entity is almost at an end. Accordingly, it is for unit holders to determine whether they want HHY to continue under the direction of a new responsible entity.

The Explanatory Memorandum explains the Resolutions and contains information that is important and material to unit holders in making an informed decision on how to vote on the Resolutions.

Unit holders should note that Hastings proposes to issue a Supplementary Explanatory Memorandum shortly, which relates to certain tax matters that will be relevant to your decision on how to vote on the Resolutions. **Hastings recommends that HHY unit holders take no action in respect of the Meeting prior to receiving the Supplementary Explanatory Memorandum**, which will be posted to the registered address of each HHY unit holder and announced to the ASX.

For further enquiries, please contact:

Ross Pritchard

Chief Operating Officer

Hastings High Yield Fund

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A handwritten signature in blue ink, appearing to read "Jane Frawley".

Jane Frawley
Company Secretary
Hastings Funds Management Limited

Hastings High Yield Fund

ARSN 112 579 129

Notice of General Meeting and Explanatory Memorandum

**To be held at 10.30am Monday 29 June 2015 at the Vintage Room,
the Royal Automobile Club of Australia, Level 5, 89 Macquarie St.,
SYDNEY 2000.**

This is an important document and requires your immediate attention. You should read the document, as well as the supplementary disclosure foreshadowed by it, in its entirety before deciding how to vote on the resolutions and, if necessary, consult your investment, tax, legal or other professional adviser.

Important Notices

General

This Explanatory Memorandum is issued by Hastings Funds Management Limited (ABN 27 058 693 388) (**Hastings**), as responsible entity of the Hastings High Yield Fund, ARSN 112 579 129 (**HHY**).

This document is important. You should read it in full before making any decision as to how to vote on the resolutions set out in the notice of meeting. A proxy form for the general meeting is enclosed.

Purpose of this Explanatory Memorandum

This Explanatory Memorandum comprises a notice of meeting issued by Hastings and an explanatory memorandum issued by Hastings. This Explanatory Memorandum provides HHY unit holders with information that is material to your decision on whether or not to vote in favour of the resolutions.

Preparation and responsibility

Other than as set out below, this Explanatory Memorandum has been prepared by Hastings.

Keybridge Capital Limited has prepared the information contained in Annexures A and B of this Explanatory Memorandum and is responsible for the information in Annexures A and B and any statements based on it. Keybridge Capital Limited is not responsible for any other information contained in this Explanatory Memorandum. Except to the extent responsible under law, Hastings does not assume responsibility for the accuracy or completeness of the information contained in Annexures A and B of this Explanatory Memorandum or any statements based on it.

Investment decisions

This Explanatory Memorandum does not take into account the investment objectives, financial situation, tax position or requirements of any particular person. The information contained in this Explanatory Memorandum is not financial product advice. This Explanatory Memorandum should not be relied on as the sole basis for any investment decision in relation to your HHY units. You should seek independent financial and taxation advice before making any decision in relation to HHY units or the resolutions set out in the notice of meeting. It is important that you read this Explanatory Memorandum in full before making any decision as to how to vote on the resolutions set out in this Explanatory Memorandum.

Forward looking statements

This Explanatory Memorandum contains forward looking statements which are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of Hastings to vary materially from those expressed or implied in such forward looking statements.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Hastings or any person named in this Explanatory Memorandum makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfillment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements. The forward looking statements in this Explanatory Memorandum reflect views held only as at the date of this Explanatory Memorandum.

Notice to foreign persons

This Explanatory Memorandum has been prepared to comply with the requirements of the laws of Australia, which may differ from the requirements in jurisdictions outside of Australia.

Date

This Explanatory Memorandum is dated 18 May 2015.



Hastings Funds Management Limited
Level 27, 35 Collins Street
Melbourne VIC 3000 Australia

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ABN 27 058 693 388
AFSL No. 238309

18 May 2015

Dear HHY Unit Holder

Hastings High Yield Fund (ASX: HHY) – Notice of General Meeting

On behalf of the directors of Hastings Funds Management Limited (**Hastings Directors**), I invite you to attend a meeting of unit holders of Hastings High Yield Fund (**HHY**).

The meeting will be held at 10.30am on Monday 29 June 2015 at the Royal Automobile Club of Australia, Level 5, 89 Macquarie St., Sydney.

At the meeting, resolutions will be proposed for your consideration, relating to the retirement of Hastings Funds Management Limited (**Hastings**) as responsible entity of HHY and the appointment of Aurora Funds Management Limited (ABN 69 092 626 885) (**Aurora**) as the new responsible entity of HHY, together with a change of name for the fund, if unit holders approve the retirement of Hastings and the appointment of Aurora (**Resolutions**).

Details of the Resolutions are provided in the Explanatory Memorandum, which also includes the Notice of Meeting.

The Resolutions

Resolution 1 seeks unit holder approval for Hastings to retire as the responsible entity of HHY and Resolution 2 seeks unit holder approval for Aurora to be appointed as the responsible entity of HHY. Resolutions 1 and 2 are interdependent; if Resolution 1 is not approved by HHY unit holders, Resolution 2 will not be passed and vice versa. Resolutions 1 and 2 are also conditional upon Aurora consenting to become the responsible entity, and on the Australian Securities and Investments Commission (**ASIC**) granting a variation of Aurora's Australian Financial Services License (**AFSL**) within 14 days of the resolutions being passed. In the event consent is not given, or ASIC has not granted the variation to Aurora's AFSL within 14 days, Resolutions 1 and 2 will be of no effect, even if passed.

Resolution 3, which is that the name of HHY be changed to the "HHY Fund", is subject to Resolutions 1 and 2 being approved and ASIC altering its records of registration accordingly.

The Hastings Directors have not made a recommendation to HHY unit holders regarding the Resolutions. It is a matter for HHY unit holders whether or not they vote in favour of the appointment of Aurora as the new responsible entity in place of Hastings. Please read the Explanatory Memorandum carefully for further information on the Resolutions.

Voting

This Explanatory Memorandum, which includes the Notice of Meeting, contains important information in relation to the Resolutions, including a discussion of the consequences of the Resolutions.

Supplementary Information to be provided by Hastings

As set out in this Explanatory Memorandum, Hastings intends to provide HHY unit holders with **supplementary disclosure** regarding two further matters currently under consideration by Hastings, which may affect your decision in relation to your HHY units and how you should vote at the general meeting.

The first matter is the potential for Hastings to complete its stated strategy of distributing any remaining surplus cash to HHY unit holders. The second matter is the tax implications and consequences of the proposed winding-up, distribution and de-listing and the potential change of responsible entity and strategy of HHY.

Hastings will provide HHY unit holders with supplementary disclosure on these matters well before the date of the general meeting.

You should read the Explanatory Memorandum, as well as the supplementary disclosure foreshadowed by it, carefully before deciding how to vote at the general meeting. If you are in doubt as to what action you should take, you should seek financial, tax or other professional advice.

If you are attending the general meeting, we ask that you register your attendance in advance by email to: investor_relations@hastingsinfra.com. Also, please bring the proxy form with you to assist with registration. If you are unable to attend the meeting, you are encouraged to complete the enclosed proxy form. The proxy form can be returned in the envelope provided or faxed to our registry, Computershare Investor Services on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia), or otherwise lodged in accordance with the instructions on that form.

The proxy form can also be completed electronically, by visiting www.investorvote.com.au and following the instructions provided. A proxy cannot be appointed online, if the proxy is appointed under a power of attorney or a similar authority. The last time and date for receipt of the proxy form is 10.30am (AEST) on 27 June 2015.

The results of the meeting will be announced to the ASX on the day of the meeting. If you have any queries about the meeting, please call Investor Relations on (03) 8650 3600.

We look forward to your attendance on 29 June 2015.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Alan Cameron', with a long horizontal stroke extending to the right.

Alan Cameron AO
Chairman
Hastings Funds Management Limited

Explanatory Memorandum

This Explanatory Memorandum must be read in conjunction with the enclosed Notice of Meeting of HHY.

Background

HHY's objective has been to provide unit holders with exposure to a portfolio of debt securities in the form of loans and hybrid securities. Since June 2012, Hastings has indicated to the market that HHY would not consider further investments and that it would return surplus cash to investors as part of an orderly run-off and wind-up of the fund.

Since then, Hastings has delivered on its strategy of conducting an orderly wind-up of the remaining assets in HHY, whereby the assets have matured and repaid or Hastings has sold them in circumstances where it considered that this course would result in the most favourable outcome for HHY unit holders.

In August 2014, Hastings indicated in the Annual Report for HHY that it would continue to explore options to exit HHY's remaining positions in the underperforming Cory Environmental and in the equity portion of Hyne Timber. At that time, Hastings anticipated that to exit those positions could take in excess of two years.

As has been disclosed to the market, this process has taken less time, due to the restructuring of Cory Environmental in March 2015 and the sale of HHY's interests in Hyne Timber during April 2015.

On 14 April 2015, Hastings indicated in an announcement to the ASX, that once the proceeds of the sale of Cory Environmental and Hyne Timber have been received, Hastings intended to commence the formal wind-up of HHY. Hastings also outlined that Hastings proposed to:

- distribute the majority of surplus cash held by HHY, including the sale proceeds to investors via a special distribution, whilst retaining sufficient cash to meet anticipated liabilities and costs associated with the wind-up;
- de-list HHY;
- convene a meeting of unit holders to formally approve the winding up of HHY; and
- complete the winding-up of HHY, and then distribute any available surplus cash to HHY unit holders and deregister HHY.

Request to Convene a General Meeting of HHY Unit Holders

On 4 May 2015, HHY received a request from a substantial unit holder in HHY, Keybridge Capital Limited, (**Keybridge**) to convene a general meeting of HHY unit holders under s252B of the Corporations Act 2001 (Cth) (**Act**). The request from Keybridge set out the resolutions it proposes be put to HHY unit holders, being that Hastings retire as the responsible entity of HHY, that Aurora, a company owned by Keybridge, be appointed as the new responsible entity and that the name of the fund be consequentially changed.

The Keybridge correspondence also requested that Hastings not make the distribution foreshadowed in the 14 April 2015 announcement to HHY unit holders, until after the Meeting has taken place. Keybridge has subsequently reiterated this position to Hastings and – among other things – has indicated that Aurora may not consent to becoming the responsible entity if the distribution is paid.

Hastings is currently considering whether the payment of the distribution as previously announced remains the preferred course of action.

Aurora Funds Management Limited

Keybridge's statement in support of Aurora is set out at Annexure A. Information on Aurora Funds Management Limited is set out at Annexure B. This is information that Keybridge has provided to Hastings.

In summary, Keybridge has stated that:

- it does not support the proposed de-listing and winding-up of HHY and believes that unit holders would be better served by HHY continuing, while pursuing a renewed investment strategy;
- if appointed, Aurora will seek to re-commence making investments on behalf of unit holders with a focus on delivering risk-adjusted returns; and
- if appointed, Aurora would implement an investment strategy suitable for HHY's current position as a small fund holding liquid assets.

Please read the full statements and information in the attached materials.

Aurora's Australian Financial Services License (AFSL)

A review of Aurora's AFSL indicates that at the date of this Explanatory Memorandum, it does not have the requisite legal capacity to be appointed the responsible entity of HHY.

Keybridge and its lawyers have advised Hastings that Aurora expects to have received confirmation that ASIC will vary its AFSL, prior to the Meeting on 29 June 2015 and they further advise that once the ASIC confirmation is received, they understand ASIC will vary Aurora's AFSL shortly thereafter, in event the Resolutions are approved by HHY unit holders.

As at the date of this Explanatory Memorandum, the confirmation from ASIC has not been received.

If approved by HHY unit holders, Aurora's appointment as the new responsible entity of HHY would not become effective until its AFSL is varied. It is not clear to Hastings how long ASIC will take to vary Aurora's AFSL. In view of this, Hastings has ensured that the resolutions to appoint Aurora as the new responsible entity in place of Hastings will only take effect if the variation to Aurora's AFSL has been granted by ASIC within 14 days of the resolutions being approved by HHY unit holders. This ensures that HHY and its unit holders are not in an extended period of uncertainty, with Hastings continuing to be the responsible entity of HHY after unit holders have approved the appointment of Aurora in its place.

Additionally, the Act prohibits a person becoming responsible entity unless they have consented in writing. No such consent has currently been received. Hence the Resolutions will also be conditional on receipt of that consent.

Background on Aurora

Hastings has conducted ASIC searches on Aurora and its directors and Keybridge and its directors.

The ASIC searches show that Aurora entered into an Enforceable Undertaking with ASIC on 28 October 2014. The Enforceable Undertaking sets out a range of concerns that ASIC has identified following a program of surveillance of fund managers in Australia.

ASIC indicates that its concerns were that Aurora, as the responsible entity of other listed funds:

- on multiple occasions between 2007 and 2013, failed to comply with the provisions of the Act in relation to providing substantial holding notifications to the ASX in respect of interests in four separate listed entities;
- in May/June 2013, breached the relevant provisions of the Act by acquiring voting power in an entity, which was greater than the voting power allowable in Act; and
- on multiple occasions between January 2007 and August 2013, breached each of the four listed funds' constitutions and the relevant provisions of the Act, by failing to consult with the ASX prior to on-market buy-backs of units in the same four listed funds.

Aurora has made a number of undertakings to ASIC in respect of these matters, which include cancelling and redeeming certain interests, ensuring that only one class of units is on issue for as long as the relevant funds remain listed and that it will not acquire or dispose of units in listed funds for which it is the responsible entity on the ASX, otherwise than those permitted under the relevant ASIC Class Order 07/422, which relates to on market buy backs by responsible entities in their listed schemes.

Aurora has also undertaken to provide ASIC with such information or documents as ASIC requires, to assess Aurora's ongoing compliance with the Enforceable Undertaking.

The Resolutions

The Hastings Directors have not made a recommendation to HHY unit holders regarding how they should vote on the Resolutions.

The Hastings Directors have elected not to make a recommendation to HHY unit holders, because they believe that Hastings has delivered on its strategy for HHY and its role as responsible entity is almost at an end. In view of this and, as HHY is close to being wound up, the Hastings Directors consider that it is for unit holders to determine whether they want HHY to continue under the direction of Aurora, without a recommendation from them.

The key implications for HHY unit holders if Resolutions 1 and 2 are approved, Aurora consents to becoming the responsible entity and Aurora's AFSL is varied, are:

- the strategy and future of HHY may go in a new and different direction;
- HHY is unlikely to be de-listed in the short term, meaning that HHY units will continue to be traded on the ASX;
- the proposal for HHY to commence a members' voluntary winding up is unlikely to be put to HHY unit holders in the short term and the distribution of any remaining surplus cash in HHY may not be distributed to HHY unit holders and as a result, the quantum, timing and amount of any future payment to HHY unit holders of HHY's remaining cash reserves could be uncertain;
- it is possible that the tax losses in HHY could be utilised by HHY. This will depend on a range of facts and circumstances, which Hastings intends to describe in a supplementary explanatory memorandum to be sent to HHY unit holders well before the date of the Meeting;
- it is unclear at the date of this Explanatory Memorandum how long it will take for ASIC to vary Aurora's AFSL, so that it is able to be appointed as responsible entity. It is possible that this would leave the fund in an uncertain state for a period of 14 days until this is resolved; and
- if Resolutions 1 and 2 are passed and the change of responsible entity is to occur, then the responsible entity will cause the constitution of HHY to be amended to reflect the change of name to 'HHY Fund' by changing all the references to 'Hastings High Yield Fund' in the constitution to the 'HHY Fund'.

The key implications for HHY unit holders if Resolutions 1 and 2 are not approved, or Aurora does not consent to becoming the responsible entity, or Aurora's AFSL is not varied are:

- Hastings will complete its stated strategy of distributing any remaining surplus cash to HHY unit holders, de-listing HHY and calling a meeting of unit holders to approve its wind-up; and
- any tax losses in HHY will not be utilized upon wind-up, which Hastings intends to describe in a supplementary explanatory memorandum to be sent to HHY unit holders well before the date of the Meeting.

The Resolutions are ordinary resolutions and require the approval of a majority of unit holders present at the general meeting in person or by proxy.

If the Resolutions are passed, Aurora consents to becoming the responsible entity, and ASIC grants Aurora the requisite variation to its AFSL to enable it to act as the responsible entity of HHY, the change of responsible entity will take effect on registration of the change by ASIC. Hastings will lodge the necessary documentation with ASIC to register the change in accordance with the requirements of the Act.

Keybridge as the HHY unit holder requesting the appointment of Aurora and associated resolutions, has provided the information set out in Annexures A and B for inclusion in this Explanatory Memorandum.

None of HHY nor their respective officers, partners and employees, takes any responsibility for the content of Annexures A and B, or any statements based on the information in Annexures A and B.

Supplementary information to be provided before the Meeting

HHY unit holders should note that there are two further matters currently under consideration by Hastings, which may affect your decision in relation to your HHY units and how you should vote at the Meeting.

The first matter is the potential for Hastings to complete its stated strategy of distributing any remaining surplus cash to HHY unit holders and the second matter is the tax implications and consequences of the proposed winding-up, distribution and de-listing and the potential change of responsible entity and strategy of HHY.

On 13 May 2015, Hastings confirmed its intention to proceed with its previously announced strategy of distributing surplus cash to HHY unit holders. Since that date, Keybridge has re-iterated its concerns regarding the proposed distribution, indicating that Aurora may not give its consent to act as responsible entity of HHY if Hastings proceeds with the proposed distribution. Hastings is giving further consideration to the implications of such matters and the proposed distribution.

Hastings is also considering a number of issues in relation to the tax implications and consequences of the proposed winding-up, distribution and de-listing and the potential change of responsible entity and strategy of HHY. In particular, Hastings is carefully considering the likelihood of the tax losses HHY has incurred being available to offset any future gains of HHY in the event that HHY continues under the direction of Aurora. As at the date of this Explanatory Memorandum, Hastings has incurred approximately \$35.7m of tax losses but the question of whether those losses are able to be used in the future is complex and subject to particular facts, circumstances and statutory tests.

Accordingly, Hastings will provide supplementary disclosure to HHY unit holders on such matters well before the date of the Meeting.

In light of this supplementary disclosure, Hastings recommends that HHY unit holders take no action in respect of the Meeting (and do not appoint and direct a proxy to act on your behalf) prior to receiving the supplementary disclosure, which will be posted to the registered address of each HHY unit holder and announced to the ASX.



4 May 2015

Dear fellow HHY unitholder,

Support the replacement of the responsible entity to prevent liquidation of HHY

Keybridge Capital Limited ("**Keybridge**") has requisitioned a unitholder meeting to replace the responsible entity of the Hastings High Yield Fund ("**HHY**" or the "**Fund**") in order to present unitholders with an alternative strategy to Hastings plan to liquidate the Fund.

Hastings has done a very good job in delivering returns to unitholders since announcing the run-off strategy of the Fund to the market in August 2012. However, we do not support Hastings' stated plans to now liquidate the remainder of the Fund by Q3 2015.

We do not believe liquidation is the optimal outcome for unitholders and believe unitholders will be better served by the Fund continuing on while pursuing a renewed investment strategy.

Keybridge believes that over time a superior outcome will be available to HHY unitholders if the Fund is not liquidated in the near future. Following the disposal of its interests in Hyne Timber and Cory Environmental, HHY has emerged as a Fund with cash and an attractive ASX listed platform that can serve to benefit all HHY unitholders over the medium to long term, should it remain active. In addition, the Fund has unutilised tax losses that will not be available to unitholders if the Fund is liquidated, and result in unitholders not obtaining full value for their investment.

HHY unitholders wishing to exit their investment in the Fund remain able to sell their units on market.

Keybridge recently completed the acquisition of Aurora Funds Management Limited ("**Aurora**"), an experienced, licensed fund manager. Aurora is offering itself as the replacement responsible entity and if appointed as the responsible entity of HHY, will seek to re-commence making investments on behalf of unitholders with a focus on delivering sound risk-adjusted returns.

Aurora has successfully managed a number of funds including its flagship, the Aurora Fortitude Absolute Return Fund, which has generated positive returns for every 12 month period over the past 10 years, and outperformed its benchmark by approximately 3% pa during this time.

Aurora believes that its investment strategies are suitable for HHY's current position as a small fund. Aurora has extensive expertise and experience in the management of this kind of fund and portfolio.

We strongly encourage you to vote FOR the replacement of the responsible entity to prevent the proposed liquidation of the Fund.

Further background on Aurora and the proposed investment strategy it intends to adopt are provided on the next page.

If you would like to discuss our proposal, please contact Nicholas Bolton (Managing Director of Keybridge) on (02) 8622 6692 or Simon Lindsay (Managing Director of Aurora Funds Management Limited) on (02) 9080 2377.

OVERVIEW OF AURORA

Aurora Funds Management Limited is a fully owned subsidiary of ASX listed, Keybridge Capital (ASX Code: KBC). Aurora is a boutique investment manager that was established in 2003, and has a long track record of producing risk adjusted returns for retail, institutional and high net worth investors. The investment strategies are offered through both ASX listed investment vehicles and managed funds. They aim to deliver income whilst also managing the risks associated in investing in Australian and global equities.

As at 31 March 2015, Aurora had approximately A\$150m in Funds under management. Aurora is also the issuer of the:

- Aurora Absolute Return Fund (ASX:ABW)
- Aurora Fortitude Absolute Return Fund (APIR Code: AFM005AU)
- Aurora Dividend Income Trust (ASX:AOD, APIR Code: AFM0010AU)
- Aurora Global Income Trust (ASX:AIB); and
- Aurora Property Buy-Write Income Trust (ASX:AUP)

AURORA FUNDS MANAGEMENT LIMITED - PROPOSED NEW RESPONSIBLE ENTITY

Summary

Aurora Funds Management Limited (**AFML**), as the new responsible entity:

- will implement the investment strategy, assuming the resolutions are passed;
- has the requisite skills and experience to manage HHY; and
- will seek to optimise value for all unitholders.

Directors of AFML

The AFML board of directors will oversee the operations of the management of AFML and be responsible for making investment decisions with respect to HHY. Short biographies of the members of the AFML board, consisting of Mr Roe, Mr Corr and Mr Lindsay are set out below.

Mr Stuart Roe

Prior to joining Aurora in 2005, Stuart was Executive Director and Head of Equity Risk Management Products for UBS in Australasia. His responsibilities included the origination, structuring and distribution of equity derivative and cash products to corporate, financial intermediaries and retail clients. Stuart was also a Responsible Officer under UBS's AFSL for their investment banking operations in Australia. From 1992 to 2001 he worked for Citigroup (formerly Salomon Smith Barney and County NatWest) holding numerous roles including, director and Head of Corporate and Retail Equity Derivative Products, Head of Equity Risk Management, Associate Director and Portfolio Manager Structured Investments.

Stuart was the acting Chairman of the Australian Financial Markets Association Equity Derivatives Committee in 2001 and a member from 2001 to 2004.

Stuart has a Bachelor's Degree in Science and Masters Degree in Applied Finance.

Mr John Corr

John is Chief Investment Officer of Aurora. He has over 27 years experience in financial markets. Prior to establishing Fortitude Capital (which merged with Aurora Funds), John was a Director at Citigroup Global Markets Australia. He worked in proprietary trading for eight years, trading local and overseas equities and equity derivatives, and was responsible for the management and development of a team of equity proprietary traders.

From 1986 to 1995 John worked on the derivatives sales desk as a senior institutional dealer for a number of major investment banks, advising and executing for local and offshore institutions, corporates and trading houses.

John is responsible for the investment management team at Aurora. He determines the appropriate portfolio structure and investment process for the investment strategies that Aurora manages. John works closely with all portfolio managers, providing direction and assessment of optimal risk opportunities.

John has and continues to conduct a risk management program in Market Neutral and Derivative Strategies. The objective is to educate and implement a systematic, repeatable process for disciplined trading strategies and portfolio management.

The Aurora Fortitude Absolute Return Fund, which John established in 2005, was awarded hedge fund of the year in 2008 and 2009 and he was also awarded the "Contribution to the Australian Hedge Fund Industry" award in 2013 by AIMA.

John holds a Bachelor of Commerce from the University of Wollongong.

Mr Simon Lindsay

Simon was a founding Director of Aurora Funds Management in 2003, and is now the Managing Director. Simon has the primary responsibility for the performance and management of the Company and is responsible for implementing the decisions made by the Board. He was previously responsible for developing the advisor distribution channels for Aurora's products.

Simon brings to Aurora an extensive knowledge of the Australian financial planning market from his previous business development experience at both Challenger International Limited and Ord Minnett Limited. During this time he has been responsible for the marketing and distribution of retail managed investment products, including fixed income, equities, margin lending, property syndications and alternative investments.

Simon holds a Bachelor of Business in Land Economy from the University of Western Sydney.

THE INVESTMENT STRATEGY

If appointed as the responsible entity of HHY, AFML intends to implement the following investment strategy:

- AFML will manage HHY such that its business is focused on investing, directly or indirectly, in appropriate risk adjusted investment scenarios that will deliver profitable outcomes for HHY unitholders, both domestically and internationally.
- AFML will focus on investments in liquid securities listed on Australian or international stock or derivatives exchanges;
- AFML may also invest in unlisted securities or other assets targeting suitable risk assessed returns on capital invested.

- Unitholders should not assume that distributions will be made by HHY, as capital profits are likely to be reinvested by HHY for the benefit of unitholders.
- In appropriate circumstances, HHY will seek to raise additional capital to allow it to implement the investment strategy.
- Investments are likely to be highly concentrated in a small number of investments.
- Investments will be made on the basis of AFML director's assessment of the individual prospects. The directors will not invest by reference to any pre-determined policy that any particular proportions of the capital will be invested in particular investment sectors.

Unitholders wishing to exit their investment in HHY should sell their units on market.

Notice of General Meeting – Hastings High Yield Fund

Notice is given that a general meeting of Hastings High Yield Fund (ARSN 112 579 129), (**HHY**) will be held at 10.30am on Monday 29 June 2015 at the Royal Automobile Club of Australia, Level 5, 89 Macquarie St., Sydney, (**Meeting**).

The proposed resolutions for consideration at the Meeting (**Resolutions**) seek unit holder approval to change the responsible entity of HHY from Hastings Funds Management Limited (ABN 27 058 693 388) (**Hastings**) to Aurora Funds Management Limited (ABN 69 092 626 885) (**Aurora**) and, if those resolutions are approved by unit holders, to change the name of HHY.

Resolutions 1 and 2 are interdependent; if Resolution 1 is not approved by HHY unit holders, Resolution 2 will not be passed and vice versa. Resolutions 1 and 2 are also conditional upon the Australian Securities and Investments Commission (**ASIC**) granting a variation of Aurora's Australian Financial Services License (**AFSL**) within 14 days of the resolutions being passed.

In the event Aurora does not consent to becoming the responsible entity, or ASIC has not granted the variation to Aurora's AFSL within 14 days, Resolutions 1 and 2 will be of no effect, even if passed. Resolution 3 is conditional upon Resolutions 1 and 2 being passed. Resolution 3 will be of no effect, even if all the Resolutions are passed, unless ASIC alters its records of registration to show Aurora as the responsible entity of HHY.

For logistical and planning purposes, we request that HHY unit holders register for attendance by email to: investor_relations@hastingsinfra.com

Resolution 1 – Retirement of the responsible entity

To be considered, and if thought fit, passed as an ordinary resolution:

“Subject to:

- (a) Aurora Funds Management Limited (ABN 69 092 626 885) consenting in writing (and not withdrawing that consent) to become responsible entity of Hastings High Yield Fund (ARSN 112 579 129) by the time that notice of the change of responsible entity is lodged with ASIC;*
- (b) ASIC granting Aurora Funds Management Limited (ABN 69 092 626 885), within 14 days after this resolution is passed, a variation to its Australian Financial Services License to enable it to act as responsible entity of Hastings High Yield Fund (ARSN 112 579 129); and*
- (c) Resolution 2 being passed,*

that Hastings Funds Management Limited (ABN 27 058 693 388) retire as responsible entity of Hastings High Yield Fund (ARSN 112 579 129), pursuant to the HHY constitution and section 601FL of the Corporations Act.”

Resolution 2 – Appointment of new responsible entity

To be considered, and if thought fit, passed as an ordinary resolution:

“Subject to:

- (a) Aurora Funds Management Limited (ABN 69 092 626 885) consenting in writing (and not withdrawing that consent) to become responsible entity of Hastings High Yield Fund (ARSN 112 579 129) by the time that notice of the change of responsible entity is lodged with ASIC;*
- (b) ASIC granting Aurora Funds Management Limited (ABN 69 092 626 885), within 14 days after this resolution is passed, a variation to its Australian Financial Services License to enable it to act as responsible entity of Hastings High Yield Fund (ARSN 112 579 129); and*
- (c) Resolution 1 being passed,*

that Aurora Funds Management Limited (ABN 69 092 626 885) be appointed as Responsible Entity of Hastings High Yield Fund (ARSN 112 579 129), pursuant to the HHY constitution and section 601FL of the Corporations Act."

Resolution 3 – Change of Name

To be considered, and if thought fit, passed as an ordinary resolution:

"Subject to the passing of Resolutions 1 and 2, that upon the appointment of Aurora Funds Management Limited as the responsible entity of Hastings High Yield Fund (HHY), in accordance with s601FJ(1) of the Corporations Act, HHY's name be changed from the Hastings High Yield Fund to HHY Fund."

The Resolutions are ordinary resolutions requiring the support of a majority of the votes cast by HHY unit holders.

Entitlement to vote

Hastings has determined for the purpose of the meeting that HHY units will be taken to be held by the persons who are the registered holders at 7.00pm (AEST) on 27 June 2015.

Quorum and Majority Required

The constitution of HHY states that the quorum necessary for a meeting of HHY unit holders convened to consider the Resolutions is at least two (2) HHY unit holders.

Proxies

A HHY unit holder is entitled to attend and vote at the meeting and has a right to appoint a proxy to attend and vote on behalf of the HHY unit holder. A proxy need not be a HHY unit holder and can be either an individual or a body corporate. If a HHY unit holder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representatives to exercise its powers at the meetings, in accordance with section 253B of the Corporations Act 2001 (Cth) (**Act**); and
- provides satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Meeting.

If such evidence is not received before the meetings, the body corporate (through its representative) will not be permitted to act as a proxy.

A HHY unit holder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the HHY unit holders' votes.

A Proxy Form accompanies this Notice of Meeting. We urge you to complete the proxy form and return it in the enclosed reply paid envelope.

Completed and signed Proxy Forms (together with an original or certified copy of any power of attorney or other authority under which the proxy appointment was signed) must be returned no later than 10.30 am (AEST) on 27 June 2015, being at least 48 hours before the time appointed for the Meeting. The documents may be lodged in the following manner or as set out on the form. An original or certified copy of any power of attorney or other authority under which the appointment is signed must be deposited with the registry in person or by mail so that it is received by the time set out above.

In person:

Computershare Investor
Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

By mail

**(reply paid envelope
enclosed):**
GPO Box 242
Melbourne VIC 3001

By Fax:

Within Australia: 1800 783 447
Outside Australia: +61 3 9473 2555

Or online: by visiting

www.investorvote.com.au

Please refer to other notes appearing on the enclosed Proxy Form.

Voting intentions of the Chairman

The Chairman intends to abstain from voting any undirected proxies.

Further information

If you have any questions please contact Investor Relations on 03 8650 3600 or investor_relations@hastingsinfra.com

By order of the Hastings' Board

Dated: 18 May 2015

A handwritten signature in black ink, appearing to read 'Jane Frawley', with a large loop at the end.

Jane Frawley
Company Secretary
Hastings Funds Management Limited

Corporate directory

Hastings Funds Management Limited

ABN 27 058 693 388
Registered Office
Level 27, 35 Collins Street
Melbourne VIC 3000
Australia
Telephone +61 3 8650 3600
Facsimile +61 3 8650 3701
Email investor_relations@hastingsinfra.com
Website www.hfm.com.au

Security Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Australia

HFML Board of Directors

Alan Cameron (Chair)
James Evans
Anthony Masciantonio

HFML Company Secretaries

Jane Frawley
Jefferson Petch

Legal Adviser

Herbert Smith Freehills

Level 42, 101 Collins Street
Melbourne VIC 3000

Tax Adviser

Greenwoods & Herbert Smith Freehills

Level 42, 101 Collins Street
Melbourne 3000

Hastings Funds Management Limited
ABN 27 058 693 388
AFSL No. 238309

As responsible entity for
Hastings High Yield Fund
ARSN 112 579 129

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 131 164
(outside Australia) +61 3 9415 4243

Proxy Form



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10.30am (AEST) on Saturday 27 June 2015.**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of units you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of units for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of units for each in Step 1 overleaf.

A proxy need not be a unit holder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the unit holder must sign.

Joint Holding: Where the holding is in more than one name, all of the unit holders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate unit holder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Hastings High Yield Fund (ARSN 112 579 129) hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Hastings High Yield Fund (ARSN 112 579 129) to be held at the Royal Automobile Club of Australia, Level 5, 89 Macquarie St., Sydney on Monday, 29 June 2015 at 10.30am and at any adjournment or postponement of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Retirement of the responsible entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Appointment of new responsible entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Change of Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman intends to abstain from voting any undirected proxies.

In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Unitholder(s)

This section must be completed.

Individual or Unitholder 1

Sole Director and Sole Company Secretary

Unitholder 2

Director

Unitholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /