

ASX ANNOUNCEMENT

23 August 2016

HHY Fund (ASX: HHY)

Notice of Meeting

Aurora Funds Management Limited (**Aurora**), the responsible entity of the HHY Fund (ARSN 112 579 129) (**HHY**), today lodges a Notice of Meeting convening a meeting of HHY Unit Holders (**Meeting**).

The Meeting will take place as follows:

Date: Thursday, 29 September 2016

Time: 10:30 am registration
11:00 am meeting commences

Venue: the offices of Registry Direct, Level 6, 2 Russell Street, Melbourne VIC 3000.

As previously disclosed to HHY Unit Holders, the Meeting is being called upon at the request of entities managed by Wilson Asset Management (International) Pty Limited and its related entities, and therefore Unit Holders should be aware that the proposed resolutions are not being put to Unit Holders voluntarily by Aurora and have not been proposed or endorsed by Aurora.

The Board of Aurora intends to issue a more detailed Explanatory Memorandum to HHY Unit Holders which will be relevant to your decision on how to vote on the resolutions. **Aurora recommends HHY Unit Holders take no action in respect of the Meeting prior to receiving the Explanatory Memorandum**, which will be posted to the registered address of each HHY Unit Holder and announced to the ASX.

If you have any queries do not hesitate to contact Betty Poon by telephone +61 3 8687 2263.

Yours sincerely,
Aurora Funds Management Limited
as responsible entity for
HHY Fund



Betty Poon
Company Secretary

HHY Fund

ARSN 112 579 129

Notice of General Meeting

To be held at 11:00am on Thursday, 29 September 2016 at the offices of Registry Direct, Level 6, 2 Russell Street, Melbourne Vic 3000.

Important Notices

This Notice of Meeting is issued by Aurora Funds Management Limited (ABN 69 092 626 885) (**Aurora**), as responsible entity of the HHY Fund (ARSN 112 579 129) (**HHY**).

General

This is an important document and requires your immediate attention. You should read this document, as well as the supplementary documentation foreshadowed by it, completely and carefully before deciding how to vote on the resolutions set out in this Notice of Meeting and, if necessary, consult your investment, tax, legal or other professional adviser. A proxy form for the Meeting is enclosed.

Preparation and Responsibility

Other than as set out below, or otherwise indicated, this Notice of Meeting has been prepared by Aurora.

Annexure A of this Notice of Meeting, and the information therein, has been prepared by entities managed by Wilson Asset Management (International) Pty Limited (and its related entities). Except to the extent required by law, Aurora does not assume responsibility for the accuracy or completeness of the information contained in Annexure A.

Investment Decisions

This Notice of Meeting does not take into account the investment objectives, financial situation, tax position or requirements of any particular person. The information contained in this Notice of Meeting is not financial product advice. This Notice of Meeting should not be relied on as the sole basis for any investment decision in relation to your HHY units or otherwise. 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 Notice of Meeting in full before making any decision as to how to vote on the resolutions set out in this Notice of Meeting.

Forward looking statements

This Notice of Meeting may contain forward looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to vary from those forward looking statements or results express or implied therein.

Variance between actual results and events or results expressed or implied within forward looking statements are typical and expected. Aurora, nor any person mentioned within this Notice of Meeting, makes or attempts to make any warranty or representation, express or implied, as to the likelihood, or accuracy of the realisation of those forward looking statements. It is prudent not to place undue reliance on those statements and, if necessary, consult a professional advisor with respect to those statements prior to making any decision relating to the resolutions set out in this Notice of Meeting.

Notice to foreign persons

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

This Notice of Meeting is dated 23 August 2016.

Notice of General Meeting for HHY Fund (ARSN 112 579 129)

Notice is hereby given by Aurora Funds Management Limited as responsible entity for HHY Fund that a meeting of HHY Unit Holders (**Meeting**) will be held at Registry Direct, Level 6, 2 Russell Street, Melbourne Vic 3000 on Thursday, 29 September 2016 at 11:00 am.

Aurora Funds Management Limited will notify Unit Holders of the independent person appointed to chair the Meeting prior to the date of the Meeting.

Business of the Meeting

Resolution 1 - Removal of Responsible Entity

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Aurora Funds Management Limited (ABN 69 092 626 885) be removed as the responsible entity of HHY Fund (ARSN 112 579 129)."

Resolution 2 – Appointment of new Responsible Entity

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"Subject to Resolution 1 being passed, One Managed Investment Funds Limited (ACN 117 400987) (AFSL 297042) be appointed as the responsibility entity of the HHY Fund (ARSN 112 579 129)."

Resolution 3 – Winding up of the HHY Fund

To consider and, if thought fit, pass the following resolution as an extraordinary resolution:

"That in accordance with Section 601NE(1)(b) of the Corporations Act 2001 (Cth), the responsible entity of the HHY Fund (ARSN 112 579 129) is directed to wind up the HHY Fund."

Resolutions 1 and 2 are interdependent which means that neither Resolution will be passed unless both Resolutions are passed.

Voting on Resolutions 1 and 2 will be by ordinary resolution. This means that to be approved, Resolutions 1 and 2 must be passed by at least 50% of the total number of votes cast on the resolutions by Unit Holders present at the meeting (either in person or by proxy), voting and entitled to vote.

Voting on Resolution 3 will be by extraordinary resolution. To be approved, an extraordinary resolution must be passed by at least 50% of the total votes that may be cast by Unit Holders entitled to vote on the resolution (including Unit Holders who are not present in person or by proxy). This means that 50% of ALL Unit Holders eligible to vote must vote in favour of Resolution 3 for it to pass.

Please refer to the Explanatory Memorandum, which will be sent to you at least three weeks prior to the Meeting, for more information on the proposed resolutions.

By order of the Board of Aurora Funds Management Limited.

Yours sincerely,

Betty Poon
Company Secretary
23 August 2016

Explanatory Notes on the Notices of Meeting

1.1 Defined Terms

Unless otherwise defined, capitalised terms have the meaning given in this Notice of Meeting.

1.2 Attendance at the Meeting

In the event that you do not wish to attend the Meeting you may complete and return the Proxy Form enclosed. However, you may attend and vote at the Meeting if you wish.

If you wish to cast your vote in person at the Meeting, you or, if you are a body corporate, your corporate representative, may attend the Meeting.

1.3 Proxy

A HHY unit holder, for the purposes of the Meeting, are registered holders of units in HHY 48 hours prior to the time of the Meeting (**Unit Holder**), are 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 may 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 representative to exercise its powers at the meetings, in accordance with s 253B of the Corporations 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 meeting, the body corporate (through its representative) will not be permitted to act as a proxy.

A HHY Unit Holder that is entitled to cast two (2) or more votes may appoint two (2) proxies and 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 votes.

A Proxy Form accompanies this Notice of Meeting. We urge you to complete the Proxy Form and return it by one of the below listed methods. For an appointment of a proxy to be effective for the Meeting, the Proxy Form must be received by Registry Direct, as HHY's unit registrar at least 48 hours prior to the commencement of the Meeting. Unit Holders appointing a proxy must also send the original or certified copy of any power of attorney or authority under which the proxy was signed (if applicable). The documents should be delivered to HHY's registry:

By mail
PO Box 18366
Collins Street East
VIC 8003

By facsimile:
Within Australia
+61 91115652

Or Online, by visiting:
www.registrydirect.com.au

1.4 Voting Entitlements

Aurora has determined that the units will be taken to be held by the persons who are the registered holders 48 hours prior to the commencement of the Meeting.

1.5 Voting Exclusions

Section 253E of the *Corporations Act 2001* (Cth) provides that a responsible entity of a managed investment scheme and its associates are not entitled to vote their interest on any resolutions if they have an interest in the resolution other than as a member. However, a responsible entity and its associates are entitled to vote their interest on resolutions to remove the responsible entity and choose a new responsible entity if the managed investment scheme is listed.

1.6 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.

1.7 Further information

If you have any questions please contact Betty Poon by telephone on +61 3 8687 2263 or by email at bpoon@aurorafunds.com.au.

Annexure A – Statement from Wilson Asset Management

Statement Accompanying Member Request

Loss of management expertise

The expertise to manage the HHY portfolio promoted to HHY unitholders is no longer at Keybridge.

Aurora was owned by Keybridge when it was appointed as the responsible entity of the HHY Fund. Although Keybridge sold Aurora and its funds management business on 1 July 2016, Keybridge will continue to manage the HHY Fund and Aurora will remain as the responsible entity.

Following this sale, the board of Keybridge has undergone a significant change. At an extraordinary general meeting of Keybridge's shareholders on Friday, 29 July 2016, 2 nominees of Bentley Capital Limited, Messrs Cato and Johnson were appointed to the board of Keybridge and Mr Andrew Moffat was removed as chairman. The previous Keybridge board had recommended that shareholders reject these changes. As a result, 50% of the Keybridge board has been appointed at the request of a 19.96% shareholder, a wholly owned subsidiary of Bentley Capital Limited (**Bentley**). Bentley is a listed investment company that is chaired by Farooq Khan. The performance of Bentley does not inspire confidence. Bentley shares are currently trading at a 34.5% discount to their last announced net tangible asset backing per share (based on \$0.135, the price at which Bentley shares closed on ASX on 1 August 2016). Keybridge reported that Bentley has generated cumulative losses of approximately \$1.262 million over the last 5 years.

We understand that the recent changes to the Keybridge board were supported by Australian Style Group. Australian Style Group is reported by Keybridge to hold 22.7% of the issued shares in Keybridge. Based on ASIC records, Australian Style Group is controlled by Mr John Bolton. Mr Bolton is the father of Nicholas Bolton, the former Keybridge managing director who in December 2015 was banned by ASIC from acting as a corporate director or being a company manager for three years.

In light of these changes, WAME believes that liquidation of the HHY Fund presents the best opportunity for unitholders to exit their investment at or close to its net tangible asset backing per unit (NTA).

Continuing discount to NTA

Since the change in responsible entity, HHY unitholders have been unable to sell their units on-market at or close to NTA.

Over the last 12 months Aurora implemented an on-market buy back program for up to 10% of the issued units in the HHY Fund.

The stated purpose of the buy back was to minimise the gap between the HHY Fund unit price and NTA and provide a mechanism for HHY unitholders to exit their investment at a price close to NTA backing per unit.

The buy back has not reduced the NTA gap and provided the liquidity expected. At the close of business on 1 August 2016 HHY units were trading at a 14.7% discount to the last stated NTA.

Name
Address line 1
Address line 2
Address line 3
Address line 4
Address line 5
Postcode / Country

LODGE YOUR VOTE

 www.registrydirect.com.au/investor/login

By mail

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

By hand

Registry Direct
L6 2 Russell Street
Melbourne VIC 3000

All enquiries

1300 55 66 35 (within Australia)
+61 3 9111 5652 +61 3 9020 7934 (outside Australia)

By facsimile

+61 3 9111 5652

By email: aurora@registrydirect.com.au

SRN/HIN: I/X*****

PROXY FORM

I/We being unitholder(s) of Hastings High Yield Fund and entitled to attend and vote hereby:

STEP 1

APPOINT A PROXY

appoint the Chairman of Meeting (mark box)

☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write below the name of the person or the body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf in accordance with the directions below or if no directions have been given, as the proxy sees fit, at the Extraordinary General Meeting of the fund to be held at 11.00am (Melbourne time) on Thursday, 29 September 2016, at the offices of Registry Direct, Level 6, 2 Russell Street, Melbourne VIC 3000 (**Meeting**) and at any adjournment or postponement of the Meeting or at any other meeting of the Company to consider the same or substantially similar resolutions to those proposed to be put at the Meeting.

IMPORTANT NOTE – STEP 1

If two proxies are being appointed, the number or proportion of voting shares this proxy is appointed to represent is:

The Chairman of the Meeting intends to vote all available proxies **AGAINST** all items of business.

If you do not want the Chairman of the Meeting to vote your proxies against any item(s), complete Step 2 below.

Proxy appointments will be valid and accepted only if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Agenda Item:

Resolution 1: REMOVAL OF RESPONSIBLE ENTITY

For

☐

Against

☐

Abstain*

☐

Agenda Item

Resolution 3: WINDING UP OF HHY FUND

For

☐

Against


☐

Abstain*

☐

Resolution 2: APPOINTMENT OF NEW RESPONSIBLE ENTITY (WAM NOMINEE)

☐
☐
☐

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

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

Signing Instructions: This form should be signed by the unitholder. If a joint holding, all unitholders should sign. If signed by the unitholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth) (or for New Zealand companies, the Companies Act 1993).

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the share register. If this information is incorrect, please make the correction on the form. Unitholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your shares using this form.

Step 1 - Appoint a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of that person in the box provided. If you leave this section blank, or your named proxy does not attend the Meeting or does not vote in accordance with your instructions, the Chairman of the Meeting will be your proxy. A proxy need not be a unitholder. A proxy may be an individual or a body corporate.

Step 2 - Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses subject to any applicable voting exclusions. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

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

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy Form

This Form (and if required any Power of Attorney under which it is signed) must be received at an address given below by **11.00am Melbourne time on Tuesday, 27 September 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged by:

Online

www.registrydirect.com.au


Login to the Registry Direct website using the holding details as shown on the Form. Select 'Votes' and follow the prompts to lodge your vote or proxy. To use the online lodgement facility, shareholders will need their "Holder Number" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).


by email:

aurora@registrydirect.com.au

by Mail

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

 **by facsimile**
+61 3 9111 5652

 **by hand**
Registry Direct
L 6, 2 Russell St
Melbourne VIC 3000

If you would like to attend and vote at the Extraordinary General Meeting, please bring this form with you. This will assist in registering your attendance.