

ASX ANNOUNCEMENT

29 September 2016

Aurora Global Income Trust announces scrip takeover bid for HHY Fund

Summary

- Aurora Global Income Trust (ASX: AIB) intends to make a takeover bid for 100% of the units in HHY Fund (ASX: HHY) at its prevailing NAV.
- Compelling strategic rationale for the HHY Fund acquisition. Bringing together the two funds will likely provide increased scale, liquidity and lower management expense ratios across both funds.
- Under the Offer, the number of AIB units that accepting HHY Fund unitholders will receive will be calculated on the basis of the applicable NAV of each fund.
- Accepting HHY unitholders will have the ability to redeem their AIB units off-market for cash at NAV pursuant to its constitution.

Transaction overview

Aurora Funds Management Limited (**Aurora**), as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) (**AIB**) and the HHY Fund (ARSN 112 579 129) (**HHY**), is pleased to announce AIB's intention to make an off-market takeover offer (**Offer**) for all of the units in HHY. Each HHY unitholder that accepts the Offer will receive AIB units such that the net asset value (**NAV**) of the accepting HHY units will equal the NAV of the AIB units issued.

Based on the last reported NAV of HHY (on 31 August 2016), the Offer equates to 12.52 cents per HHY unit.

The value of the AIB Offer is above the 30, 60 and 90 day historic volume weighted average price, as well as the current trading price of HHY units immediately prior to this announcement. The directors of Aurora believe that the Offer provides an attractive alternative to HHY unitholders to winding-up HHY, as recently proposed by certain HHY unitholders, which would likely result in a return to unitholders lower than the reported NAV. In particular, HHY unitholders who accept the Offer and receive AIB units will be able to redeem their units for the then applicable NAV of AIB as opposed to selling their HHY units on-market for a discount, as presently is the case.

Aurora, in its capacity as the responsible entity, has been assessing the position of AIB and HHY, and investigating strategies aimed at restoring value to the units of both funds. Aurora has determined that it would be in the best interests of unitholders in both funds to proceed with the Offer. Aurora believes that the combination of two relatively small listed managed investment schemes will increase liquidity to position the combined entity as a sector leading specialist with gross assets in excess of \$16 million, as well as reducing the costs applying to the funds on a per unit basis.

The Offer and AIB's obligation to make the Offer is subject to a range of conditions which are set out in the Annexure attached to this announcement.

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Unitholders in both AIB and HHY do not need to take any action in relation to the Offer at the present time. The indicative timetable in relation to the Offer is set out below:

Key Event	Date
Lodgement of AIB's Bidder's Statement with ASIC, ASX and HHY Fund	Late October 2016
Dispatch of Bidder's Statement	Early November 2016
AIB's Offer opens	Early November 2016
AIB's Offer closes (unless extended)	Early December 2016

Rationale for the Takeover

Aurora's Managing Director John Patton said that the Offer is intended to "create an enlarged platform from which to deliver value added outcomes for both AIB and HHY investors. This Offer gives HHY unitholders the opportunity to convert their HHY units into AIB units at a premium to HHY's historical trading price, and achieve liquidity at prevailing NAV. It is also considered to provide a superior outcome to that which may be achieved in a wind-up of HHY".

HHY

HHY unitholders will become unitholders in an enlarged listed managed investment scheme with net assets in excess of \$16 million (on a pro forma basis assuming 100% acceptances).

The Offer provides HHY unitholders with a value accretive exit strategy and also the option 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.

In addition, the Offer will enable HHY unitholders to become unitholders in a fund that allows its unitholders to redeem their investment at a price equal to net asset value via an off-market redemption process.

AIB

The Offer will strengthen AIB's asset base and will provide a complementary, high quality investment portfolio. The increased market capitalisation will provide an improved ability to grow the investment portfolio returns on a measured and sustainable basis leading to enhanced distributions growth without significant increased risk.

By virtue of the benefits of economies of scale, the enlarged entity also has the capacity to reduce the management fees currently charged to AIB unitholders on an enduring basis as the costs will be spread over a larger unitholder base. It is also reasonable to anticipate the potential for operating synergies over the medium term including administration and overhead.

The Board of Aurora intends to await the finalisation of the Independent Expert's Report (see below) before advising how HHY Fund unitholders should respond to the Offer.

Independent Expert's opinion

The Directors of Aurora intend to appoint an independent expert on behalf of HHY unitholders to prepare an Independent Expert's Report to assess the merits of the Offer. The Independent Expert will conclude whether the Offer is "fair, reasonable and in the best interest" of HHY unitholders participating in the Offer.

Further information

If you have any queries in relation to the Offer do not hesitate to contact John Patton by telephone +61 3 8687 2263.

Yours faithfully
Aurora Funds Management Limited
As responsible entity for
Aurora Global Income Trust and the HHY Fund



Betty Poon
Company Secretary

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About Aurora

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.

About the Aurora Global Income Trust

The Trust is a Global Market Neutral Trust that seeks to produce positive returns irrespective of the direction of the share market by investing in global equities and derivatives. The Trust invests in global companies close to earnings announcements and other short term catalysts.

About the HHY Fund

HHY holds a portfolio of investments, providing 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.

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Annexure

1. Conditions of the Offer

The conditions of the Offer will be:

- (a) Aurora Funds Management Limited not being removed as responsible entity of either HHY or AIB.
- (b) No material adverse change occurs in relation to the HHY Fund.
- (c) No material changes in the conduct of the HHY Fund business.
- (d) There are no HHY Fund distributions.
- (e) All necessary regulatory approvals and consents are obtained and there is no adverse regulatory action by any public authority (including the Takeovers Panel).
- (f) No 'prescribed occurrences' occur (being the events articulated in section 652C of the Corporations Act 2001 (Cth)).
- (g) There is no material litigation.
- (h) No untrue statements are discovered in HHY Fund's statements to ASIC or ASX.
- (i) The net asset value of HHY Fund units do not fall below 12.4 cents per HHY Fund unit from the date of this announcement until the end of the offer period.

Further information regarding the Offer and the conditions will be provided to unitholders upon lodgement of the AIB Bidder's Statement.