



Explanatory Memorandum

in relation to members' resolutions to be voted on by eligible unitholders of the Aurora Fortitude Absolute Return Fund at a meeting to be held on 26 September 2016.

This Explanatory Memorandum has been issued by Aurora Funds Management Limited (ACN 092 626 885) (**Aurora**), as responsible entity of the Aurora Fortitude Absolute Return Fund (ARSN 145 894 800) (**AFARF**), in relation to a meeting called by Providence Wealth Advisory Group Pty Ltd pursuant to section 252B of the Corporations Act to consider resolutions concerning the winding up of AFARF and the removal of Aurora as the responsible entity of AFARF.

The directors of the responsible entity unanimously recommend that you vote AGAINST all of the resolutions

This is an important document and requires your immediate attention. You should read the document 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

This Explanatory Memorandum is issued by Aurora Funds Management Limited (ABN 69 092 626 885) (**Aurora**), as responsible entity of the Aurora Fortitude Absolute Return Fund (ARSN 145 894 800) (**AFARF** or **Fund**).

Defined Terms

Unless otherwise defined, capitalised terms have the meaning given in this Explanatory Memorandum or in the Notice of Meeting dated 18 August 2016 (**Notice of Meeting**).

Purpose of this Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of unitholders in relation to a request from a member holding at least 5% of the votes that may be cast in relation to Resolutions concerning the winding up of AFARF and the removal of Aurora as the responsible entity of AFARF and the appointment of Millinium Capital Managers Limited (ACN 111 283 357) in its place to be considered and voted on at the meeting of AFARF unitholders to be held at the offices of Registry Direct, Level 6, 2 Russell Street, Melbourne commencing at 11.00am on Monday, 26 September 2016.

This Explanatory Memorandum forms part of the Notice of Meeting and contains detailed information in respect of the Resolutions.

The purpose of this Explanatory Memorandum is to provide unitholders with an explanation of the Resolutions and to assist unitholders in determining how to vote on the Resolutions. You have received this document because you are a unitholder in AFARF and you are being asked to consider and vote on the Resolutions set out in the Notice of Meeting.

General information

You should read this Explanatory Memorandum in its entirety, together with the Notice of Meeting, before making a decision as to how to vote on the Resolution as set out in the Notice of Meeting and, if necessary, contact your financial, legal, tax or other professional adviser if you have any questions.

A proxy form for the meeting is enclosed within the Notice of Meeting or sent to you separately if you have since become a registered unitholder.

ASIC involvement

ASIC and its respective officers take no responsibility for the contents of this Explanatory Memorandum.

Preparation and Responsibility

Other than as set out below, or otherwise indicated, this Explanatory Memorandum has been prepared by Aurora. Except to the extent required by law, Aurora does not assume responsibility for the accuracy or completeness of the information not put forward by Aurora.

Investment Decisions

This Explanatory Memorandum does not take into account the requirements of any specific person including, but not limited to, their investment or financial objectives. 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.

It is recommended, if required, for you to seek independent professional advice before making any decision in relation to the Resolutions, Notice of Meeting or Explanatory Memorandum.

Disclosure regarding forward looking statements

This Explanatory Memorandum 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 Explanatory Memorandum, 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, Notice of Meeting or 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.

Explanatory Memorandum

Date: 9 September 2016

1. Preliminary Information Relating to the Meeting

1.1 Information about AFARF

Aurora is the issuer and responsible entity of AFARF. 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.

The investment objective of AFARF is to achieve absolute and positive returns in both rising and falling equity markets by utilising different investments which aim to ensure AFARF's investment performance have minimal correlation to the stock market index. The focus on absolute returns differs from traditional funds and allows AFARF to aim to produce positive returns regardless of equity market conditions.

Aurora has a wide discretion over the investments that may be held by AFARF thereby allowing the pursuit of a diverse range of investments. This diversity of investments employed by Aurora is aimed at ensuring that AFARF's returns are not necessarily dependent on stock market direction or any particular market parameter.

1.2 Why has the Meeting been called?

On 30 June 2016, Providence Wealth Advisory Group Pty Ltd (**Providence**), acting on behalf of certain unitholders, requested a redemption of all of the investments of its investors. This request was processed on 9 September 2016 meaning those investors are no longer AFARF unitholders.

Notwithstanding their redemption request, on 29 July 2016, Aurora's Company Secretary received, by email, a request from Providence, acting on behalf of a group of unitholders, to convene a meeting under section 252B of the *Corporations Act 2001* (Cth) (**Corporations Act**).

In its request, Providence requested that three resolutions be put to unitholders of AFARF, which are set out in the Notice of Meeting and concern the following:

1. Resolution 1 concerns the removal of Aurora as responsible entity of AFARF;
2. Resolution 2 concerns the appointment of Millinium Capital Managers Limited (ACN 111 283 357) (**Millinium**) as the responsible entity of AFARF; and
3. Resolution 3 concerns the winding up of AFARF and the distribution of the resulting net funds to AFARF'S unitholders,

(collectively, the **Resolutions**).

On 18 August 2016, Aurora issued a Notice of Meeting and the Meeting to consider the Resolutions is scheduled for 26 September 2016. The Meeting is not being convened voluntarily by Aurora and the Resolutions set out in the Notice of Meeting have not been proposed by Aurora. The Board of Aurora does not support the Resolutions and strongly urges that unitholders vote **AGAINST** them. The Board's reasons for their view are included in this Explanatory Memorandum.

The Resolutions to be proposed at the Meeting and to be voted on by you and all unitholders are reproduced in section 4 of this Explanatory Memorandum. It is recommended you read this Explanatory Memorandum, together with the Notice of Meeting, in its entirety.

1.3 Who is paying for the Meeting?

The cost of calling and convening the Meeting, as requested by Providence, is to be met by unitholders, in accordance with the requirements of the Corporations Act.

1.4 Providence declined to withdraw request

In an effort to avoid unnecessary time and cost in convening a meeting of unitholders, confirmation of Providence's intention in respect of the Meeting was sought by Aurora prior to it convening the Meeting. Providence confirmed, however, that it did not agree to withdraw the request and instead requested that Aurora proceed to call the Meeting as it is obliged to do under the Corporations Act.

On 9 September 2016, all of the units in AFARF held by Providence (and the unitholders which it represents) were redeemed following a request for redemption by Providence on 29 June 2016 (**Redemption**). Notwithstanding the Redemption, Aurora has convened the Meeting to avoid unitholders bearing the cost of proceedings of any dispute as to the validity of the purported requisition of Meeting.

1.5 Millinium

Providence has not provided any information regarding Millinium generally, or as to its suitability to be appointed as the responsible entity for AFARF nor its track record. Aurora is aware that Macquarie Investment Management Limited, a subsidiary of Macquarie Group Limited, has commenced proceedings in the Supreme Court of NSW against a related entity of Millinium, being Millinium Asset Services Pty Ltd, in connection with its management of two investment funds, the Bear Real Opportunities Fund and the Borg Fund. Those proceedings remain on foot and are a matter of public record (see *Macquarie Investment Management Limited v Millinium Asset Services Pty Ltd [case number 2014/00361912]*).

Providence states "*Millinium has agreed to cap its Management Fees at \$30,000 per month (plus GST) for three months and then \$15,000 plus (GST) per month until the Fund is wound up*". It is noted these are responsible entity fees which Millinium would attract (if Resolutions 1 and 2 are passed) and are in addition to the fees of the Fund's Investment Manager. Aurora in its capacity as the current Investment Manager of the Fund can only be removed through the mutual termination of the Investment Management Agreement (**IMA**) on 60 business days' notice (approximately 3 months). As a result, the fees set out by Providence do not represent the totality of the fees to be charged to the Fund in managing both the administration and investments of the Fund by the responsible entity and investment manager.

It is also unclear what Millinium's fee policy is on cost recovery, and any Responsible Entity Fee.

Unitholders are encouraged to take steps to familiarise themselves with and, where appropriate, take advice, as to the suitability of Millinium as a replacement responsible entity, as nominated by Providence, to manage unitholders' investments in AFARF.

This section 1.5 is not making any statement as to Millinium in any manner, but is provided to ensure that unitholders are able to exercise their independent judgment or, if necessary, to seek other professional advice, in relation to all aspects of the proposals, including the suitability of Millinium as the proposed replacement responsible entity.

1.6 Management Fees

Providence's statement in support of the Resolutions is set out at Annexure A of the Notice of Meeting.

Providence has stated that "*keeping the Fund's expenses under control and reducing the cash burn rate to maximise holder returns should be a key objective for Aurora*" and that "*for the financial years ending 30 June 2014 and 30 June 2015 the Fund reported total management fees, performance fees and administration costs of approximately \$3 million.*"

Putting aside the fact that Providence has (on behalf of its investors) maintained its investment in AFARF during and beyond those years which are referred to in the Providence statement, Aurora provides the following observations:

- The fees charged by Aurora, pursuant to its Product Disclosure Statement (**PDS**) and Constitution, are levied on AFARF's total Funds under Management (**FUM**), so need to be considered in conjunction with the level of FUM, as follows:
 - In FY14, AFARF's average FUM was \$150.9 million vs \$133.8 million in FY15;
 - In FY14, Aurora earned performance fees of \$0.6 million vs \$nil in FY15;
 - In FY14, the total fees charged to AFARF by Aurora were \$2.8 million vs \$2.1 million in FY15

- Total fees charged to AFARF by Aurora, as a % of FUM, were 1.85% in FY14 (including the performance fees of \$0.6 million) vs 1.55% in FY15

Additionally, AFARF's cash balance at 30 June 2016 was \$39.3 million in comparison to \$54.2 million as of 6 September 2016. This is an increase \$14.9 million in the Fund's liquidity and is a testament to the fact that the current management, since taking over ownership of Aurora on 1 July 2016, has focused on finding a solution to restore liquidity to AFARF (and associated funds) and is committed to building a long term successful funds management business.

Accordingly, Aurora strongly rejects the assertion by Providence that Aurora does not appreciate the need to reduce expenses and preserve cash.

1.7 How do I follow the Responsible Entity's Recommendations?

I WANT TO VOTE FOR THE FUND TO CONTINUE AND FOR AURORA TO REMAIN AS THE RESPONSIBLE ENTITY.

If you want to follow the recommendations of your responsible entity and their directors so the Fund and Aurora may continue, you should:

- vote **AGAINST** Resolution 1: Removal of Responsible Entity;
- vote **AGAINST** Resolution 2: Appointment of New Responsible Entity; and
- vote **AGAINST** Resolution 3: Winding up of HHY Fund,

as illustrated below.

STEP 2

VOTING DIRECTIONS

| | For | Against | Abstain* |
|---|--------------------------|-------------------------------------|--------------------------|
| Resolution 1 - Removal of Current Responsibility Entity | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 - Appointment of new Responsible Entity | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 - Winding up of the Fund | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

*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.

2. Reasons to Vote Against or For the Resolutions and Aurora's Recommendations

2.1 Directors' Recommendations to vote AGAINST the Resolutions

Aurora has not proposed or endorsed, and does not support in any manner, the proposed Resolutions.

Your vote is important and, for the reasons outlined in this section 2.1 and section 2.2, the Directors of the responsible entity recommend you vote AGAINST all of the Resolutions.

2.1.1 Key Background Information and summary Reasoning Against the Resolutions

Aurora is an alternative asset manager dedicated to producing risk-adjusted returns for retail, institutional and high net worth investors. Aurora has reviewed the strategic options available, the future of the Fund and the interests of the unitholders. The option of winding up the Fund, or appointing Millinium with the view to wind up the Fund, is not considered in the best interests of the unitholders and is not considered the best course of action for the reasons set out within this section 2.1.1 and section 2.2.

Aurora has been working for some time to determine the best way to address and reverse the status of the Fund as 'frozen' (i.e. removing the temporary suspension on redemptions). We have been mindful in developing a solution that allows the unitholders who wish to maintain exposure to the core investment strategy to continue to do so whilst also unlocking value for those seeking to redeem their investment and exit the Fund.

Winding up of the Fund now, on the other hand, imposes the will of certain unitholders to the detriment of the remaining unitholders, and on the basis of what appears to be misconceived reasoning. A winding up prevents the opportunity for the Fund to continue through the market cycle and succeed in realising the expected benefits.

In the unanimous opinion of the Board of the responsible entity, pursuing the Resolutions is unlikely to deliver optimal results to you and all unitholders for the following reasons:

1. The Resolutions, including the requested change in responsible entity with the view of winding up the Fund, are short-term orientated and not in the long-term interests of all unitholders;
2. Providence requisitioned this meeting after lodging a redemption request to redeem all of the investments of its investors. This request was processed on 9 September 2016 and as such Providence are unable to vote at this meeting;
3. No information has been provided by Providence regarding the background of Millinium generally or regarding its suitability to be appointed as a responsible entity for AFARF;
4. The proposal to appoint Millinium as responsible entity is on uncertain terms and contrary to the continuation of AFARF as an investment scheme fulfilling its investment objectives to produce positive and absolute returns despite market conditions;
5. Winding up of AFARF may result in the responsible entity of AFARF being a forced seller of certain investments by the Fund which in turn may not maximise the proceeds available to unitholders;
6. Winding up of AFARF may result in unexpected transaction costs, reducing the proceeds available to unitholders;
7. Winding up of AFARF may lead to adverse tax consequences;
8. The assets of AFARF may increase in the future, resulting in unit values and distributions in excess of those contemplated under the current Resolutions; and
9. Contrary to Providence's claims, the withdrawal fee was disclosed in the PDS. After careful consideration, Aurora elected to introduce a 1.85% withdrawal fee to compensate Aurora for the time and effort spent on developing and implementing a liquidity solution as well as for the anticipated loss of business that is likely to follow. It is important to note that this fee is less than the 3.0% maximum allowable under the Constitution and is in lieu of special exertion fees the RE would otherwise be able to charge to the fund. A withdrawal fee was considered appropriate method of recovering these costs from those electing to take advantage of this liquidity, rather than penalising those investors that did not require immediate liquidity.

However, should the unitholders pass Resolution 3, to wind up the Fund, Aurora is capable of effecting that resolution and need not be replaced. Aurora does not consider any of the reasons put forward by Providence as justifying a change in responsible entity. Choosing to remove and replace Aurora as responsible entity with the intent of winding up the Fund is unnecessary, costly and timely.

Detailed reasons to vote AGAINST are outlined in section 2.2 below.

2.2 Key Reasons to vote AGAINST the Resolutions

2.2.1 General Winding Up Considerations

If Resolution 3 is successful, the responsible entity will be required to realise the assets of AFARF which may involve closing out any positions (including derivatives) held by AFARF. The nature of such a process may result in the realisation of assets being lower than otherwise would be achieved in the normal course of operation.

2.2.2 Transaction Costs

A forced sale of AFARF's assets and the winding up of the Fund generally, may result in unexpected transaction costs reducing the sale proceeds and the overall pool of funds available to be distributed to unitholders. Utilisation of these resolutions to exit the Fund in this manner may also be to the long-term detriment of unitholders and presents as a notable opportunity cost.

2.2.3 Potential Adverse Tax Consequences and loss of deferred tax asset.

Whilst AFARF's investments are structured in a tax-effective manner, it is not possible to eliminate all adverse tax consequences arising from a forced-asset sale. The magnitude or nature of adverse tax consequences that may arise will be dependent upon how the assets, and the interests in those of assets, are disposed. The winding up of the fund may also cause unitholders to forfeit the benefit of the unrealised tax losses in the fund, which would otherwise be an intangible asset for the benefit of unitholders.

2.2.4 *The Disclosed Withdrawal Fee and Expenses*

The withdrawal fee of 1.85% was disclosed in the Update Circular dated 25 July 2016, in accordance with the current PDS dated 14 February 2016 and the Consolidated Constitution of the Fund.

Aurora has elected to impose a withdrawal fee for the following primary reasons:

- to compensate Aurora for the time and effort spent on developing and implementing a liquidity solution;
- To compensate Aurora for the loss of business that is likely to follow upon reinstatement of the liquidity solution;
- Aurora has managed the Fund in such a way so as to enable a higher level of redemption requests to be processed than would otherwise be the case as contemplated by the Constitution;
- The withdrawal fee is consistent with the Constitution and is below the maximum allowable of 3.0%; and
- The withdrawal fee is in lieu of special exertion fees that Aurora may otherwise charge to the fund.

2.2.5 *The Uncertainty relating to Nominated Responsible Entity*

The responsible entity nominated by Providence is Millinium. Providence has not provided any information in relation to Millinium, their affairs, capabilities or their overall suitability as responsible entity for the Fund.

The responsible entity of AFARF has many complex duties, including in respect of the fiduciary duties owed to AFARF unitholders and in exercising these duties including the management of various investments, including derivatives, with the aim of achieving absolute and positive returns with minimal correlation to the stock market index.

Unitholders, for their own protection, should carefully consider the qualifications and experience of any responsible entity, including any proposed responsible entity, to determine if the proposed responsible entity is suitable to act in that role. To seek to remove Aurora without allowing unitholders the opportunity to consider the suitability and the credentials of the replacement responsible entity is considered by Aurora not to be in the interest of unitholders.

The unitholders are recommended to ensure their familiarity, and sufficient level of comfort, with Millinium and its ability and competence to operate as the responsible entity of the Fund.

This section 2.2.5 is not making any statement as to the nature, competence or capability of Millinium in any manner what so ever, rather only to recommend unitholders to exercise their independent judgment or, if necessary, to seek other professional advice, in relation to all aspects of the proposals including the proposed replacement responsible entity.

2.3 Key reasons to vote FOR the Resolutions

Reasons for voting in favour of the Resolutions are given in the Providence statement which is contained in the Notice of Meeting.

3. Information Relating to the Resolutions

3.1 Replacing a responsible entity at the request of members and winding up of registered scheme at the request of a member

Under section 601FM of the Corporations Act, unitholders of an unlisted registered scheme proposing to remove a responsible entity may take action under Division 1 of Part 2G.4 of the Corporations Act through the calling of a meeting to consider and vote on extraordinary resolutions.

Under section 601NB of the Corporations Act, if unitholders of a registered scheme wish to wind up the registered scheme, they may take action under Division 1 of Part 2G.4 of the Corporations Act through the calling of a members' meeting to consider and vote on an extraordinary resolution that the responsible entity wind up the scheme.

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

3.2 Consequence if both Resolution 1 and Resolution 2 are passed and Consent Obtained

If Resolution 1 and Resolution 2 are passed, Aurora will be removed as the responsible entity and Millinium will become the responsible entity of the Fund, provided that Millinium has consented to doing so in writing. As at the date of this Explanatory Memorandum, Aurora has not been provided with confirmation that Millinium has provided its consent.

The removal of Aurora and the appointment of Millinium will take effect upon the lodgement of a notice of change of responsible entity with ASIC (which must be completed and lodged by Aurora as soon as possible and in any event within two business days after the resolutions are passed) and ASIC updating its records.

As a consequence of Millinium becoming the responsible entity of AFARF, the rights, obligations and liabilities of Aurora in relation to AFARF will become the rights, obligations and liabilities of Millinium as the responsible entity of the AFARF.

3.3 Consequences if either Resolution 1 or Resolution 2 is not passed or Consent Not Obtained

The Requisitioning Members put forward two interdependent resolutions to effect the removal and replacement of Aurora as responsible entity of AFARF. Because Resolution 1 and Resolution 2 are interdependent, neither resolution will be passed unless both resolutions are passed.

Additionally, if Millinium does not consent in writing to be the responsible entity as required by s 601FM(2) of the Corporations Act, Aurora will remain as responsible entity of the Fund.

3.4 Consequences if Resolution 3 is passed

If Resolution 3 is passed, the current responsible entity is directed to wind up the Fund in accordance with the Constitution of the Fund and the Corporations Act.

Winding up involves realising the Fund's assets, deducting reasonable costs and obligations, and distributing the balance, if any, amongst the unitholders pursuant to the Constitution and respective interests of the unitholders in AFARF.

4. Additional Information

4.1 Have any major unitholders indicated how they will vote?

Aurora has not received any written indication of any voting intent from major unitholders.

4.2 Read the Notice of Meeting and this Explanatory Memorandum:

You should ensure that you read this Explanatory Memorandum, together with the Notice of Meeting, in their entirety. In light of the important information provided by the Explanatory Memorandum and Notice of Meeting, decide how you will vote on the following Resolutions proposed by Providence:

Resolution 1 - Removal of current Responsible Entity

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

“Subject to Extraordinary Resolution 2 being passed, that the current responsible entity of the Aurora Fortitude Absolute Return Fund ARSN 145 894 800, Aurora Funds Management Limited ACN 092 626 885 be removed as responsible entity of the Fund.”

Resolution 2 – Appointment of new Responsible Entity

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

“That Millinium Capital Managers Limited ACN 111 283 357 be appointed as the new responsibility entity of Aurora Fortitude Absolute Return Fund ARSN 145 894 800.”

Resolution 3 – Winding up of the Fund

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

“That the responsible entity of the Fund is directed to wind up the Fund.”

If you are in any doubt as to the course of action to be taken you should obtain professional advice without delay.

4.3 How to vote on the Resolutions:

You can vote by using the Proxy Form attached to the Notice of Meeting and indicate whether you vote in favour, against or abstain from voting on the Resolutions as a unitholder, or you can attend the Meeting and vote in favour, against or abstain from voting on the Resolutions.

Proxy Forms must be received by the Fund's unit registrar, One Registry Services, no later than 48 hours before the Meeting as set out in the Notice of Meeting.

Your responsible entity's recommendations of how to vote are illustrated in section 1.7 of this Explanatory Memorandum.

LODGE YOUR VOTE

By fax:

+61 2 8580 5790

By mail:

One Registry Services
PO Box R1479
Royal Exchange NSW 1225

By email: aurora@oneregistryservices.com.au

By hand:

Delivering to One Registry Services
Level 11, 20 Hunter Street, Sydney NSW 2000

All enquiries to: Telephone +61 2 8188 1510

Full Name(s) of Registered Holding

[Empty text box for Full Name(s) of Registered Holding]

Registered Address

[Empty text box for Registered Address]

Investment Profile ID

[Empty text box for Investment Profile ID]

SHAREHOLDER VOTING FORM

I/We being a member/(s) of Aurora Fortitude Absolute Return Fund are entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person of body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

[Empty text box for proxy name]

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Scheme Meeting of the Company to be held at 11:00am, at Registry Direct, Level 6, 2 Russell Street, Melbourne Vic 3000, and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies against all resolutions.

Proxies will only be valid and accepted by the Company 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

For Against Abstain*

Resolution 1 – Removal of current Responsible Entity

[Voting boxes for Resolution 1: For, Against, Abstain*]

Resolution 2 – Appointment of new Responsible Entity

[Voting boxes for Resolution 2: For, Against, Abstain*]

Resolution 3 – Winding up of the Fund

[Voting boxes for Resolution 3: For, Against, Abstain*]

*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)

[Signature box for Shareholder 1]

Joint Shareholder 2 (Individual)

[Signature box for Joint Shareholder 2]

Joint Shareholder 3 (Individual)

[Signature box for Joint Shareholder 3]

Sole Director and
Sole Company Secretary

Director/Company Secretary
(Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to the form. If executed by a Company, the form must be executed in accordance with the Company's constitution and the Corporations

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form.

Please note: you cannot change ownership of your shares using this form.

Appointment of 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 Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business – Proxy Appointment

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. 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 and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

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 lodge 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 Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 7:00pm (AEST) on 23 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 mail:

One Registry Services
PO Box R1479
Royal Exchange NSW 1225

By fax:

+61 2 8580 5790

By email:

aurora@oneregistryservices.com.au

By hand:

Delivering to One Registry Services, Level 11, 20 Hunter Street, Sydney NSW 2000

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