

HHY Fund

ARSN 112 579 129

Interim Financial Report

For the half-year ended 31 December 2019

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Director's Report

The Directors of Aurora Funds Management Limited (AFML) (ABN 69 092 626 885), (the "Responsible Entity") of HHY Fund ("the Trust"), present their half year report together with the condensed consolidated financial statements of HHY Fund, consisting of the Trust and the entity it controlled at the end of, or during, the 6 months ending 31 December 2019, and auditor's report thereon.

Principal activities

The principal activities of the Trust during the financial year were investing the Trust monies in accordance with its investment objectives and guidelines as set out in the investment strategy and in accordance with the provisions of the Trust Constitution.

Keybridge Capital Limited was the Investment Manager of the Trust since 1 July 2016, however their role as Investment Manager was terminated on 18 July 2019. AFML replaced Keybridge as the investment manager effective 18 July 2019.

On 5 August 2019, WAM Capital Limited, WAM Active Limited and Botanical Nominees Pty Limited as trustee for the Wilson Asset Management Equity Fund, being members of the Trust holding at least 5% of the votes, requested that the Responsible Entity call and arrange to hold a meeting of the members of the Trust to consider and vote on the following resolutions:

1. To consider and, if thought fit, pass an ordinary resolution:
"That Aurora Funds Management Limited (ABN 69 092 626 885) be removed as the responsible entity of HHY Fund (ASRN 112 579 129)"
2. To consider and, if thought fit, pass an ordinary resolution:
"Subject to resolution 1 being passed, Primary Securities Ltd (ABN 96 089 812 635) (AFSL 224107) be appointed as the responsible entity of HHY Fund (ASRN 112 579 129)"

The meeting was held on 12 September 2019 and both resolutions were not passed.

On the 28 November 2019, a loan of \$350,000 was provided by HHY Fund to RNY Australia Operating Company LLC (RAOC) which matures on 28 November 2022. The annual interest rate of 12% is calculated on the principal drawn down only. At the date of this agreement, there is no Guarantor.

On the 20 December 2019, the intention to commence an on-market buy-back for up to 10% of the Trust's issued capital or approximately 8.1 million units over up to the next 12 months was announced.

The Trust did not have any employees during the year.

The Trust is currently listed on the Australian Securities Exchange (ASX: HHY).

There were no significant changes in the nature of the Trust's activities during the year.

Directors

The following persons held office as directors of Aurora Funds Management Limited during the year and up to the date of this report, unless otherwise stated:

John Patton
Victor Siciliano
Anthony Hartnell AM

Units on issue

	31 December 2019	30 June 2019
Units on issue	81,038,483	81,153,538

Director's Report

Review and results of operations

During the half-year, the Fund continued to invest in accordance with the target asset allocations as set out in the documents of the Fund and in accordance with the provisions of the Fund Constitution.

Financial results for the half-year

The performance of the Trust, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Operating profit/(loss) before finance costs attributable to unitholders	279,112	(896,790)
Distributions paid and payable	-	-
Distribution (cents per unit) 30 September	-	-
Distribution (cents per unit) 31 December	-	-

Financial position

Net Tangible Assets (NTA) per unit as disclosed to the ASX are shown as follows:

	31 December 2019 \$	30 June 2019 \$
	At reporting period	0.0559
High during period	0.0559	0.1020
Low during period	0.0515	0.0524

Information on Underlying Performance

The performance of the Trust is subject to the performance of the Trust's underlying investment portfolio. There has been no change to the investment strategy of the Trust during the year, and the Trust continues to invest in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

Strategy and Future Outlook

The Trust continues to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Trust that occurred during the half-year.

Director's Report

Matters subsequent to the end of the financial year

HHY has announced a 1-for-1 non-renounceable entitlement offer to raise up to \$3.25 million ('Entitlement Offer'). The Entitlement Offer is not underwritten, however there will be a shortfall facility. The Offer Price under the Entitlement Offer is 4.0 cents per New Unit. Proceeds from the Entitlement Offer will be used to provide debt financing to RNY Property Trust (ASX: RNY).

Other than the changes mentioned above, no other matters or circumstances have arisen since 31 December 2019 that have significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums have been paid for out of the assets of the Trust in relation to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditors of the Trust. So long as the officers of Aurora Funds Management Limited act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Indemnity of auditors

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Cost recovery and interests held in the Trust by the Responsible Entity or its associates

Costs recovered by the Responsible Entity and its associates out of Trust property during the half-year are disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

No fees were paid out of Trust property to the Directors of the Responsible Entity during the half-year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 8 to the financial statements.

Director's Report

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 5 of the financial statements.

The values of the Trust's assets and liabilities are disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 of the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings. The Trust was not a party to any such proceedings during the half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



John Patton
Managing Director
28 February 2020
Melbourne

Auditor's Independence Declaration

To the Directors of Aurora Funds Management Limited as the responsible entity of HHY Fund

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of HHY Fund for the half year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 28 February 2020

Financial Statement

Condensed Consolidated statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2019

	Note	Consolidated Half-year ended	
		31 December 2019 \$	31 December 2018 \$
Investment income			
Interest income		3,849	420
Dividend and distribution income		264	150
Net foreign currency gains/(losses)		67	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	11	397,944	(707,953)
Total net investment income/(loss)		402,124	(707,383)
Expenses			
Management fees		-	20,041
Recoverable costs of Responsible Entity	8	62,559	62,559
Audit and tax fees		15,900	14,840
Other operating expenses	9	44,553	79,177
Legal and professional costs	10	-	12,790
Total operating expenses		123,012	189,407
Operating profit/(loss) for the half-year		279,112	(896,790)
Finance costs attributable to unitholders			
Distributions to unitholders		-	-
Decrease/(increase) in net assets attributable to unitholders	5	(279,112)	896,790
Profit/(loss) for the half-year		-	-
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		-	-
Earnings/(loss) per unit (basic/ diluted)		0.003	(0.110)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statement

Condensed Consolidated Statement of Financial Position As at 31 December 2019

	Note	Consolidated	
		As at	
		31 December 2019 \$	30 June 2019 \$
Assets			
Cash and cash equivalents		119,019	37,860
Receivables	6	357,064	3,372
Financial assets held at fair value through profit or loss	7	4,126,786	4,284,631
Total assets		4,602,869	4,325,863
Liabilities			
Due to brokers - payable for securities purchased		68,246	-
Other payables		-	65,622
Total liabilities (excluding net assets attributable to unitholders)		68,246	65,622
Net assets attributable to unitholders – liability		4,534,623	4,260,241
Liabilities attributable to unitholders		(4,534,623)	(4,260,241)
Net assets		-	-

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Financial Statement

Condensed Consolidated Statement of Changes in Equity For the half-year ended 31 December 2019

	Note	Consolidated Half-year ended	
		31 December 2019 \$	31 December 2018 \$
Balance at the beginning of the financial year		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with unitholders in their capacity as unitholders		-	-
Total operating expenses		-	-
Total equity at the end of the period		-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial half-year.

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statement

Condensed Consolidated Statement of Cash Flows For the half-year ended 31 December 2019

	Note	Consolidated Half-year ended	
		31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities			
(Net Payments)/Proceeds from purchase or sale of financial instruments held at fair value through profit or loss		558,481	70,576
Dividends and distributions received		264	150
Other income received		-	-
Interest received		27	(491)
GST recovered		127	(5,480)
Management fees paid		-	(20,041)
Recoverable costs of Responsible Entity		(62,559)	(62,559)
Other operating expenses paid		(60,454)	(114,312)
Net cash inflow/(outflow) from operating activities		435,886	(132,157)
Cash flows from investing activities			
Loans Advanced		(350,000)	-
Proceeds from unlisted loan security repayment		-	300,000
Net cash inflow/(outflow) from investing activities		(350,000)	300,000
Cash flows from financing activities			
Payments for share buy backs		(4,727)	-
Net cash inflow/(outflow) from financing activities		(4,727)	-
Net increase/(decrease) in cash and cash equivalents		81,159	167,843
Cash and cash equivalents at the beginning of the period		37,860	5,462
Cash and cash equivalents at the end of the period	5	119,019	173,305

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the notes.

Notes to Financial Statements

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Notes to Financial Statements

Note 1. General information

These condensed consolidated interim financial statements cover HHY Fund (the "Trust") as an individual entity together with its subsidiaries (the Group). The Trust commenced operations on 19 January 2005, and is domiciled in Australia.

The Responsible Entity of the Trust is Aurora Funds Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004. The financial statements are presented in Australian currency.

The Investment Manager of the Trust is Aurora Funds Management Limited.

On 31 July 2007, HHY International Holdings 1 Pty Ltd was incorporated in Australia as a company limited by shares. It has been 100% owned since the date of incorporation by the Trust.

It is recommended that these condensed interim financial statements are considered together with current ASX announcements and in accordance with the provisions of the governing documents of the Trust, and any public announcements made by the Trust during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The principal activities of the Trust during the half-year were investing the Trust monies in accordance with its investment objectives and guidelines as set out in the investment strategy and in accordance with the provisions of the Trust Constitution.

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity as at the date of the directors' report. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

Note 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of this condensed interim financial report are set out below.

These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) New and amended standards

The Trust has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Basis of preparation

The accounting policies applied by the Trust in this condensed interim financial report are the same as those applied by the Trust in its Financial Report as at, and for, the year ended 30 June 2019.

Receivables

The Trust recognizes an allowance for Expected Credit Losses (ECLs) for all receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to Financial Statements

Note 2. Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

Loan receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less expected credit losses (ECLs) if any. For loan receivables, the Trust applies the low credit risk simplification. At every reporting date, the Trust evaluates whether the loan receivable is considered to have a low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Trust reassess the internal credit rating of the loan receivable. In addition, the Trust considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days overdue.

Other receivables may include amounts for dividends, interest, trust distributions and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally due for settlement within 30 days of being recorded as receivables. For other receivables, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Statement of compliance

The condensed consolidated interim financial statements are a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the annual financial report as at, and for, the year ended 30 June 2019.

The condensed consolidated interim financial statements comply with IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements were authorised for issue by the directors as at the date of the directors' report. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

(c) Basis of consolidation

The condensed consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Trust as at 31 December 2019 and the results of all subsidiaries for the half-year then ended. The Trust and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All transactions (including gains and losses) and balances between entities in the consolidated group are eliminated.

Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the assets transferred.

The condensed consolidated financial statements of subsidiaries are prepared for the same reporting period as the Trust, using accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(d) Parent entity financial information

The financial information for the Trust, as disclosed in Note 12, has been prepared on the same basis as the consolidated financial statements.

Notes to Financial Statements

Note 3. Use of estimates and judgements

In preparing these interim financial statements, management may make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at, and for, the year ended 30 June 2019.

Note 4. Fair value measurement

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis through profit or loss (FVTPL).

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Trust values its investments in accordance with the accounting policies within this note to the financial statements. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Notes to Financial Statements

Note 4. Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds.

Recognised fair value measurements

The following tables detail the Trust's assets and liabilities, measured or disclosed at fair value as at the half-year ended 31 December 2019 and the year ended 30 June 2019, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2019				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	4,126,786	-	-	4,126,786
Unlisted convertible securities	-	-	-	-
Total financial assets	4,126,786	-	-	4,126,786
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Listed equity securities sold short	-	-	-	-
Total financial liabilities	-	-	-	-
30 June 2019				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	3,588,963	695,668	-	4,284,631
Unlisted convertible securities	-	-	-	-
Total financial assets	3,588,963	695,668	-	4,284,631
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Listed equity securities sold short	-	-	-	-
Total financial liabilities	-	-	-	-

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and certain listed unit trusts.

Notes to Financial Statements

Note 4. Fair value measurement (continued)

Transfers between levels

In the 30 June 2019 accounts the investment in Copper Strike Limited (ASX: CSE) was valued using the most recent sale price to Keybridge Capital Limited and was placed in level 2. As at 31 December 2019 Copper Strike is being valued at its ASX price.

Note 5. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the half-year and previous financial year were as follows:

	31 December 2019 No.	30 June 2019 No.	31 December 2019 \$	30 June 2019 \$
Opening balance	81,153,539	81,403,538	4,260,241	6,834,160
Buy backs	(115,056)	(250,000)	(4,728)	(13,310)
Increase/(decrease) in net assets attributable to unitholders	-	-	279,112	(2,560,609)
Closing balance	81,038,483	81,153,538	4,534,625	4,260,241

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust.

Note 6. Receivables

	As at	
	31 December 2019 \$	30 June 2019 \$
Loan to RAOC - Principal	350,000	-
Loan to RAOC - Interest	3,797	-
Receivables - Interest	21	-
GST Receivable	3,246	3,372
Total Receivables	357,064	3,372

On the 28 November 2019, a loan of \$350,000 was provided by HHY Fund to RNY Australia Operating Company LLC (RAOC) (which matures on 28 November 2022). The annual interest rate of 12% is calculated on the principal drawn down only. At the date of this agreement, there is no Guarantor.

Notes to Financial Statements

Note 7. Financial assets held at fair value through profit or loss

	As at	
	31 December 2019 \$	30 June 2019 \$
Financial assets held at fair value through profit or loss		
Australian listed equity securities	3,755,513	4,057,052
Contracts for difference	368,510	224,886
International equity securities	2,763	2,693
Unlisted convertible notes	-	-
Total financial assets	4,126,786	4,284,631

Note 8. Related party transactions

Responsible Entity

The Responsible Entity of HHY Fund is Aurora Funds Management Limited.

Key management personnel unitholdings

As at 31 December 2019, Victor Siciliano, Executive Director, holds 237,655 (30 June 2019: 237,655) units in the Trust.

As at 31 December 2019, Anthony Hartnell AM, Non-Executive Director, holds 360,369 (30 June 2019: 300,001) units in the Trust.

Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Trust to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Notes to Financial Statements

Note 8. Related party transactions (continued)

Other related party information

Aurora Corporate

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) as Trustee for the Aurora Investments Unit Trust (Aurora Corporate) owns 100% of the ordinary shares of Aurora Funds Management Limited, being

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited, with the other 50% owned by Victor Siciliano,

Directorships

Mr John Patton was appointed to the Boards of the following listed entities held by other managed investment schemes also managed by the Responsible Entity:

- Mr Patton was appointed to the Board of Keybridge Capital Limited as a Non-Executive Director on 10 August 2016 and was subsequently appointed to the role of Executive Chairman on 13 October 2016. Further:
 - Until 18 July 2019, Keybridge Capital Limited was Investment Manager of the Trust; and
 - Keybridge Capital Limited holds 25,238,986 (2018: 25,146,973) units in the Trust; and
- On 21 January 2020, Mr Patton retired from his position as director and chairman of Keybridge Capital Limited.
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016. The Fund holds an investment in Metgasco Limited of \$1,854,168 (June 2019: \$1,981,999).

Investments

The Trust did not hold any investments in any schemes which are also managed by the Responsible Entity.

Responsible entity's cost reimbursement

Under the terms of the Trust Constitution, the Responsible Entity is entitled to be reimbursed for expenses and costs incurred in performing its role as Responsible Entity.

The transactions during the year and amounts payable at half-year end between the Trust and the Responsible Entity were as follows:

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Recoverable costs of Responsible Entity for the year paid/payable by the Trust to the Responsible Entity	62,559	62,559
Balance owing to the Responsible Entity at the end of the reporting period	17,056	19,109

No amounts were paid by the Trust directly to the key management personnel of Aurora Funds Management Limited.

Notes to Financial Statements

Note 9. Other operating expenses

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Registry fees	12,456	11,815
Bank fees	82	1
ASIC/ASX fees	267	14,938
Interest expense	5,921	10,164
Stock loan fees	-	-
Other expenses	25,827	42,259
Total other operating expenses	44,553	79,177

The Trust incurred operating expenses in the preparation of accounting records and the maintenance of the unit register in accordance with the Trust Constitution.

Note 10. Legal and professional fees

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Legal fees	-	12,790
Takeover costs	-	-
Total legal and professional fees	-	12,790

The Trust incurred legal costs in relation to the meeting of Unitholders called by Wilson Asset Management (International) Limited held on 6 December 2018.

Note 11. Net (losses)/gains on financial instruments held at fair value through profit or loss

	31 December 2019 \$	31 December 2018 \$
Net realised gains/(losses) on financial instruments held at fair value through profit or loss	397,944 *	(707,953)
Net foreign exchange gains on cash and cash equivalents	67	-
Total net gains/(losses) on financial instruments held at fair value through profit or loss	398,011	(707,953)

* At 31 Decemebr 2019, the amount includes a capital return by Yowie of \$526,533.

Notes to Financial Statements

Note 12. Parent entity financial information

	31 December 2019 \$	30 June 2019 \$
Total assets	4,602,869	4,325,863
Total liabilities	(68,246)	(65,622)
Net assets attributable to unitholders	4,534,623	4,260,241

Note 13. Contingent assets and liabilities

There were no contingent assets and liabilities at 31 December 2019 (30 June 2019: Nil).

Note 14. Events occurring after the reporting period

On 8 January 2020, Aurora Funds Management Limited, as responsible entity for the Aurora Dividend Income Trust (ADIT) announced its intention to make an off-market takeover bid for the ordinary shares in Keybridge Capital Limited at a cash value of 6.6 cents per share. The HHY fund entered into a funding agreement with ADIT to provide financing for up to \$3 million to support the proposed takeover bid. On 24 February 2020, WAM Active Limited increased its takeover bid for Keybridge to 6.9 cents per ordinary Keybridge share. ADIT has advised that it is considering its position but no decision has been made at the time of these financial statements.

On 25 February 2020, HHY announced a 1-for-1 non-renounceable entitlement offer to raise up to \$3.25 million ('Entitlement Offer'). The Entitlement Offer is not underwritten, however there will be a shortfall facility. The Offer Price under the Entitlement Offer is 4.0 cents per New Unit. Proceeds from the Entitlement Offer will be used to provide debt financing to RNY Property Trust (ASX: RNY).

Other than the changes already mentioned, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the Condensed Consolidated Statement of Financial Position as at 31 December 2019 or on the results and cash flows of the Trust for the half-year ended on that date.

The most recent Net Asset Value (NAV) per unit disclosed to the ASX is 5.78 cents per unit as at 31 January 2020.

Director's Declaration

The Directors of the Responsible Entity declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 2 to the condensed consolidated financial statements;
- (c) In the directors' opinion, the attached condensed consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- (d) The directors have been given the declarations of the Responsible Entity made pursuant to s295(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Responsible Entity, Aurora Fund Management Limited.



John Patton
Managing Partner
28 February 2020

Independent Auditor's Review Report

To the Unitholders of HHY Fund

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of HHY Fund (the Fund) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2019, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of HHY Fund does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Responsible Fund are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Fund*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of HHY Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 28 February 2020