



2 October 2020

A welcome message from the new responsible entity

360 Capital FM Limited

Dear fellow Member,

It is our pleasure to welcome you as the new Responsible Entity of the 360 Capital Enhanced Income Fund (formerly the Australian Enhanced Income Fund). As Members would be aware, the recent change of Responsible Entity of the Australian Enhanced Income Fund (the Fund) from Elstree Investment Management to 360 Capital FM took place on 9 September 2020, with 99.84% of Members voting in favour of the change to the Fund's responsible entity and management team.

Your new Responsible Entity, 360 Capital FM Limited, is an ASX listed (ASX: TGP) diversified manager of alternative assets across real assets, private equity, public equity and credit. 360 Capital Group was founded in 2006 and is owned 34% by staff and directors, ensuring complete alignment between the responsible entity and investors in the Fund.

As outlined in the notice of meeting and presentation material provided to Members, 360 Capital Group is committed to restoring value in AYF and delivering on strategic growth aspirations.

Accordingly, your Responsible Entity has undertaken a strategic review of the Fund and will commence executing on a 90 day plan to deliver on these targets, which will include;

1. A change of name from Australian Enhanced Income Fund to **360 Capital Enhanced Income Fund**, with a new ASX ticker **TCF**. 360 Capital believes that a change to the name of the Fund will resonate with a wider group of investors (including the Group's over 9,500 investors) who are familiar with the 360 Capital brand and our investment track record of delivering above average returns to investors since inception.
2. A change and update to the Constitution of the Fund to capitalise on growth opportunities. 360 Capital believes the current constitution inhibits the ability of the Fund to raise new capital, issue new units and attract new investors. 360 intends to, subject to the approval of Members, align the Fund's constitution to a market standard for listed investment trusts.
3. A new Product Disclosure Statement (PDS) outlining the growth initiatives and broader investment remit of the Fund. 360 Capital deems the Fund as sub scale requiring a capital raising to increase to size of the Fund, improve liquidity for all Members and provide diversification of its assets.

Prior to handing over the Fund to 360 Capital, the outgoing Directors of the Responsible Entity, Elstree Investment Management, redeemed their respective units and liquidated the Fund's assets to cash. This will have the unfortunate negative impact on the short term returns of the Fund while 360 Capital deploys these funds into appropriate assets which meet the Fund's investment strategy. Consequently, it is imperative that strategic change is made to prevent any further value erosion while Fund assets remain in cash.



As outlined in previous correspondence, 360 Capital Group will make a \$0.15 special payment to Unitholders who have remained within the Fund. Members will receive a special payment of \$0.15 per Unit in respect of each Unit which is held on the Record Date (9 September 2020) and which continues to be held until 21 October 2020 (Special Payment Condition Date) and which is not the subject of a redemption or withdrawal request. It is expected that Members will receive the special payment within 10 business days of the Special Payment Condition Date.

Enclosed to this letter is a Notice of Extraordinary General Meeting outlining the details of the capital raising that will include a Priority Offer to existing Unitholders.

We encourage Members to review the material in detail and to vote in favour of the proposed resolutions in support of the strategic growth of the Fund.

Memorandum and meeting information will be made available online at the 360 Capital website, www.360capital.com.au.

Once again, it is our pleasure to welcome you as an investor of the 360 Capital Group and we look forward to meeting you in the time to come. Any Members wishing to discuss the Fund are invited to contact the Fund Manager and Head of Private Credit, Chris Chase at chris.chase@360capital.com.au.

Yours sincerely,

Christopher Chase
Head of Private Credit
360 Capital Group
ABN 15 090 664 396

Tony Pitt
Managing Director
360 Capital Group
ABN 15 090 664 396



Welcome to the Fund

Please update your details in the below fields:

First name:

Last name:

Residential Address:

State:

Postcode:

Email Address:

Phone Number: