

INVESTMENT UPDATE

JULY 2021

Welcome to the Elstree Hybrid Fund (EFH1) Newsletter.

Elstree Hybrid Fund (Chi-X: EFH1) performed well during June 2021, returning 0.81% for the month. Since inception the fund has returned 2.02% (after fees and including franking).

Returns to date are well over the Elstree Hybrid Index and Bank Bill/Term Deposit alternative investments, as summarised in the performance table below.

Performance figures as at 30 June 2021:

Performance as at 30 June 2021	1 MONTH	3 MONTHS	1 YEAR (p.a)	3 YEARS (p.a)
ELSTREE HYBRID FUND (NAV + FRANKING) *	0.81%	2.02%	-	-
ELSTREE HYBRID INDEX (P.A.) **	0.94	1.68%	7.1%	5.9%
BANK BILLS	0.00%	0.00%	0.1%	1.0%

* Elstree Hybrid Fund (EHF1) Investment Performance is returns after fees and including the value of franking credits.

** Elstree Hybrid Index include the value of franking credits

Top Holdings & Contributors to returns:

Security	Return contribution	Security	Return contribution
SUNPG	0.10%	ANZPH	0.07%
NABPH	0.08%	WBCPH	0.06%
CBAPJ	0.08%	ANZPG	0.06%

Market Commentary

Returns for the month were above income levels, yet slightly less than the Elstree Hybrid Index. Over the three months since quotation on Chi-X, EHF1 has provided investors returns of 2.02% (after fees and including franking credits).

ANZ announced a new issue to replace the ANZPD which resets in September. The announcement was widely anticipated and the market had weakened over the previous month, but reached its low point in in early June. Following the early days of the month, margins gradually strengthened which led to higher returns and in an end of month rush of blood saw returns pop by 0.5% over the last week.

The excellent return this quarter, and since the end of the Covid 19 crisis in mid-2020, has seen our preferred measure of hybrid margins fall to below 2.5%. This is a decade low, but in common with

many other markets, the 0% cash rate is driving investors to other assets, and everything has become more expensive

We expect some more issuance over the next few months, which may stabilise margins at these levels, but we can't see any catalysts for a materially weaker hybrid market.

News & Media

Elstree Hybrid Fund (EHF1) has been mentioned in the following articles throughout the months of April, May and June, many of which are educational in nature.



- [How Hybrids fit into 2021 Income Portfolios](#) – Campbell Dawson | Elstree Hybrid Fund
- [The Hitchhiker's Guide to Hybrids \(Part 1\)](#) – Bella Kidman | Livewire Markets
- [This is the secret to a diversified portfolio \(Part 2\)](#) – Bella Kidman | Livewire Markets
- [The forgotten asset class presenting exciting opportunities](#) – Bella Kidman | Livewire Markets



- [Fascinating Hybrid Journey Last Year](#) – Campbell Dawson | Elstree Hybrid Fund



- [New Hybrid ETF on Chi-X](#) – Staff Reporter | Financial Standard



- [Support for Elstree Hybrid Fund](#) – Staff Reporter | Money Management



- [Hybrids remain attractive alternative for income generation](#) – Evergreen Ratings

More about Elstree Hybrid Fund (EHF1)

Elstree Hybrid Fund (Chi-X: EHF1) is an exchange traded product or ETP. The fund is designed to allow retail investors to access the same successful and long-term investment strategy as our actively managed unlisted wholesale fund, the Elstree Enhanced Income Fund.

The Elstree Hybrid Fund is an ideal investment for investors seeking a cash or bank term deposit alternative investment that displays an acceptable and appropriate risk adjusted return outcome.

The Elstree Hybrid Fund has 'on market' liquidity provided by a market maker (Nine Mile). The iNAV which is estimate of the live NAV, is updated every 20 seconds.

Additional details can be found on the [Elstree Hybrid Fund website](#) or email [Norman Derham](#) or [Michelle Morgan](#) for further information.