

TARGET MARKET DETERMINATION

ELSTREE HYBRID FUND (ARSN 646 121 280)

1. About this document

This target market determination (TMD) seeks to offer consumers, distributors and staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumer must refer to the Product Disclosure Statement (PDS) and any supplementary documents which outline the relevant terms and conditions under the product when making a decision about this product.]

This TMD applies to the Elstree Hybrid Fund referred to in the Product Disclosure Statement of that name.

Date from which this target market determination is effective

5 October 2021

2. Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for Elstree Hybrid Fund based on the product key attributes and the objectives, financial situation and needs that it has been designed to meet.

The Elstree Hybrid Fund has been designed for consumers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes). Elstree Hybrid Fund is for those who:

- Have a need for an investment portfolio that produces higher than cash rate returns with a medium level of risk
- Are looking for a manager to invest their funds
- Have a minimum 3 year investment horizon
- Are willing to invest in hybrids and the Elstree Hybrid Fund as part of a diversified income portfolio
- Have a risk tolerance that will allow low returns over rolling 12 month periods and negative returns in the case of severely distressed investment markets.
- Are willing to accept liquidity that is provided by an external market maker who may not always be able to guarantee liquidity

Product description and key attributes

The key product attributes of the Elstree Hybrid Fund are:

- An investment in a registered managed investment scheme that is quoted on Chi X as an Exchange Traded Product
- Liquidity provided by external market maker and other market transactions
- Unit holding records and tax details provided by a registry
- An investment in a portfolio of ASX Listed Hybrids issued by banks, insurers, and corporate issuers
- Actively managed portfolio strategy to change exposures to securities and sectors that the manager thinks is over or under valued.
- Generates franking credits

Objectives, financial situation, and needs

This product has been designed for individuals who:

- Have an investment portfolio
- Have sufficient diversification

- Are seeking a stable return that is in excess of income from cash and term deposits
- Have an investment horizon of at least 3 years
- Have a risk tolerance that would enable 3 negative annual returns over any 20 year period
- Have a risk tolerance that would enable tolerance of a material drawdown in times of equity market stress
- Are able to utilise franking credits

Excluded class of consumers

This product has not been designed for individuals who:

- Are not Australian residents
- Who have no tolerance for a negative annual return

Consistency between target market and the product

Elstree Hybrid Fund uses the same investment strategy as the Elstree Enhanced Income Fund which was established in 2003. Returns over that period have reflected a capital stable type investment except in times of the high investment market stress experienced during the GFC and Covid 19 episodes. Returns to 31/7/2021 (after fees and after the value of franking credits) and since inception and for the last 10 years have been 6.2% and 7.3% respectively. Standard deviation of returns have been 7.7% and 5.5%. Returns from Bank Bills have been 3.7% and 2.1% for the same periods.

It is expected that returns in the future may be lower, but still above cash and term deposit rates and volatility will be no higher than the outcome of the last decade

3. How this product is to be distributed

Distribution channels

The Elstree Hybrid Fund is a quoted ETP listed on Chi X that uses a regulated external market maker. It will only be issued to retail investors via the process of creation of units for the regulated market maker. Elstree Hybrid Fund will utilise the provisions of ASIC Corporations (Design and Distribution Obligations-Exchange Traded Products) Instrument 2020/1090 to govern the TMD requirements.

The issuer will ensure that marketing documentation and website and other promotional material reflect the risks and the role of the Fund in a diversified portfolio.

4. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Initial review	Within the 12 months of the effective date.
Periodic reviews	At least every 3 years from the initial review.
Review triggers or events	<p>Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited):</p> <ul style="list-style-type: none">• a material change to key product features, investment objectives, terms and conditions and/or fees that would suggest the TMD is no longer appropriate.• A significant or continual poor performance that risks the product reaching its investment objective over the minimum suggested timeframe.• A significant change in unit redemptions suggesting the TMD is no longer appropriate• A change in the ability of the external market maker to ensure liquidity.• A material change to tax or other legislation which may result in the product reaching its investment objective• external events such as adverse media coverage or regulatory attention; and• significant changes complaints

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

5. Reporting and monitoring this target market determination

We may collect the following information from our distributors in relation to this TMD.

Complaints	Distributors will report all complaints in relation to the product(s) covered by this TMD on a annual basis. This will include written details of the complaints.
Significant dealings	The nature of the Exchange Traded Products means that significant dealings cannot be controlled The issuer will comply with the requirements of Instrument 2020/1090