

## About Elstree & the Hybrid Fund (EHF1)

Hybrids have been a popular choice for many investors over the last decade, producing returns that have been slightly less than equity markets, with much lower risk. Current margins of around 3% above the cash rate compare favourably with the post-2010 average margin of 3.4% and we expect volatility to remain materially lower than equities. Volatility and risks are higher than those experienced in cash and Term Deposits.

We believe the hybrid market offers opportunities for active investors. It is dominated by retail investors who have a limited understanding of bank and insurer capital issues, and who under and over react to issuer specific risks and equity market movements.

## At Elstree, we do things differently.

We use a different process to other investors. That process, over 80 years of combined experience, and the use of our proprietary database has resulted in portfolios which have consistently outperformed the hybrid market, with a controlled approach to risk.

We construct portfolios which seek to benefit from market opportunities and inefficiencies through a combination of active security and/or sector selection, and active secondary market trading.

**Our investment thesis aims to deliver above sector returns that enhance the medium income levels and capital stable nature of the sector. We control the portfolio risk by using disciplined risk management and a security weighting process to reduce exposure to securities when market or security stress reaches a certain level.**

In 2002, we developed the Elstree Hybrid Index, which is the only index of post-1999 hybrid prices and returns. The data from the Elstree Hybrid Index is used extensively for security selection, risk management and benchmarking.

**The Elstree Hybrid Fund uses the same investment strategy as the unlisted wholesale Elstree Enhanced Income Fund (minimum investment \$500,000) which has outperformed cash (Bank Bill index) and the Elstree Hybrid Index. Details of the Elstree Hybrid Index including construction protocols, securities weightings, security returns and index returns are available at [www.elstreehybridfund.com.au](http://www.elstreehybridfund.com.au).**

The Elstree Hybrid Fund commenced trading on CBOE Australia on 31 March 2021

| Performance as of 30 June 2024           | 1 MONTH         | 3 MONTH          | 1 YEARS (PA)      | SINCE INCEPTION (PA) |
|--|-----------------|------------------|-------------------|----------------------|
| ELSTREE HYBRID FUND NAV+FRANKING (EHF1)* | 1.1%            | 1.8%             | 9.7%              | 6.0%                 |
| DISTRIBUTION (CPU) (% FRANKED)           | 5.5 CENTS (71%) | 9.4 CENTS (50%)  | 33.75 CENTS (62%) |                      |
| EXPECTED 3 MONTH INCOME DISTRIBUTION     |                 | 4.9 CENTS (100%) |                   |                      |
| ELSTREE HYBRID INDEX (P.A)**             | 1.3%            | 1.9%             | 9.4%              | 5.7%                 |
| BANK BILLS                               | 0.4%            | 1.1%             | 4.4%              | %                    |

\* Elstree Hybrid Fund (EHF1) returns are NAV returns after fees and before the value of franking credits

\*\* Returns are after management fees and the value of franking credits. The Elstree Hybrid Fund (CBOE: EHF1) will adopt the same investment strategy as the Elstree Enhanced Income Fund (unlisted wholesale fund for sophisticated investors)

## TRADING INFORMATION

Exchange Traded Products can be bought or sold during normal trading hours on CBOE, and trade just like shares.

|                       |                      |
|-----------------------|----------------------|
| EXCHANGE              | CBOE AUSTRALIA       |
| CBOE CODE             | EHF1                 |
| TRADING HOURS         | 10AM – 4:00PM AEST   |
| BLOOMBERG CODE        | EHF1.AU              |
| IRESS CODE            | EHF1.CXA             |
| IRESS INAV CODE       | EHF1INAVETF          |
| PERFORMANCE BENCHMARK | ELSTREE HYBRID INDEX |

## FUND INFORMATION

|                     |  |
|---------------------|--|
| DISTRIBUTIONS       | MONTHLY  |
| PERFORMANCE TARGETS | 3%-4%<br>Above RBA Cash Rate   |
| MANAGEMENT FEE      | 0.60% + GST<br>When Fund < \$100M<br><br>0.55% + GST<br>When Fund > \$100M |
| FUND EXPENSES       | Capped at<br>0.20% + GST   |
| INVESTMENT MANAGER  | ELSTREE HYBRID MANAGEMENT PTY LTD  |

Past performance is not an indicator of future performance. The after fee outcomes for the Elstree Hybrid Fund may differ from Elstree Enhanced Income Fund due to a number of factors, including without limitation the difference in fees, the size of the portfolio, timing of securities transactions and the size and frequency of applications and redemptions of the funds.

## Contact

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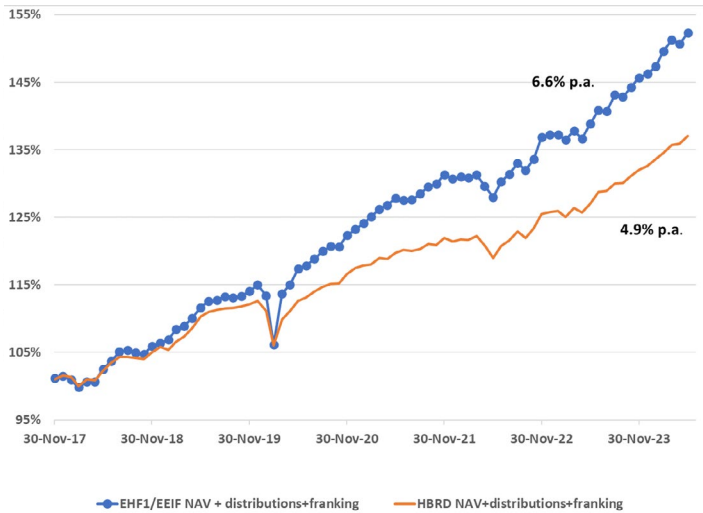


# Elstree

HYBRID FUND (EHF1)

The chart below shows the cumulative performance of the Elstree Enhanced Income Fund (EEIF) and Betashares Hybrid Fund (HBRD)

## CUMULATIVE PERFORMANCE

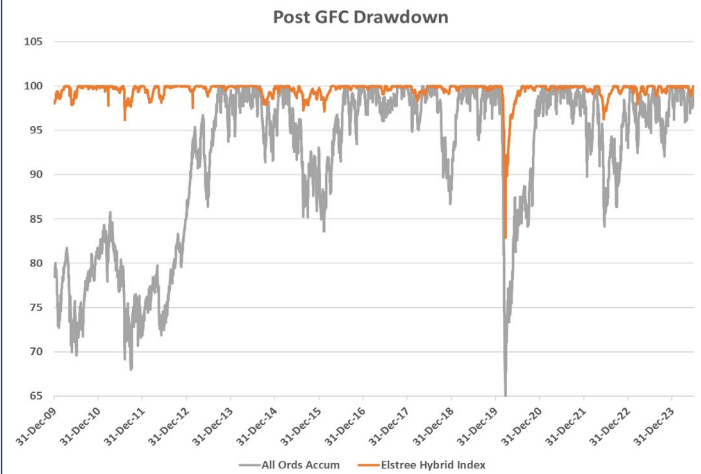


Data for both Elstree and HBRD include the value of franking credits after fees.

## RISK

Hybrids are riskier than cash and Term Deposits (which are often government guaranteed) and investment grade bonds, but are less risky than equities. The chart below shows the post 2009 drawdown experience of the Elstree Hybrid Index and the All Ordinaries Accumulation index. Hybrid drawdowns are often shallow and relatively short lived, but they are deeper when equities have large amounts of weakness

## POST GFC DRAWDOWNS

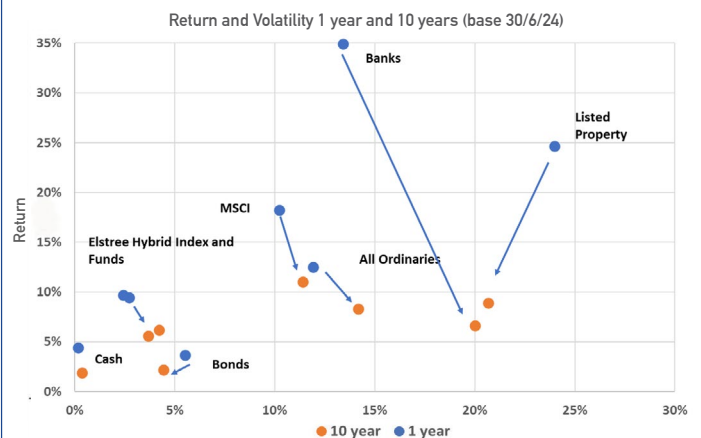


## ELSTREE HYBRID FUND

| FEATURES                           | BENEFITS   |
|------------------------------------|--|
| 30+ SECURITIES                     | Diversification leads to a less volatile portfolio           |
| MONTHLY DISTRIBUTIONS              | Regular Income   |
| EXCHANGE TRADED FUND               | Superior liquidity provided by market maker                  |
| ACTIVE & EXPERIENCED MANAGEMENT    | Able to take advantage of opportunities in the hybrid market |
| DISCIPLINED PORTFOLIO CONSTRUCTION | Controlled risk management                                   |
| PORTFOLIO SIZE WILL BE CAPPED      | Remain nimble enough to change portfolio                     |

Hybrids are riskier than cash and Term Deposits, but have displayed far less volatility than equity and property investments over the past decade. They are useful in moderating the risk of an equities portfolio and as part of a diversified capital stable portfolio. The chart below shows:

## RETURN AND VOLATILITY - 1 YEAR AND 10 YEARS



## Disclaimer

Elstree Investment Management Ltd (ABN 20 079 036 810, AFSL 22572) will earn fees for making the Fund available to investors. The information contained in this Fact Sheet is general in nature and does not take into account any particular investors personal circumstances, objectives or needs. It is not personal financial product advice. Chi-X have approved the Elstree Hybrid Fund for quotation on CBOE. A Product Disclosure Statement ("PDS") has been lodged with ASIC. Investors should read the PDS that relates to the Elstree Hybrid Fund prior to making an investment decision, with or without the assistance of their professional legal, accounting and financial advisers. Elstree is solely responsible for the contents of this Fact Sheet. The contents of a PDS & this Fact Sheet are subject to change and Elstree makes no warranty, express or implied, as to the completeness of any statement contained herein nor does it represent that this email contains all of the information that an investor may require in order to assess the merits of an investment in the Elstree Hybrid Fund. The distribution of this Fact Sheet or any other material relating to Elstree Hybrid Fund, including a PDS, to persons outside of Australia may be restricted by law and any person who comes into possession of such documents should seek their own advice on, and observe any such restrictions. Data in this Fact Sheet has been sourced from external parties believed to be reliable and has not been verified. Accordingly Elstree (and their directors, officers, consultants and employees) makes no warranty as to the accuracy or validity of any of the statistics quoted. To the extent permitted by law none of these parties are liable for any loss or damage arising from reliance on the content of this material. © Copyright 2020 [Elstree].