Fact Sheet: Elstree Enhanced Income Fund

The Organisation:

Elstree Investment Management Limited is an executive owned fixed income boutique fund manager that has been managing portfolios of listed debt hybrid securities since 2003.

Portfolio Characteristics

Eligible Securities……..	Selected ASX Listed Debt Hybrid Securities
Number of securities…….....	More than 15 and less than 40
Default Risk……	Consistent with lower investment grade securities
Yield to expected maturity (market)..	Circa 6.00% on an annual basis (BBSW + 2.00%)

Why invest in Australian listed credit?

With the Australian bank issued alternative tier 1 (AT1) market now in regulatory induced run-off the manager believes that the excess return of 2.00% over risk-free rates for securities of this level of subordination is not reflective of the quality of the underlying issuer. Supported by a combination of high cash and franked income and an excess of demand over supply investors can expect annual return outcomes to consistently average around 6.00% until the market's expiration timed for 2032.

An investment in the Elstree Enhanced Income Fund is ideal for investors seeking to;

(i) Earn a higher rate of return than risk free term deposits but are prepared to accept a low probability of some "mark to market risk" to achieve that return objective or

(ii) Reduce their exposure to the more volatile ordinary equity without materially jeopardising the total (including dividends and franking) return outcome.

Manager's Investment Philosophy:

Driven by a combination of complex security structures, a high degree of retail investor input, limited institutional involvement and lack of quality research the listed debt hybrid market is inefficient. We exploit these inefficiencies through a combination of strategic security and sector selection and active secondary market trading.

Manager's Investment Process:

Our process is designed to structure portfolios of listed debt hybrid securities that consistently display an acceptable risk adjusted return. Our investment process consists of 4 steps or filters.

In summary we;

1. Value each security based on our assessment of the security's structure after consideration of what we think the issuer will likely do at the next reset or roll date.

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2. Consider the supply and demand factors that are most likely to impact security valuations both now and in the future.
3. Ensure that the credit risk of each security is adequately reflected in the price of that security.
4. Reduce overall portfolio risk by creating diversified portfolios with correlation benefits.

Manager's Risk Management Process

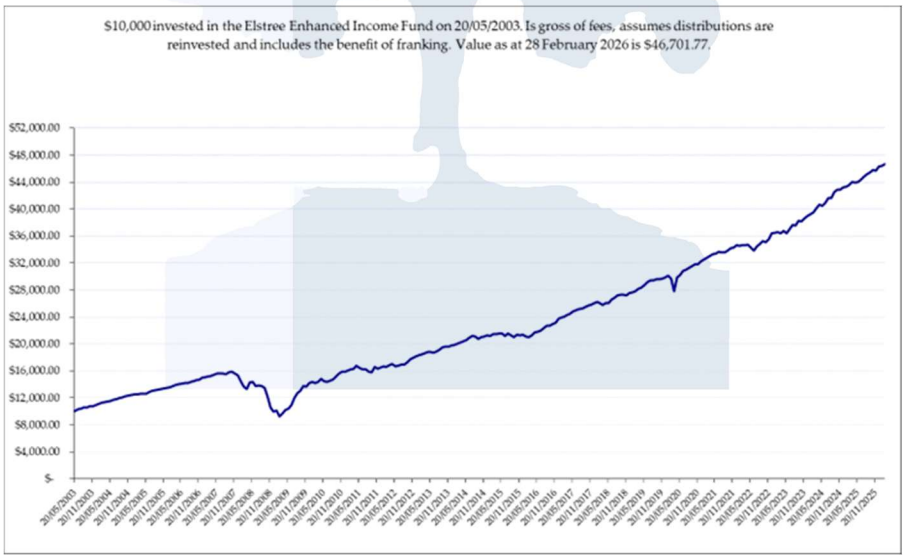
Risk management is an ongoing process and involves the assessment of both market conditions and security specific events. The major risks, which are captured in market risk include, default risk, issuer specific risk, liquidity risk and fat tail event risk. Diversification is the major risk mitigation tool at the portfolio level. By structuring portfolios with securities that display a low degree of return correlation to one another and by imposing strict limits on holdings of individual securities total portfolio risk is reduced.

Performance @ 28 February 2026.

	3 months	12 months	3 years p.a.	5 years p.a.
Elstree Enhanced Income Fund *	2.01%	6.59%	7.85%	6.68%
UBS (A) Bank Bill Index	0.90%	3.83%	4.14%	2.83%

*Returns are net of fees and include the value of franking credits. Past performance is not necessarily a guide to future performance. Elstree Enhanced Income Fund has been operative since 20 May 2003 (inception).

Value of $10,000 invested on 20/05/2003



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