

Chi-X Australia adds new ETP from market pioneer Elstree to growing list of Hybrids

Elstree Investment Management Limited has today launched its first hybrid fund on the Chi-X Australia (CXA) stock exchange, in response to the growing demand for stable income returns by Australian investors.

The Elstree Hybrid Fund (EHF1) will adopt the same investment strategy as the successful unlisted wholesale fund, the Elstree Enhanced Income Fund, which has outperformed both the cash rate (bank bills) and the Elstree Hybrid Index on a per annum basis.

Campbell Dawson, Director of Elstree said “With record low interest rates and global instability in the equity markets, investors are crying out for investment options that outperform cash but with less risk than equity markets. An actively managed hybrids portfolio has the potential to fit within that category.”

Mr Dawson adds “We believe the hybrid market offers opportunities for active investors as it is inherently inefficient. It is dominated by retail investors who have a limited understanding of bank and insurer capital issues, and who under and overreact to issuer specific risks and equity market movements. We construct portfolios which seek to benefit from market opportunities and inefficiencies and pass these returns on to our investors.”

In 2002, Elstree 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 Index is also used by portfolio managers and advisers seeking to benchmark their investment performance against the broader Hybrid sector.

The team at Elstree use a different process to other hybrid investors. That process, along with over 80 years of combined experience, and the use of their proprietary hybrid database has resulted in portfolios which have consistently outperformed the broader hybrid market, with a controlled approach to risk.

Mr Dawson has over 30 years of investment management experience. From 1993 to 2000 he was head of fixed interest at GIO Asset Management where he was responsible for the team that managed over \$6 billion of domestic and international fixed interest securities.

He is responsible for research, portfolio construction and risk management at Elstree.

Chi-X sees strong demand for Hybrids

Chief Executive Officer of Chi-X Australia, Vic Jokovic, said the number of Australian investors who require a steady income from their investments continues to grow.

“Australians entering or in retirement are interested in products like Hybrids, which have the potential to provide a fixed income return that is typically higher than the rates payable on bonds, given the greater risks that can be associated with hybrids”, Mr Jokovic said.

“Elstree is a true innovator and specialist in this area. As the creator of the Elstree Hybrid Index almost 20 years ago, the group is considered a pioneer in the Australian Hybrid market.

“The Elstree Hybrid Fund will join a growing list of Hybrids on Chi-X that meet the growing demand for income generating investments with varied risk return profiles.”

Chi-X Funds have been trading on exchange since October 2019, enabling issuers to have their funds quoted and traded on Chi-X.

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About Chi-X® Australia

Chi-X Australia (CXA) is a regulated stock exchange committed to transforming, improving and growing Australia’s securities and derivatives markets. Chi-X has experienced strong and sustained growth and has achieved significant milestones including gaining over 20% market share, \$3.8 billion traded in value in equity trading and up to 50% of the Australian ETF market (trading and reporting). The Chi-X investment products platform offers a range of unique products exclusively traded on Chi-X, including Funds (ETFs & Quoted Managed Funds), Transferable Custody Receipts (TraCRs) and Chi-X Warrants. For more information visit: www.chi-x.com.au.

About Elstree Investment Management Limited

Elstree Investment Management Limited was formed in 2002 and is exclusively and equally owned by the three executives associated with the company, Campbell Dawson, John Abbot and Norman Derham. Currently the firm manages approximately \$150 million across a wholesale unlisted fund (Elstree Enhanced Income Fund) and a number of individually managed accounts. Elstree developed the Elstree Hybrid Index in 2002, which is the only index of post-1999 hybrid prices and returns. The data from the Elstree Hybrid Index extensively for security selection, risk management and benchmarking. The Elstree Hybrid Index is also used by portfolio managers and advisers seeking to benchmark their investment performance against the broader Hybrid sector.

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