

**ELSTREE HYBRID FUND
ARSN 646 121 280**

**ANNUAL REPORT
FOR THE YEAR
ENDED 30 JUNE 2021**

**RESPONSIBLE ENTITY
ELSTREE INVESTMENT MANAGEMENT LTD
LEVEL 5, 30 COLLINS ST
MELBOURNE, VIC, 3000
ABN : 20 079 036 810**

ELSTREE HYBRID FUND
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ELSTREE HYBRID FUND
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DIRECTORS OF THE RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT

The directors of Elstree Investment Management Limited, the responsible entity for the Elstree Hybrid Fund ("the Fund") present their report together with the financial report of the Elstree Hybrid Fund for the year ended 30 June 2021.

The financial statements and notes are in accordance with the Corporations Act 2001 and comply with Accounting Standards and Regulations.

PRINCIPAL ACTIVITIES

The Fund invests in listed and unlisted debt hybrid securities and cash investments in accordance with the Fund Constitution and the Fund Product Disclosure Statement.

There were no significant changes in the nature of the Fund's activities during the period.

The Fund has not gained or lost control of any entities over the reporting period.

The Fund has no associates and is not involved in joint venture entities.

RESPONSIBLE ENTITY

The responsible entity and ultimate controlling party of the Elstree Hybrid Fund is Elstree Investment Management Limited.

The Directors in office at any time during or since the end of the year and up to the date of this report are:

	Campbell E Dawson	Norman St. G Derham	John P Abbott
Qualifications	Bachelor of Commerce Graduate Diploma of Applied Finance Chartered Financial Analyst	Bachelor of Economics	Bachelor of Commerce
Experience	38 years' experience in funds management and banking	40 years' experience in financial markets	31 years' experience in fixed interest funds management
Special responsibilities	Chairman	Company Secretary	Nil
Directors' meetings attended	14	14	14

ELSTREE HYBRID FUND
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DIRECTORS OF THE RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2021

REVIEW OF OPERATIONS

During the period, the Fund commenced operation and managed the investments in accordance with the Product Disclosure Statement (the "PDS") and the Constitution.

The Fund produced a positive return this year with capital gains in addition to income.

The fund performed well, producing returns above market and term deposit levels.

Covid 19 had little impact on the Fund.

The performance of the Fund was as follows;

	Year ended 30 June 2021	Year ended 30 June 2020
	\$	\$
Net operating profit/(loss)	110,601	-
Distributions paid and payable	54,500	-
Distributions (cents per unit)	6.05	-

FINANCIAL POSITION

Net Asset Value per unit

	Year ended 30 June 2021	Year ended 30 June 2020
	\$	\$
As at end of the year	5.13	-
High during the year	5.13	-
Low during the year	5.00	-

Unit movements and issue

	Year ended 30 June 2021	Year ended 30 June 2020
Units on issue at start of year	-	-
Units issued	1,900,000	-
Units redeemed	-	-
Units on issue at end of year	1,900,000	-

The value of net assets and liabilities and details of the unit movements are disclosed in the financial statements.

ELSTREE HYBRID FUND
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DIRECTORS OF THE RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2021

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Fund based on known information. This consideration extends to the nature of investments and market in which the Fund operates. The Directors consider that there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Fund unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial period under review.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There have been no material matters subsequent to 30 June 2021.

INDEMNIFICATION AND INSURANCE OF OFFICERS

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of Elstree Investment Management Limited or the auditors of the Fund. Provided the officers of Elstree Investment Management Limited act in accordance with the Fund constitutions and the law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

ELSTREE HYBRID FUND
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DIRECTORS OF THE RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2021

REMUNERATION REPORT

Key management personnel are Directors of Elstree Investment Management Limited, the responsible entity of the Fund. Key Management personnel receive no remuneration from the Fund.

As at 30 June 2021 the Fund's key management personnel held the following interests in the Fund

Units held

Directors	Position	Balance at 1 July 2020	Acquisitions	Disposals	Balance at 30 June 2021
C.E. Dawson	Chairman	-	22,120	-	22,120
	Director & Coy				
N.S. Derham	Sec	-	40,000	-	40,000
J. Abbott	Director	-	-	-	-

Directors and director related entities disposed of and acquired ordinary units in the Fund on the same terms and conditions available to other unitholders.

The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in units of the Fund as part of their remuneration.

The Responsible Entity or its associates have no other interests in the Fund except as described above.

This concludes the remuneration report, which has been audited.

ENVIRONMENTAL REGULATION

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

PROCEEDINGS ON BEHALF OF FUND

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings.

The Fund was not a party to any such proceedings during the year.

ELSTREE HYBRID FUND
ARSN 646 121 280
DIRECTORS OF THE RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2021

AUDIT SERVICES

During the year, MNSA Pty Ltd, the Fund's auditor, did not perform any other services in addition to their statutory duties for the Fund. Details of the amounts paid to the auditor and their related parties are disclosed in note 4 to the Financial Statements.

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the year, the Fund has not paid a premium in respect of a contract to insure the auditor of the Fund or any related entity.

FEES PAID TO AND INTERESTS HELD IN THE FUND BY THE RESPONSIBLE ENTITY OR ITS ASSOCIATES

In accordance with the PDS and Constitution, the Responsible Entity received a fee of 0.66% (GST inclusive) of the net value of assets for the management of the Fund for the year ended 30 June 2021. This amount is calculated monthly and paid quarterly and totalled \$9,904 (year ended 30 June 2020: \$0). The Responsible Entity of the Fund does not hold any interest in the Fund as at 30 June 2021 (year ended 30 June 2020: nil).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

This report is signed in accordance with a resolution of the Board of Directors of the Responsible Entity.



Campbell Dawson
Director
Sydney
22 September 2021



**AUDITOR'S INDEPENDENCE DECLARATION
TO THE UNITHOLDERS OF ELSTREE HYBRID FUND**

UNDER S 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro
Director

Sydney, dated this 22nd day of September 2021

ELSTREE HYBRID FUND
ARSN 646 121 280
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	June 2021 \$	June 2020 \$
Investment Income	3(a)	49,395	-
Management fees		(9,904)	-
Fund expenses		(3,302)	-
Net gain on financial assets held at fair value through profit or loss	3(b)	74,412	-
Profit attributable to unitholders before income tax	6	110,601	-
Income tax expense	1(a)	-	-
Profit attributable to unitholders		110,601	-
Finance costs attributable to unitholders			
Distributions paid or payable to unitholders	7	(54,500)	-
Decrease/(increase) in net assets attributable to unitholders		(56,101)	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to unitholders		-	-

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

ELSTREE HYBRID FUND
ARSN 646 121 280
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	June 2021 \$	June 2020 \$
Assets			
Cash and cash equivalents	8	337,833	-
Trade and other receivables	5	472,937	-
Financial assets held at fair value through profit or loss	9,18	8,960,615	-
Total Assets		<u>9,771,385</u>	<u>-</u>
Liabilities			
Trade and other payables	10	12,979	-
Distributions payable	7	53,200	-
Total Liabilities (excluding net assets attributable to unitholders)		<u>66,179</u>	<u>-</u>
Net assets attributable to unitholders	6	9,705,206	-
Total Liabilities		<u>9,771,385</u>	<u>-</u>

The statement of financial position should be read in conjunction with the accompanying notes.

**ELSTREE HYBRID FUND
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

In accordance with AASB 132 Financial Instruments: Presentation, unitholders' funds are classified as a liability and accordingly the Fund has no equity for financial statements purposes. As a result there was no equity at the start or end of the financial year.

ELSTREE HYBRID FUND
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	June 2021 \$	June 2020 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Dividends and distributions received		38,378	-
Interest received		7,883	-
Payments to suppliers (inclusive of GST)		(243)	-
Net cash provided by operating activities	13	46,018	-
CASHFLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment securities		529,564	-
Payments made for investment securities		(9,885,554)	-
Net cash used in investing activities		(9,355,990)	-
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		9,649,105	-
Distributions paid		(1,300)	-
Net cash provided by financing activities		9,647,805	-
Net increase in cash and cash equivalents		337,833	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period	8	337,833	-

The statement of cash flows should be read in conjunction with the accompanying notes.

ELSTREE HYBRID FUND
ARSN 646 121 280
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for profit oriented entities.

The Fund is a listed registered managed investment scheme, incorporated and domiciled in Australia.

The financial report has been approved for release by Board of Directors of the Responsible Entity on 22 September 2021. The Board of Directors of the Responsible Entity have the power to amend and reissue the financial report.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the previous year.

Basis of Preparation

These financial statements comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs with the exception of "held-for-trading" financial assets and certain other financial assets and liabilities which have been measured at fair value.

Amounts in this report have been rounded to the nearest dollar.

The registered office and principal place of business are

Level 5, 30 Collins St.
Melbourne, VIC, 3000

Accounting Policies

(a) Income Tax

Under the Income Tax Assessment Act 1997, the Fund is not subject to income tax provided the net income including assessable capital gains tax is fully distributed to unitholders. The distributions are recognised in the statement of profit or loss and other comprehensive income as financing costs attributable to unitholders.

Where net income is not fully distributable, the undistributed portion is subject to income tax at 48.5%.

Financial assets held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed to unitholders.

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Distributions

In accordance with the Fund Constitution, the Fund fully distributes its distributable income to unitholders by cash or reinvestment. The distributions are recognised in the statement of profit or loss and other comprehensive income as financing costs attributable to unitholders.

(c) Financial Assets

i) Classification

Financial assets consist of debt securities, including corporate bonds, convertible notes and hybrid securities in publicly listed and unlisted companies and investments in fixed interest securities.

It is considered that the information needs of unitholders in a Fund of this type are better met by stating investments at fair value rather than historical cost and by presenting the statement of financial position on a liquidity basis.

ii) Valuation

All financial assets are classified as “held-for-trading” investments and are recognised at fair value, being market value, with changes in fair value recognised in the statement of profit or loss and other comprehensive income. Financial assets are priced at current bid prices.

iii) Investment income

Dividend and distribution income is recognised in the statement of profit or loss and other comprehensive income on the day on which the relevant investment is first quoted on an “ex-dividend” or “ex-distribution” basis.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(d) Impairment of Assets

At each reporting date, the directors of the responsible entity review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at selected times for cash equal to the proportionate share of the Fund's net asset value.

The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholders exercised their right to put the units back to the Fund.

(h) Increase/ (Decrease) in Net Assets Attributable to Unitholders

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments held at fair value through profit or loss, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free deferred income. Net assets attributable to unitholders are classified and disclosed as a liability in the statement of financial position.

Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

(j) Trade and Other Receivables

Receivables may include amounts for dividends, interest and securities sold where settlement has not occurred. Dividends are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of the last payment. Amounts are generally received within 30 days of being recorded as receivables.

(k) Trade and Other Payables

Trades are recorded on trade date and normally settled within 3 business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the reporting date.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position as unitholders are presently entitled to the distributable income at year end under the Fund's constitution.

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Applications and Redemptions

Applications for units and creation of units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund redemption of units are made at the exit price and are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets of the Fund and divided by the number of units on issue.

(m) Expenses

All expenses, including responsible entity's fees and custodian fees, are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

(n) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Fund's accounting policies, which are described in Note 1, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The Fund holds investments which are not quoted prices in public markets. The Fund uses prices from various broker and bank reports to estimate their value.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(o) Impacts of COVID-19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Fund based on known information. This consideration extends to the nature of investments and market in which the Fund operates. The Directors consider that there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Fund unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

p) Adoption of new and revised Accounting Standards.

The Fund has adopted all new, revised or amending Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are mandatory for reporting period ending on or prior to 30 June 2021, as provided below. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(q) New Accounting Standards and Interpretations not yet mandatory or early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Fund for the annual reporting period ended 30 June 2021. These standards are not expected to have an impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. FINANCIAL RISK AND MANAGEMENT POLICIES

The Fund's principal financial instruments comprise receivables, payables, cash and short-term deposits and financial assets held at fair value through profit or loss. These activities expose the Fund to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Although the Fund does not have documented policies and procedures, the Directors manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate risk and by being aware of market forecasts for interest rates. Liquidity risk is monitored through analysis of market liquidity.

The Fund holds the following financial instruments:

	June 2021	June 2020
	\$	\$
Financial Assets		
Cash and cash equivalents	337,833	-
Trade and other receivables	472,937	-
Financial assets at fair value through profit or loss	8,960,615	-
Total Financial Assets	9,771,385	-
Financial Liabilities		
Trade and other payables	12,979	-
Distributions payable	53,200	-
Total Financial Liabilities	66,179	-
Net exposure	9,705,206	-

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTINUED)

Risk Exposures and Responses

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to market interest rates relates primarily to the Fund's holding of debt and debt like securities.

The Fund manages its interest rate risk with reference to analysis of the expected change in interest rates due to economic and other factors.

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at year end:

	Net Profit Higher / (Lower)		Net Assets Higher / (Lower)	
	Year Ended 30 June		Year Ended 30 June	
	2021	2020	2021	2020
	\$	\$	\$	\$
+ 1% (100 basis points)	(339,275)	-	(339,275)	-
- 0.5 % (50 basis points)	176,364	-	176,364	-

This risk is inherently linked to movements in market price. The impact of a change in the yield to expected maturity, as presented above, on post tax profit or net assets is not mutually exclusive to the change in price risk illustrated in the price risk disclosure note below.

Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets is the carrying amount of those assets, net of any allowance for impairment, as disclosed in the statement of financial position and notes to the financial report.

The Fund trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Fund's policy to secure its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Fund's exposure to credit losses are not significant. There are no significant concentrations of credit risk.

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTINUED)

Price risk

Price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices.

The Fund has exposure to changes in security prices. The Fund's securities are generally listed on the ASX and are exposed to changes in prices due to changes in interest rates and other market risk factors.

Prices are affected by changes in both the general level of interest rates and the extra margin applying to each security. The extra margin is influenced by market, company and security specific issues.

The risk is managed by the responsible entity ensuring that all activities are transacted in accordance with the PDS, overall investment strategy and within approved limits. The following sensitivity analysis is based on the price risk exposures in existence at year end.

	Net Profit Higher / (Lower)		Net Assets Higher / (Lower)	
	Year Ended 30 June		Year Ended 30 June	
	2021	2020	2021	2020
	\$	\$	\$	\$
Change in price +5%	448,031	-	448,031	-
Change in price -5%	(448,031)	-	(448,031)	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the Fund will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial liabilities.

The Fund manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The grouping below is based on the expected maturities of the underlying assets. Unit holders are able to redeem units on a monthly basis and all assets are highly liquid. Carrying value of the financial liabilities approximate future cash outflow.

Year ended 30 June 2021	< 6 months \$	6 – 12 months \$	1 – 5 years \$	> 5 years \$	Total \$
Financial liabilities					
Trade and other payables	12,979	-	-	-	12,979
Distributions payable	53,200	-	-	-	53,200
Financial Liabilities	66,179	-	-	-	66,179
Year ended 30 June 2020	< 6 months \$	6 – 12 months \$	1 – 5 years \$	> 5 years \$	Total \$
Financial liabilities					
Trade and other payables	-	-	-	-	-
Distributions payable	-	-	-	-	-
Financial Liabilities	-	-	-	-	-

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTINUED)

Foreign Exchange risk

The Fund has no direct exposure to foreign exchange risk.

Net fair value of Financial Assets and Financial Liabilities

The carrying amounts of financial assets and liabilities are shown in the statement of financial position at their appropriate fair value.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Year ended 30 June 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss	8,960,615	-	-	8,960,615
Total	<u>8,960,615</u>	<u>-</u>	<u>-</u>	<u>8,960,615</u>

Year ended 30 June 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

In valuing the unlisted investment, included in Level 2 of the hierarchy, valuation techniques including valuation of the security by banks and brokers has been adopted to determine the fair value for this investment.

Defaults and breaches

There were no defaults or breaches of financial liabilities during the year.

ELSTREE HYBRID FUND
ARSN 646 121 280
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. REVENUE FROM ORDINARY ACTIVITIES

(a) Investment Income

	June 2021	June 2020
	\$	\$
Dividends and distributions	41,512	-
Interest	7,883	-
Other income	-	-
Total Investment Income	<u>49,395</u>	<u>-</u>

(b) Net gain/(loss) on financial assets held at fair value through profit or loss

	June 2021	June 2020
	\$	\$
Realised gain on financial assets held at fair value through profit or loss	9,537	-
Unrealised gain on financial assets held at fair value through profit or loss	64,875	-
Total gain/(loss) on financial assets held at fair value through profit or loss	<u>74,412</u>	<u>-</u>

4. AUDITORS REMUNERATION

Remuneration of the auditor of the Fund for:

	June 2021	June 2020
	\$	\$
Auditing or reviewing the financial report by MNSA	<u>10,500</u>	<u>-</u>

No non-audit services were provided to the Fund by MNSA Pty Ltd for the year ended 30 June 2021 (2020: Nil).

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5. TRADE AND OTHER RECEIVABLES

	June 2021 \$	June 2020 \$
Other receivables	472,937	-
	<u>472,937</u>	<u>-</u>

Other receivables relate to outstanding settlements and income receivables and are on the terms operating in the securities industry. Settlements are made within three days of the date of a transaction. Income receivable relates to accrued income and are non-interest bearing and unsecured.

No trade or other receivables owed were past the due date and no allowances for impairment are required.

6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Movements in the number of units and net assets attributable to unitholders during the period were as follows;

As stipulated in the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Net assets attributable to unitholders

	June 2021 No.	June 2021 \$
Opening balance	-	-
Applications	1,900,000	9,649,105
Redemptions	-	-
Profit attributable to unitholders before income tax	-	110,601
Distributions paid and payable	-	(54,500)
Closing balance	<u>1,900,000</u>	<u>9,705,206</u>
	June 2020 No.	June 2020 \$
Opening balance	-	-
Applications	-	-
Redemptions	-	-
Profit attributable to unitholders before income tax	-	-
Distributions paid and payable	-	-
Closing balance	<u>-</u>	<u>-</u>

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6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

The following rights and benefits are attached to the units on issue:

Distributions

The Fund intends to distribute all its taxable profits each year to unitholders.

Redemptions

The manager offers redemption of units via the provisions in the PDS. Most unitholders utilise the market to sell their units.

Winding up

After paying or making allowances for anticipated liabilities, subject to the rights and obligations attaching to any class, the net proceeds must be distributed pro rata to investors according to the number of units they hold at termination.

7. DISTRIBUTIONS TO UNITHOLDERS

Distributions paid or payable by the Fund for the year ended 30 June 2021	Cents per unit	Total amount \$	Date of payment
	0.0325	1,300	13/5/21
	0.0280	53,200	15/7/21
	<u>0.0605</u>	<u>54,500</u>	

Distributions paid or payable by the Fund for the year ended 30 June 2020	Cents per unit	Total amount \$	Date of payment
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	<u>-</u>	<u>-</u>	

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7. DISTRIBUTIONS TO UNITHOLDERS (CONT)

Under the Income Tax Assessment Act 1997, the Fund is not subject to income tax, provided the net income including assessable capital gains (if any) is fully distributed to unitholders. No liability has been provided for income tax as it is unlikely that any taxable income will be retained by the Fund.

In accordance with the Constitution, Product Disclosure Statement and applicable tax legislation, the Fund fully distributes by cash or reinvestment, distributable income to unitholders. Realized capital losses are not distributed to unitholders but are retained in the Fund to be offset against any future realized capital gains.

The benefits of imputation credits and foreign taxes paid (if any) are passed to the unitholders. A Distribution Reinvestment Plan is available to unitholders. Details are available at www.elstreehybridfund.com.au.

8. CASH AND CASH EQUIVALENTS

Cash as at the end of the financial year is as follows:

	June 2021 \$	June 2020 \$
Cash at bank and on hand	<u>337,833</u>	<u>-</u>

The weighted average interest rate for cash securities as at 30 June 2021 is 0.0% (30 June 2020 n.a.)

9. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 2021 \$	June 2020 \$
Listed investments	<u>8,960,615</u>	<u>-</u>

The listed investments are debt or debt like securities with known or calculable coupons and interest payments and fixed or calculable redemption amounts.

10. TRADE AND OTHER PAYABLES

	June 2021 \$	June 2020 \$
Management fee payable	<u>12,979</u>	<u>-</u>
	<u>12,979</u>	<u>-</u>

Trade creditors relate to outstanding settlements, and are on the terms operating in the securities industry. These require settlement within three (3) days of the date of the transaction. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

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11. RELATED PARTY TRANSACTIONS

Responsible Entity

The responsible entity for the Elstree Hybrid Fund and ultimate controlling party is Elstree Investment Management Limited.

Responsible Entity's/Managers fees and other transactions

In accordance with the Constitution, fees for the Fund were a management fee of 0.60% plus GST on the net value of assets.

The Fund pays the expenses of the operation of the Fund, including but not limited to listing expenses, audit and other accounting fees, and registry expenses. The Funds expenses are capped at a maximum of 0.20% plus GST with any excess being payable by the Responsible Entity.

The Management fee paid by the Fund for the year ended 30 June 2021 was \$9,904 (year ended 30 June 2020: n.a). At year end the Fund had an accrued liability for Management Fees of \$9,734 (year ended 30 June 2020: n.a.).

12. KEY MANAGEMENT PERSONNEL COMPENSATION

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

C.E. Dawson	Chairman
N.S. Derham	Director & Company Secretary
J. Abbott	Director

a) Remuneration

There are no executives that are paid by the Fund. Elstree Investment Management Limited, the Responsible Entity of the Fund, remunerates Campbell Dawson, Norman Derham and John Abbott as employees and/or directors of the Company. The Manager also provides day to day management of the Fund and is remunerated as outlined in the Directors' Report.

No fees have been paid directly by the Fund to the Directors of the Responsible Entity.

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
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13. CASH FLOW INFORMATION

Reconciliation of profit attributable to unitholders to cashflows from operating activities

	June 2021	June 2020
	\$	\$
Net profit	110,601	-
Net (profit) on financial instruments held at fair value through profit or loss	(9,537)	-
(Profit) from adjusting investments to market value	(64,875)	-
(Increase) in receivables	(3,135)	-
Increase in payables	12,964	-
Net cash provided by operating activities	<u>46,018</u>	<u>-</u>

14. SEGMENT INFORMATION

Elstree Hybrid Fund is a registered managed investment scheme, incorporated and domiciled in Australia. The Fund's principal activity is investment management, conducted primarily in Australia.

15. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at 30 June 2021. (30 June 2020: n.a.)

16. COMMITMENTS FOR EXPENDITURE

There were no commitments for expenditure at 30 June 2021. (30 June 2020: n.a.)

17. EVENTS OCCURRING AFTER THE REPORTING DATE

No significant events have occurred since reporting date which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2021 or on the results and cash flows of the Fund for the period ended on that date.

ELSTREE HYBRID FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

18. INVESTMENT DISCLOSURES

During the period the Fund purchased and sold securities to the value of \$10,875,369(2020: n.a.).
The Fund paid brokerage of \$5,928 (2020: n.a.).

The Fund securities holdings as at 30 June 2021 were as follows:

Amp Limited Cn 3 M Per Q Rd T 25	\$	6,040
Anz Banking Grp Ltd Cn 3 M Per Q Rd T 24	\$	500,633
Anz Banking Grp Ltd Cn 3 M Per Q Rd T 25	\$	315,429
Australian Unity Ltd S Bnd 3 M 12 24	\$	30,300
Australian Unity Ltd S Bnd 3 M 12 26	\$	1,091
Bendigo And Adelaide Hy 3 M Per Q Su Rd	\$	21,526
Bendigo And Adelaide Ctg Pre 3 M Per Rd T	\$	462,510
Bendigo And Adelaide Cn 3 M Per Rd T 27	\$	169,011
Bank Of Queensland. Cn 3 M Per Q Rd T 24	\$	171,558
Bank Of Queensland. Cn 3 M Per Q Rd T 27	\$	121,322
Centuria Funds Bnd 3 M 04 26 E Rd	\$	131,100
Commonwealth Bank. Cn 3 M Per Q Rd T 22	\$	259,355
Commonwealth Bank. Cn 3 M Per Q Rd T 25	\$	491,504
Commonwealth Bank. Cn 3 M Per Q Rd T 24	\$	30,276
Commonwealth Bank. Cn 3 M Per Q Rd T 27	\$	266,339
Commonwealth Bank. Cn 3 M Per Q Rd T 26	\$	749,521
Challenger Limited Cn 3 M Per Q Rd T 26	\$	294,329
Crown Resorts Ltd Hy 3 M 04 75 Q Rd T	\$	489,800
Insurance Australia Cn 3 M Per Q Rd T 23	\$	354,911
Macquarie Bank Ltd Cn 3 M Per Q Rd T 25	\$	343,095
Macquarie Group Ltd Cn 3 M Per Q Rd T 26	\$	104,910
Mercantile Invest Bnd 4.80% 07 26 6 M	\$	79,927
National Aust. Bank Cn 3 M Per Q Rd T 26	\$	215,133
National Aust. Bank Cn 3 M Per Q Rd T 27	\$	903,000
Naos Emerg Opp Cbnd 4.5% 9 28 6 M Su	\$	40,600
Nufarm Finance (Nz) Cbnd 6 M Per Q X	\$	86,899
Omni Bridgeway Ltd Bnd 3 M 12 22 E Su T	\$	90,900
Qube Holdings Ltd Hy 3 M 10 23 Q	\$	232,650
Ramsay Health Care Tr Pre 6 M Per Q Rd T	\$	399,811
Suncorp Metway . Cn 3 M Per Q	\$	6,481
Suncorp Group Ltd Cn 3 M Per Q Rd T 24	\$	523,635
Suncorp Group Ltd Cn 3 M Per Q Rd T 26	\$	111,926
Westpac Banking Corp Cn 3 M Per Q Rd T 25	\$	801,350
Westpac Banking Corp Cn 3 M Per Q Rd T 24	\$	115,290
Westpac Banking Corp Cn 3 M Per Q Rd T 27	\$	38,453
Total Investments	\$	8,960,615

DIRECTORS DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors of the Responsible Entity



Campbell Dawson
Director

22 September 2021
Sydney

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ELSTREE HYBRID FUND

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Elstree Hybrid Fund, (the Fund), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the fund's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNSA PTY LTD

MNSA Pty Ltd



Mark Schiliro
Director

Sydney, dated this 22nd day of September 2021



MNSA