



# ASX Release

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**360 Capital Enhanced Income Fund (ASX: TCF)**

**26 February 2021**

**Appendix 4D**

**For the half year ended 31 December 2020**

**Page 1 of 2**

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.2.A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2020. It is also recommended that the Annual Report be considered together with any public announcements made by the Fund. Reference should also be made to the statement of significant accounting policies as outlined in the Financial Report. The Interim Financial Report for the half year ended 31 December 2020 is attached and forms part of this Appendix 4D.

## Details of reporting period

Current reporting period: 1 July 2020 – 31 December 2020

Prior corresponding period: 1 July 2019 – 31 December 2019

## Results for announcement to the market

|   |      |       |    | 31 Dec 2020<br>\$'000 | 31 Dec 2019<br>\$'000 |
|---|------|-------|----|-----------------------|-----------------------|
| Revenue and other income from ordinary activities   | down | 27.3% | to | 323                   | 444                   |
| Profit from ordinary activities attributable to the unitholders of 360 Capital Enhanced Income Fund | down | 48.6% | to | 148                   | 288                   |
| Profit for the half year attributable to the unitholders of 360 Capital Enhanced Income Fund        | down | 48.6% | to | 148                   | 288                   |

|                                       | 31 Dec 2020<br>cents per unit | 31 Dec 2019<br>cents per unit |
|---------------------------------------|-------------------------------|-------------------------------|
| Earnings per unit – Basic and diluted | 6.3                           | 8.7                           |

## Net tangible asset per unit

|              | 31 Dec 2020<br>\$ | 31 Dec 2019<br>\$ |
|--------------|-------------------|-------------------|
| NTA per unit | 5.935             | 5.881             |



## ASX Release

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### Distributions

#### *Current period*

There were no distributions paid, recommended or declared during the current financial period.

#### *Previous period*

|   | cents per<br>unit | Record date       | Date of payment |
|---|-------------------|-------------------|-----------------|
| September quarter distribution                                      | 8.0               | 30 September 2019 | 15 October 2019 |
| December quarter distribution                                       | 7.0               | 31 December 2019  | 15 January 2020 |
| <b>Total distribution for the period ended 31 December<br/>2019</b> | <b>15.0</b>       |                   |                 |

### Distribution Reinvestment Plans

The Fund's distribution reinvestment plan was not active during the period.



360 Capital



# 360 CAPITAL ENHANCED INCOME FUND

FORMERLY KNOWN AS AUSTRALIAN ENHANCED INCOME FUND

INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## General information

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360 Capital Enhanced Income Fund (ARSN 115 632 990) (Fund) is a listed managed investment fund, constituted and domiciled in Australia. The Responsible Entity of the Fund is 360 Capital FM Limited. Its registered office and principal place of business are:

Level 8, 56 Pitt Street, Sydney NSW 2000 Australia

A description of the nature of the Fund's operations and its principal activities are included in the responsible entity report, which is not part of the financial statements.

The financial statements are presented in Australian dollars, which is 360 Capital Enhanced Income Fund's functional and presentation currency.

The Fund is an entity of the kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the interim financial report and Responsible entity report have been rounded to the nearest thousand dollars, unless otherwise stated.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Fund for the year ended 30 June 2020 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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The directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity, present their report, together with the financial statements of 360 Capital Enhanced Income Fund (ASX: TCF), formerly Australian Enhanced Income Fund (ASX: AYF) (referred to hereafter as the 'Fund') for the half year ended 31 December 2020.

### Significant changes in the state of affairs

On 9 September 2020, the Fund's responsible entity changed from Elstree Investment Management Pty Ltd (EIML) to 360 Capital FM Limited (CFML) with 99.84% of unitholders voting in favour of the change. Unitholders at the time were provided the option to redeem their units based on the Fund's Net Tangible Assets (NTA) per unit at the time.

On 28 September 2020 the Fund announced a change of name from Australian Enhanced Income Fund to 360 Capital Enhanced Income Fund with a change of ticker code from AYF to TCF.

360 Capital Group made a special payment of \$0.15 per unit to all remaining unitholders who held units in the Fund as at 21 October 2020. This payment was made by 360 Capital Group and not out of the assets of the Fund.

Since CFML assumed the role of responsible entity, it has adopted an updated investment strategy for the Fund, the Fund has pivoted its investment focus from listed fixed income securities to the growing private credit asset class. The Fund now will invest in a diverse range of senior and subordinated loans in both listed and unlisted middle market borrowers. The Fund defines middle market corporates as those that typically have revenues of above \$50 million and EBITDA of greater than \$5 million.

In December 2020, subsequent to the approval of CFML as the new responsible entity, a capital raising was undertaken to recapitalise the Fund. As at 31 December 2020, the Fund has available cash balance on hand of \$20.5 million which will be deployed in accordance with its new strategy during the 2021 year.

Following 9 September 2020, when 360 Capital FM Limited was approved by members to be the responsible entity of the Fund, the following persons were directors of the Responsible Entity up to the date of this report:

**David van Aanholt (Chairman)**

**Tony Robert Pitt**

**William John Ballhausen**

**Graham Ephraim Lenzner**

**Andrew Graeme Moffat**

On 15 February 2021, Graham Lenzner announced his retirement from his role as independent non-executive director of 360 Capital FM Limited, effective from 31 March 2021.

### Principal activities

From 1 July 2020 to 9 September 2020, while the Responsible Entity was EIML, the strategy of the Fund was to invest in listed and unlisted hybrid debt securities and cash investments.

Since the responsible entity was appointed as responsible entity of the Fund on 9 September 2020, a new investment strategy has been adopted. Under its current strategy, the fund aims to invest in a range of private credit opportunities across Australia and New Zealand including:

- senior secured floating rate notes
- fixed rate securities
- subordinated securities
- unlisted private debt

### Directors

From 1 July 2020 to 9 September 2020, while the responsible entity of the Fund was Elstree Investment Management Limited, the following persons were directors of the responsible entity of the Fund:

**Campbell E Dawson**

**Norman St. G Derham**

**John P Abbott**

360 Capital Enhanced Income Fund  
Responsible entity report  
For the half year ended 31 December 2020

#### Distributions

There were no distributions paid, recommended or declared during the current financial half year (31 December 2019: \$0.5 million).

Distributions paid during the prior financial half year were as follows:

|   | 31 Dec 2020<br>\$'000 | 31 Dec 2019<br>\$'000 |
|---|-----------------------|-----------------------|
| September 2019 quarterly distribution of 8 cents per unit paid on 15 October 2019 | -                     | 265                   |
| December 2019 quarterly distribution of 7 cents per unit paid on 15 January 2020  | -                     | 232                   |
|   | -                     | 497                   |

#### Review of operations

The Fund's profit before finance costs attributable to unitholders for the half year ended 31 December 2020 was \$0.1 million (31 December 2019: \$0.3 million).

The Fund's balance sheet as at 31 December 2020 had total assets of \$20.5 million (30 June 2020: \$19.8 million).

The Fund's Net Asset Value (NAV) per unit was \$5.94 (30 June 2020: \$5.95).

#### Number of interests on issue

As at 31 December 2020 the number of units on issue in the Fund was 3,455,021 (30 June 2020: 3,305,215). The movement in the number and value of units of issued capital are as follows:

*Movements in the number and value of units of issued capital of the Fund were as follows*

| Details        | Date             | Units<br>'000 | Unit price | \$'000  |
|----------------|------------------|---------------|------------|---------|
| Balance        | 1 July 2019      | 3,311         |            | 32,345  |
| Units redeemed | 18 May 2020      | (6)           | \$5.77     | (32)    |
| Balance        | 1 July 2020      | 3,305         |            | 32,313  |
| Units redeemed | 16 July 2020     | (89)          | \$5.88     | (525)   |
| Units redeemed | 9 September 2020 | (1,519)       | \$5.95     | (9,031) |
| Units redeemed | 16 October 2020  | (206)         | \$5.94     | (1,224) |
| Units redeemed | 26 October 2020  | (65)          | \$5.96     | (379)   |
| Units redeemed | 24 November 2020 | (15)          | \$5.95     | (89)    |
| Capital raised | 17 December 2020 | 2,044         | \$5.94     | 12,134  |
| Balance        | 31 December 2020 | 3,455         |            | 33,199  |

#### Likely developments and expected results of operations

With a recent round of capital raising complete in December 2020, the Fund is actively looking to deploy its cash holdings in investment opportunities in line with its investment strategy across middle market private credit.



#### **Impact of COVID-19 on the Fund**

The World Health Organization declared a global pandemic in March 2020 as a result of the novel coronavirus (COVID-19). The Fund has considered the impact of COVID-19 in preparing its financial report for the half year. The effects of the pandemic are continuing to unfold, and the extent of the social, medical and economic impacts worldwide are unknown.

The immediate financial impact of COVID-19 on the Fund's holdings is limited as the Fund's assets are currently in cash, however the pandemic may affect future transactions as the Fund looks to deploy its capital.

#### **Rounding of amounts**

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

#### **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 immediately after this responsible entity report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001

On behalf of the directors



David van Aanholt  
Chairman



Tony Robert Pitt  
Managing Director

26 February 2021



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of 360 Capital FM Limited as Responsible Entity for 360 Capital Enhanced Income Fund**

As lead auditor for the review of the half-year financial report of 360 Capital Enhanced Income Fund for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 360 Capital Enhanced Income Fund and the entities it controlled during the financial period.

Ernst & Young

Douglas Bain  
Partner  
26 February 2021

360 Capital Enhanced Income Fund  
Interim statement of profit or loss and other comprehensive income  
For the half year ended 31 December 2020

|   | Note | 31 Dec 2020<br>\$'000 | 31 Dec 2019<br>\$'000 |
|---|------|-----------------------|-----------------------|
| <b>Revenue</b>  |      |                       |                       |
| Investment income   |      | 20                    | 349                   |
| Net gain on financial assets held at fair value through profit or loss  |      | 303                   | 95                    |
| <b>Total revenue and other income from ordinary activities</b>  |      | <b>323</b>            | <b>444</b>            |
| Management fees   | 7    | (38)                  |                       |
| Fund expenses   |      | (137)                 |                       |
| <b>Profit before finance costs attributable to unitholders</b>  |      | <b>148</b>            | <b>288</b>            |
| <b>Finance costs attributable to unitholders</b>  |      |                       |                       |
| Distributions paid or payable to unitholders  |      | -                     | (496)                 |
| Decrease/(increase) in net assets attributable to unitholders   |      | (159)                 | 208                   |
| <b>Total finance costs attributable to unitholders</b>  |      | <b>(159)</b>          | <b>(288)</b>          |
| <b>Loss for the half year as incurred while under equity classification</b>   |      | <b>(11)</b>           | <b>-</b>              |
| Other comprehensive income for the half year  |      | -                     | -                     |
| <b>Total comprehensive income for the half year attributable to the unitholders of 360 Capital Enhanced Income Fund</b> |      | <b>(11)</b>           | <b>-</b>              |

|                           |   | cents | cents |
|---------------------------|---|-------|-------|
| Basic earnings per unit   | 6 | 6.3   | 8.7   |
| Diluted earnings per unit | 6 | 6.3   | 8.7   |

Net assets attributable to unitholders were reclassified from liabilities to equity on 27 October 2020. Refer to Note 9(a) for further details. Accordingly, effective from 27 October 2020, distributions to unitholders and increase in net assets attributable to unitholders are no longer presented as finance costs in the interim statement of profit or loss. Total comprehensive income is presented in the interim statement of changes in equity.

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

360 Capital Enhanced Income Fund  
Interim statement of financial position  
As at 31 December 2020

|   | Note | 31 Dec 2020<br>\$'000 | 30 Jun 2020<br>\$'000 |
|---|------|-----------------------|-----------------------|
| <b>Assets</b>   |      |                       |                       |
| <b>Current assets</b>                                 |      |                       |                       |
| Cash and cash equivalents                             |      | 20,536                | 567                   |
| Trade and other receivables                           |      | 10                    | 414                   |
| Financial assets at fair value through profit or loss | 2    | -                     | 18,865                |
| <b>Total current assets</b>                           |      | <b>20,546</b>         | <b>19,846</b>         |
| <b>Total assets</b>                                   |      | <b>20,546</b>         | <b>19,846</b>         |
| <b>Liabilities</b>                                    |      |                       |                       |
| <b>Current liabilities</b>                            |      |                       |                       |
| Trade and other payables                              |      | 40                    | 191                   |
| Provision for distributions                           | 3    | -                     | 182                   |
| <b>Total current liabilities</b>                      |      | <b>40</b>             | <b>373</b>            |
| Net assets attributable to unitholders                |      | -                     | 19,473                |
| <b>Total liabilities</b>                              |      | <b>40</b>             | <b>19,846</b>         |
| <b>Net assets</b>                                     |      | <b>20,506</b>         | <b>-</b>              |
| <b>Equity</b>   |      |                       |                       |
| Issued capital  | 4    | 33,199                | -                     |
| Accumulated losses                                    |      | (12,693)              | -                     |
| <b>Total equity</b>                                   |      | <b>20,506</b>         | <b>-</b>              |

Net assets attributable to unitholders were reclassified from liabilities to equity on 27 October 2020. Refer to Note 9(a) for further details. Accordingly, effective from 27 October 2020, distributions to unitholders and increase in net assets attributable to unitholders are no longer presented as finance costs in the Interim Statement of Profit or loss. Total comprehensive income is presented in the Interim Statement of Changes in Equity.

*The above interim statement of financial position should be read in conjunction with the accompanying notes*

360 Capital Enhanced Income Fund  
Interim statement of changes in equity  
For the half year ended 31 December 2020

|  | Note | Issued<br>capital<br>\$'000 | Accumulated<br>losses<br>\$'000 | Total equity<br>\$'000 |
|--|------|-----------------------------|---------------------------------|------------------------|
| Balance at 1 July 2020   |      | -                           | -                               | -                      |
| Reclassification of net assets attributable to unitholders from liabilities to equity - transfer in on 27 October 2020 |      | 21,154                      | (12,682)                        | 8,472                  |
| Loss for the half year as incurred while under equity classification   |      | -                           | (11)                            | (11)                   |
| <i>Transactions with unitholders in their capacity as equity-owners:</i>   |      |                             |                                 |                        |
| Issue of units   | 4    | 12,134                      | -                               | 12,134                 |
| Redemption of units  | 4    | (89)                        | -                               | (89)                   |
| Balance at 31 December 2020  |      | 33,199                      | (12,693)                        | 20,506                 |

Net assets attributable to unitholders were reclassified from liabilities to equity on 27 October 2020. Refer to Note 9(a) for further details. Accordingly, effective from 27 October 2020, distributions to unitholders and decrease in net assets attributable to unitholders are no longer presented as finance costs in the Statement of Comprehensive Income. Total comprehensive income is presented in the Statement of Changes in Equity.

*The above interim statement of changes in equity should be read in conjunction with the accompanying notes*

360 Capital Enhanced Income Fund  
Interim statement of cash flows  
For the half year ended 31 December 2020

|  | Note | 31 Dec 2020<br>\$'000 | 31 Dec 2019<br>\$'000 |
|--|------|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                            |      |                       |                       |
| Proceeds from sale of securities                                       |      | 20,500                | 6,720                 |
| Payments for purchase of securities                                    |      | (935)                 | (6,222)               |
|  |      | 19,565                | 498                   |
| Interest received  |      | -                     | 108                   |
| Investment income  |      | 26                    | 272                   |
| Payments to suppliers (inclusive of GST)                               |      | (508)                 | (127)                 |
| <b>Net cash from operating activities</b>                              |      | <b>19,083</b>         | <b>751</b>            |
| <b>Cash flows from financing activities</b>                            |      |                       |                       |
| Proceeds from issue of units   | 4    | 12,134                | -                     |
| Payments for unit redemptions  |      | (11,248)              | -                     |
| Distributions paid   | 3    | -                     | (538)                 |
| <b>Net cash from/(used in) financing activities</b>                    |      | <b>886</b>            | <b>(538)</b>          |
| Net increase in cash and cash equivalents                              |      | 19,969                | 213                   |
| Cash and cash equivalents at the beginning of the financial half year  |      | 567                   | 281                   |
| <b>Cash and cash equivalents at the end of the financial half year</b> |      | <b>20,536</b>         | <b>494</b>            |

*The above interim statement of cash flows should be read in conjunction with the accompanying notes*



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360 Capital Enhanced Income Fund  
Notes to the interim financial statements  
For the half year ended 31 December 2020

## Note 1. Operating segments

From 1 July 2020 to 9 September 2020, while the Fund was managed by the prior responsible entity Elstree Investment Management Limited (EIML), the Fund invested solely in hybrid debt securities. Prior to the change in responsible entity, EIML liquidated the Fund's portfolio of investments into cash.

From 9 September 2020 to 31 December 2020, the current responsible entity 360 Capital FM Limited has overseen a recapitalisation of the Fund to prepare for the execution of its new investment mandate.

Going forward, the Fund will be investing solely in corporate credit opportunities in Australia and New Zealand.

The Chief Operating Decision Maker, being the Managing Director of the Responsible Entity, monitors the performance and results of the Fund at a total Fund level, as a result the Fund has only one segment.

## Note 2. Fair value measurement

### Fair value hierarchy

The following tables detail the Fund's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| 30 June 2020  | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <b>Assets</b>   |                   |                   |                   |                 |
| Financial assets at fair value through profit or loss | 18,373            | 492               | -                 | 18,865          |
| <b>Total assets</b>                                   | 18,373            | 492               | -                 | 18,865          |

As at 31 December 2020 there were no assets or liabilities measured at fair value.

There were no transfers between levels during the financial half year.

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.

## Note 3. Distributions

There were no distributions paid, recommended or declared during the current financial half year (2019: \$0.5 million).

Distributions paid during the prior financial half year were as follows:

|   | 31 Dec 2020<br>\$'000 | 31 Dec 2019<br>\$'000 |
|---|-----------------------|-----------------------|
| September 2019 quarterly distribution of 8 cents per unit paid on 15 October 2019 | -                     | 265                   |
| December 2019 quarterly distribution of 7 cents per unit paid on 15 January 2020  | -                     | 232                   |
|   | -                     | 497                   |

#### Note 4. Issued capital

|                | 31 Dec 2020<br>Units | 30 Jun 2020<br>Units | 31 Dec 2020<br>\$'000 | 30 Jun 2020<br>\$'000 |
|----------------|----------------------|----------------------|-----------------------|-----------------------|
| Issued capital | 3,455,021            | 3,305,215            | 33,199                | - <sup>1</sup>        |

Movements in the number and value of units of issued capital of the Fund were as follows

| Details                    | Date             | Units<br>'000 | Unit price | \$'000  |
|----------------------------|------------------|---------------|------------|---------|
| <b>Units – liabilities</b> |                  |               |            |         |
| Balance                    | 1 July 2020      | 3,305         |            | 32,313  |
| Units redeemed             | 16 July 2020     | (89)          | \$5.88     | (525)   |
| Units redeemed             | 9 September 2020 | (1,519)       | \$5.95     | (9,031) |
| Units redeemed             | 16 October 2020  | (206)         | \$5.94     | (1,224) |
| Units redeemed             | 26 October 2020  | (65)          | \$5.96     | (379)   |
| Total                      |                  | 1,426         |            | 21,154  |

#### Units - equity

|  |                  |       |        |        |
|--|------------------|-------|--------|--------|
| Reclassification of net assets attributable to unitholders from liabilities to equity - transfer in on 27 October 2020 |                  | 1,426 |        | 21,154 |
| Units redeemed   | 24 November 2020 | (15)  | \$5.95 | (89)   |
| Capital raised   | 17 December 2020 | 2,044 | \$5.94 | 12,134 |
| Balance  | 31 December 2020 | 3,455 |        | 33,199 |

<sup>1</sup> The units were classified as a liability up until 26 October 2020. They were subsequently reclassified as equity. Transactions before 26 October 2020 occurred while units were classified as liabilities.

#### Equity raising

During the half year the Fund issued 2,042,663 new units at \$5.94 per unit to investors raising circa \$12.1 million. The allotment of new units was completed on 17 December 2020. The new units rank equally with existing units on issue. The proceeds have been made available for the Fund's private credit investment strategy. Costs associated with the equity issue have been paid by 360 Capital Group on behalf of the Fund. The Responsible Entity has elected not to have the equity issue costs recharged to the Fund, therefore the Fund did not bear any costs in relation to the equity issue.

#### Unit buy-back

There is no current on-market unit buy-back.

#### Note 5. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

360 Capital Enhanced Income Fund  
Notes to the interim financial statements  
For the half year ended 31 December 2020

**Note 6. Earnings per unit**

|   | 31 Dec 2020<br>\$'000 | 31 Dec 2019<br>\$'000 |
|---|-----------------------|-----------------------|
| Profit before finance costs attributable to unitholders                                 | 148                   | 288                   |
|   | <b>Number</b>         | <b>Number</b>         |
| Weighted average number of ordinary units used in calculating basic earnings per unit   | 2,333,231             | 3,305,215             |
| Weighted average number of ordinary units used in calculating diluted earnings per unit | 2,333,231             | 3,305,215             |
|   | <b>Cents</b>          | <b>Cents</b>          |
| Basic earnings per unit   | 6.3                   | 8.7                   |
| Diluted earnings per unit   | 6.3                   | 8.7                   |

**Note 7. Related party transactions**

**Responsible entity**

The responsible entity of the Fund is 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474). On 9 September 2020, unitholders of the Fund passed a resolution to change the responsible entity from Elstree Investment Management Limited (EIML) to 360 Capital FM Limited (CFML). The change in responsible entity was effective from this date.

The registered office and the principal place of business of the Responsible Entity are:

Level 8, 56 Pitt Street, Sydney NSW 2000 Australia

**Responsible Entity's fees and other transactions**

Under the terms of the Constitution, the Responsible Entity is entitled to receive fees in accordance with the product disclosure statement. At its discretion, CFML has waived part of its management fees. Management fees paid/payable to EIML and CFML are as follows.

|                                      | 31 Dec 2020<br>\$ | 31 Dec 2019<br>\$ |
|--------------------------------------|-------------------|-------------------|
| <i>Fees paid/payable by the Fund</i> |                   |                   |
| Management fees - EIML               | 27,816            | 78,478            |
| Management fees - CFML               | 10,586            | -                 |
|                                      | 38,402            | 78,478            |

**Management fee:** The Responsible Entity is entitled to a Management Fee of 0.85% p.a. of the total assets of the Fund during the relevant year for its role in managing and administering the Fund.

**Recoverable expenses:** The Responsible Entity is entitled to recover all expenses properly incurred in managing and administering the Fund. During the half year, the Responsible Entity paid for equity raising costs on behalf of the Fund. At its discretion the Responsible Entity elected not to recover these expenses from the Fund.

**Indirect costs:** The Responsible Entity is entitled to recover indirect costs, being any amounts that directly or indirectly reduce the returns on the units of the Fund, or the amount of income or assets of the Fund.

## Note 7. Related party transactions (continued)

### Unitholdings

The Responsible Entity or other funds managed by and related to the Responsible Entity held units in the Fund as follows:

|  | 31 Dec 2020<br>% | 31 Dec 2020<br>units | 30 Jun 2020<br>% | 30 Jun 2020<br>units |
|--|------------------|----------------------|------------------|----------------------|
| <i>360 Capital Diversified Property Fund</i> |                  |                      |                  |                      |
| Units held                                   | 17.4%            | 600,808              | -                | -                    |

No distributions were paid by the Fund to the current or former responsible entity during the half year.

### Key management personnel

The Fund does not employ personnel in its own right. However, it has an appointed responsible entity to manage the activities of the Fund. The Directors and key management personnel of the responsible entity are detailed below.

From 1 July 2020 to 9 September 2020, while the responsible entity of the Fund was Elstree Investment Management Limited, the following persons were directors of the responsible entity of the Fund:

- Campbell E Dawson
- Norman St. G Derham
- John P Abbott

Following 9 September 2020, when 360 Capital FM Limited was approved by members to be the responsible entity of the Fund, the following persons were directors of the Responsible Entity up to the date of this report:

- David van Aanholt (Chairman)
- Tony Robert Pitt
- William John Ballhausen
- Graham Ephraim Lenzner
- Andrew Graeme Moffat

On 15 February 2021, Graham Lenzner announced his retirement from his role as independent non-executive director of 360 Capital FM Limited, effective from 31 March 2021.

Payments made by the Fund to the responsible entity do not specifically include any amounts attributable to the compensation of directors or key management personnel of the responsible entity.

### Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with the responsible entity at that date:

|                          | 31 Dec 2020<br>\$ | 30 Jun 2020<br>\$ |
|--------------------------|-------------------|-------------------|
| <i>Current payables</i>  |                   |                   |
| Trade and other payables | 10,586            | 149,584           |

## Note 8. Reporting entity and basis of preparation

360 Capital Enhanced Income Fund is a listed managed investment scheme, constituted and domiciled in Australia. Its registered office and principal place of business are:

Level 8, 56 Pitt Street, Sydney NSW 2000 Australia

The financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

On 9 September 2020, unitholders of the Fund passed a resolution to change the Responsible Entity from Elstree Investment Management Limited to 360 Capital FM Limited. The change in Responsible Entity was effective from this date, subsequently the name and ASX code of the Fund were updated from Australian Enhanced Income Fund (ASX: AYF) to 360 Capital Enhanced Income Fund (ASX: TCF).

#### **Note 8. Reporting entity and basis of preparation (continued)**

A description of the nature of the fund's operations and its principal activities are included in the responsible entity report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021.

#### **Note 9. Significant accounting policies**

These interim financial statements for the interim half year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

##### **(a) Net assets attributable to unitholders**

Net assets attributable to unitholders comprises units on issue and undistributed reserves. On 27 October 2020, an amendment to the Fund's Constitution was executed by member approval in an Extraordinary Meeting. Prior to 27 October 2020, net assets attributable to unitholders were classified as liabilities. Subsequent to the change in the Fund's Constitution, the Fund's net assets attributable to unitholders have been reclassified to equity in accordance with AASB 132 *Financial Instruments: Presentation*.

The amount payable on redemption of units were determined based on the net tangible asset value of the Fund as calculated in accordance with the redemption price formula set out in the Fund's previous Constitution.

##### **(b) Rounding**

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar. The rounding used in the most recent annual financial statements (30 June 2020) is to the nearest dollar.

##### **(c) New or amended Accounting Standards and Interpretations adopted**

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The following amendments to the Australian Accounting Standards (AAS) are applicable to this Financial Report.

- AASB 2018-6 Amendments to AASs - *Definition of a Business*
- AASB 2018-7 Amendments to AASs - *Definition of Material*
- AASB 2019-1 Amendments to AASs - *References to the Conceptual Framework*

These amendments have been deemed not to have a material impact to the Fund.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.



In the opinion of the Directors of the Responsible Entity:

- (1) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.



David van Aanholt  
Chairman



Tony Robert Pitt  
Managing Director

26 February 2021



**Building a better  
working world**

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## **Independent Auditor's Review Report to the Unitholders of 360 Capital Enhanced Income Fund**

### **Conclusion**

We have reviewed the accompanying half-year financial report of 360 Capital Enhanced Income Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of 360 Capital FM Limited, the Responsible Entity of the Fund.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Fund as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the Responsible Entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Douglas Bain' in a cursive style, followed by a long horizontal flourish.

Douglas Bain  
Partner  
Sydney  
26 February 2021

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