



EGP Fund No. 1 Pty Ltd

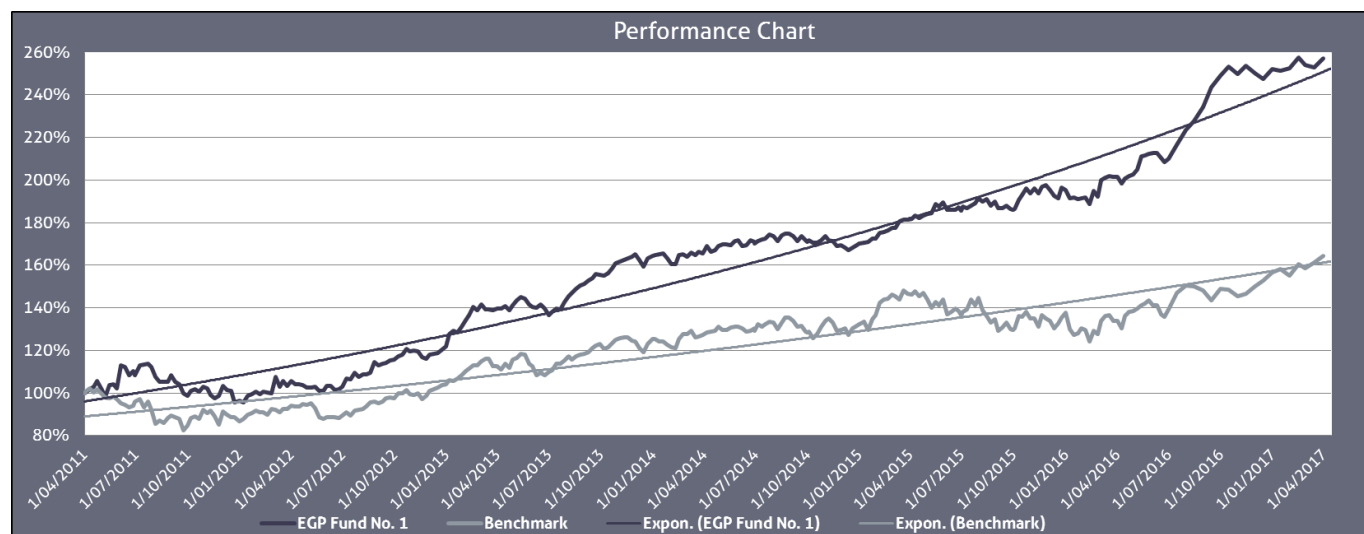
Address: Suite 2, Level 11, 37 Blich Street
Sydney, NSW, 2000

Mobile: 0418 278 298

EGP Fund No. 1 – 31 March 2016

EGP Fund No. 1 Pty Ltd is an unconstrained investment company focused primarily on owning Australian listed businesses. It targets 3 – 5% annual outperformance of Australia’s preeminent ASX200 index over the long term. Managed by a performance orientated co-owner, we run a portfolio that is genuinely different. The sole objective is to deliver the strongest possible risk adjusted returns. The fund manager has their entire investable asset base in the fund, meaning focus on risk is unusually intense.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY11										2.0%	0.2%	6.0%	8.39%
FY12	3.4%	-3.3%	-9.0%	3.5%	1.2%	-6.8%	4.7%	-0.8%	5.7%	-2.9%	0.9%	-0.5%	-4.98%
FY13	4.6%	5.0%	2.3%	3.2%	-1.4%	3.3%	7.7%	5.9%	0.5%	1.2%	0.2%	-3.5%	32.58%
FY14	4.5%	5.4%	3.3%	3.5%	1.9%	0.3%	-0.7%	0.4%	1.1%	2.0%	1.4%	-0.6%	24.71%
FY15	1.9%	0.0%	-1.4%	0.4%	-2.0%	1.2%	1.3%	2.9%	2.4%	1.3%	1.0%	-0.2%	9.04%
FY16	3.2%	-2.4%	-0.6%	4.2%	0.9%	0.0%	-2.0%	0.3%	4.9%	0.6%	4.8%	-1.0%	13.19%
FY17	6.4%	4.7%	6.4%	0.3%	0.1%	0.8%	0.1%	0.7%	1.5%				22.75%



March saw a positive return again for the fund (+1.5%), but for the 4th month out of the last 5 we underperformed our benchmark (+3.3%). Over the past 5 months, our benchmark is up almost 13% and the strength has all been in areas where the fund has very little exposure, such as the big 4 banks and the big miners such as BHP and RIO.

Investors reviewing this little stretch of underperformance should consider two key things. The first is our constant refrain that when the market rises very sharply, we will be well satisfied just to keep pace. Our benchmark is up 22.4% over the past 12 months and after all fees and costs the fund is up by 28.1%. We are exceptionally pleased with this. Since inception, over 155% of our outperformance has been delivered when the market declines. Defence is our strength. The second thing to consider is that the benchmark is meaningless in terms of what we do. We use our benchmark because it is the

preeminent Australian equities benchmark. Despite this, only 36.4% of our performance (our R-squared) is explained by the performance of our benchmark. Index-huggers should look elsewhere.

Despite the market being very fully valued on historic metrics, we are still finding plenty of opportunities for our relatively modest pool of capital which we consider to be likely to provide a very satisfactory return regardless of the direction of the market.

The fund finished March with 29 positions, adding one new position, augmenting two existing positions and trimming another; our cash level is 12.4%, with dividend flows continuing to add to this through April.

EGP Capital Launch Event:

The Launch Event was held last night. For EGP investors who were unable to attend the event, a full text of the presentation given is presented in the [Blog](#) that accompanies this monthly update.

We remain well concentrated in our best ideas with 70.9% of our invested capital in our 10 largest holdings. Fund features and portfolio analytics are set out in the table below:

Fund Features		Portfolio Analytics	
Min. initial investment (retail)	\$20,000 (qualifying)	Sharpe Ratio ¹	4.70
Additional investments (retail)	\$1,000 increments	Sortino Ratio ¹	1.68
Min. initial investment (Wholesale/Sophisticated)	\$100,000 (qualifying)	Annualised Standard Deviation	10.29%
Additional investments (Wholesale/Sophisticated)	\$10,000 increments	Largest Monthly Loss	-9.0%
Applications/redemptions	Monthly	Largest Drawdown	-12.0%
Distribution	Annual (31 st May)	% Of Positive Months	76.4%
Management fee	0%	Cumulative return ²	157.99%
Performance allocation	20%	1 year return ²	28.10%
Auditor	True Elite Business Services	3 year annualised return ²	15.89%
Custodian/PB	Interactive Brokers LLC	5 year annualised return ²	19.54%
Benchmark Annualised Return Since Inception	8.60%	Fund Annualised Return Since Inception ²	17.11%
Benchmark % Of Positive Months	59.7%	Fund Size	\$11.1m
Benchmark Annualised Standard Deviation	12.00%	Buy/Sell Price for EGP Units	\$2.0883

¹ Sharpe and Sortino Ratios calculated using the Monthly Benchmark ASX200 Franking Credit Adjusted Annual Total Return Index Tax-Exempt

² Return is net of all fees and costs and assumes reinvestment of dividends. 1, 3 and 5 year figures are rolling annualised figures.

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