



EGP Fund No. 1 Pty Ltd

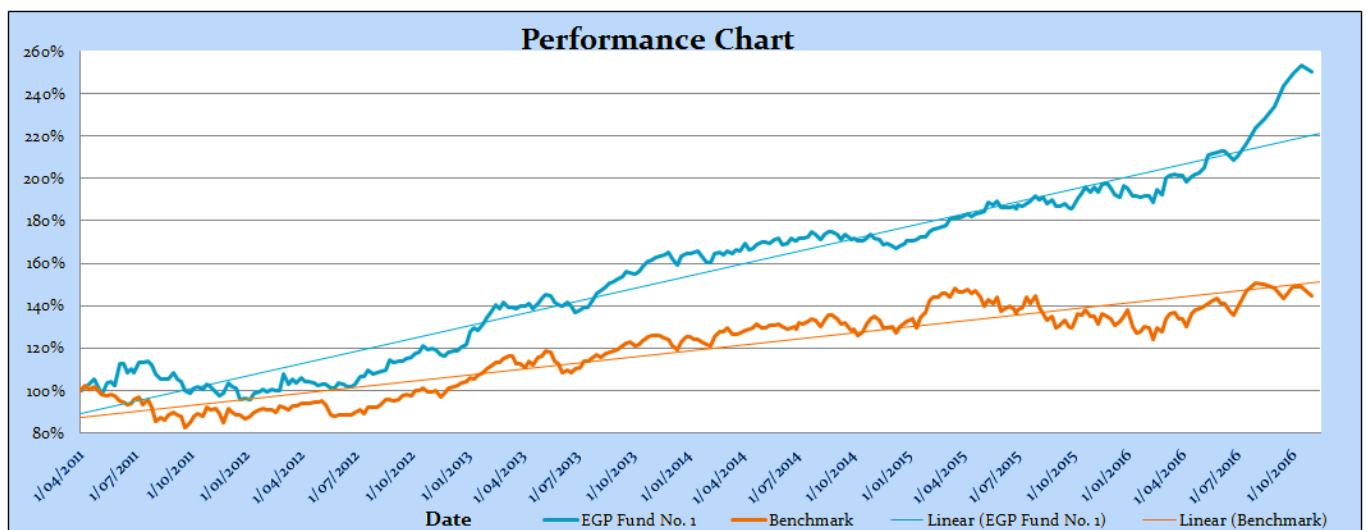
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EGP Fund No. 1 – 31 October 2016

EGP Fund No. 1 Pty Ltd is an unconstrained investment company focused 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%									18.91%



A quiet October 2016 performance (at least compared to previous months), sees the fund up 18.91% FYTD2017 as against our benchmark which has gained 4.51% over the same period.

The fund finished October with 29 positions; a single transaction was made in the month, a small purchase not even amounting to half a percentage point of our portfolio. The new holding is a stock we’ve followed for a long time, and will hopefully sometime in the next month or two become one of our largest holdings via a corporate transaction. It is an opportunity we are very excited about, and one which we think will be a major engine to drive returns over the next few years if it performs as we expect. Once we have acquired the full position, we will explain the

thesis in greater detail in a blog post. We are hopeful that many current investors to the fund will add to their position this month, so that we may exploit this opportunity as fully as possible. In order to facilitate this, we have lengthened the subscription window this month and deposits will be accepted until 6 November 2016 at the October closing price of \$2.02305 per new share.

The blog accompanying this letter discusses how the rate of return experienced by our investors compares to the Fund's reported figures. Interesting is how widely varied results are from people joining the fund at the same time are depending on timing of additions to their holdings.

We remain well concentrated in our best ideas with 74.1% of our invested capital in our 10 largest holdings. We currently hold a little over 12% cash after current October commitments.

Gains for the month were spread across 13 holdings, with falls in 8. This month however the gain for the fund after the smaller rises and falls are netted of against each other were largely attributable once again to our investment in SDI.AX (SDI Limited).

Fund features and portfolio analytics are set out in the table below:

Fund Features		Portfolio Analytics	
Min. initial investment (retail)	\$10,000 (qualifying)	Sharpe Ratio ¹	3.63
Additional investments (retail)	\$1,000 increments	Sortino Ratio ¹	2.01
Min. initial investment (Wholesale/Sophisticated)	\$100,000 (qualifying)	Annualised Standard Deviation	10.63%
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	74.6%
Management fee	0%	Cumulative return ²	149.93%
Performance allocation	20%	1 year return ²	29.03%
Auditor	True Elite Business Services	3 year annualised return ²	15.82%
Custodian/PB	Interactive Brokers LLC	5 year annualised return ²	19.63%
Benchmark Annualised Return Since Inception	6.96%	Fund Annualised Return Since Inception ²	17.83%
Benchmark % Of Positive Months	58.2%	Fund Size	\$8.4m

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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