



EGP Fund No. 1 Pty Ltd

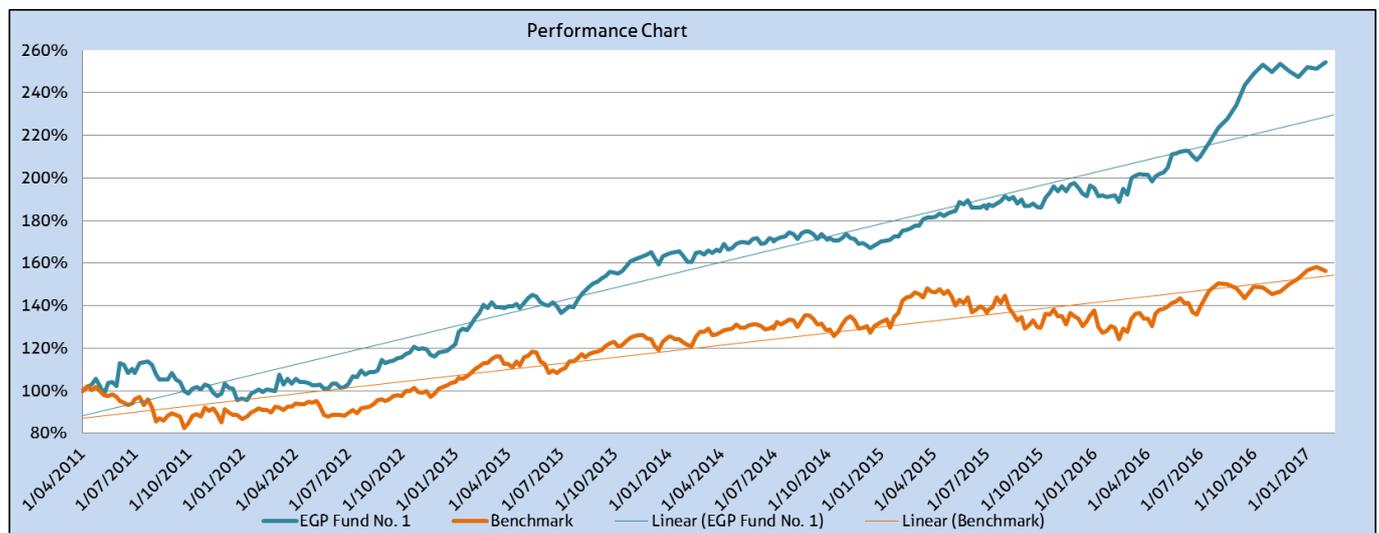
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EGP Fund No. 1 – 31 January 2016

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%						20.07%



It was a steady start to calendar 2017. After the fairly sharp rise from March to September 2016, the last few months have been quiet comparatively.

There was very little news across our holdings in January. The biggest winners for the fund were Dicker Data (DDR) and Armidale Investment Corporation (AIK). We also made some money as we disposed of one of our smaller holdings Embleton (EMB), which is discussed at more length in the blog update accompanying this monthly update.

Our biggest loser for the month was United Overseas Australia (UOS) which bounced around, but ended the month below last month’s closing price. We also lost on a small position in Servcorp (SRV)

after they downgraded their profit expectations for FY2017. The industry SRV operate in is one of considerable cyclicity, and hopefully this does not indicate the cycle has turned. If we can satisfy ourselves that this is not the case, we are fairly likely to add to this position in coming months. There are very few executives I hold in higher regard than Alf Moufarrige, the business will almost certainly be larger and stronger in ten years' time than it is today. It doesn't look 'cheap' on most metrics, but given the continued strong performance of the business in markets of all types, and the long-term view management take with their decisions, if the price becomes compelling, we will be ready.

The fund finished January with 27 positions; our cash level was 6.5%. It remains our intention to further reduce the number of holdings, we disposed our EMB holding and commenced selling another stock, but a sharp retreat caused us to stop.

The short term opportunity discussed in the December update has not yet finalised, that will free up some more cash before reporting season gets into full swing. As promised, we will mention the transaction in the blog when it is complete. We revalued our holding in Stream Group (SGO), which we had carried at zero value to 1.5cps as it appears we may now recover some of our investment.

We remain well concentrated in our best ideas with 74.8% 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)	\$10,000 (qualifying)	Sharpe Ratio ¹	4.27
Additional investments (retail)	\$1,000 increments	Sortino Ratio ¹	1.82
Min. initial investment (Wholesale/Sophisticated)	\$100,000 (qualifying)	Annualised Standard Deviation	10.43%
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	75.7%
Management fee	0%	Cumulative return ²	152.36%
Performance allocation	20%	1 year return ²	31.79%
Auditor	True Elite Business Services	3 year annualised return ²	15.64%
Custodian/PB	Interactive Brokers LLC	5 year annualised return ²	20.15%
Benchmark Annualised Return Since Inception	7.97%	Fund Annualised Return Since Inception ²	17.20%
Benchmark % Of Positive Months	58.6%	Fund Size	\$9.3m

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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