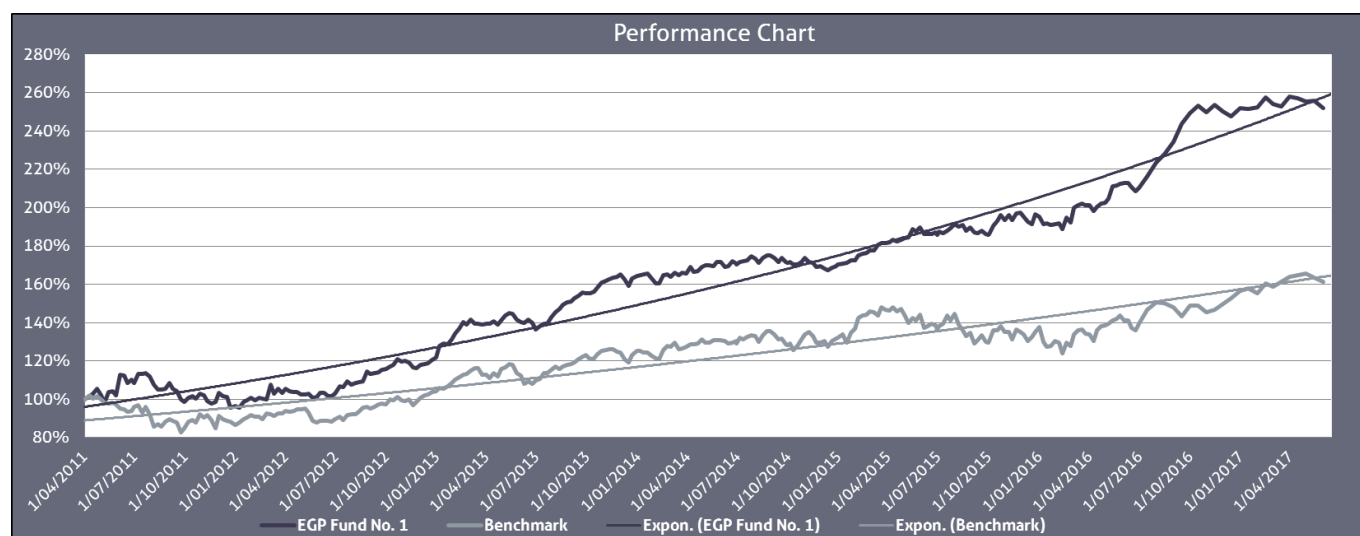


EGP Fund No. 1 – 31 May 2016

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 oriented 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%	-0.9%	-1.4%		19.95%



This month saw our first ever negative result in the month of May. The fund fell (-1.4%), while our benchmark fell by (-2.8%). The only positive I can draw in a declining month is that our unbeaten streak of outperforming the benchmark when it falls by greater than 2% is now at 40 periods.

The fund finished May with 29 positions, adding two new positions, augmenting nine existing positions and trimming four; our cash level is 13.9%, our 5 largest holdings comprise 57.2% of the invested portion of the portfolio and our with 10 largest holdings comprise 74.6% of same.

The establishment of the new Unit Trust **EGP Concentrated Value Fund** is underway. Alongside the conversion of the current company into a Trust, we intend to add new investors. Our new Director, Chris Cuffe and I have been canvassing interest for 3 days so far and more than half of the \$37.5m required to reach our 'soft-close' target of \$50m AUM has been committed.

The capacity is being filled on a first come, first served basis, so if you know any qualified Wholesale investors who might be interested, tell them not to dawdle.

The update is intentionally short this month. The blog on the website accompanying this update however gives some information that could potentially be important to existing investors. As usual, investors can expect a more detailed Annual Letter with next month's final update for FY2017.

Fund Features		Portfolio Analytics	
Min. initial investment (retail)	Closed	Sharpe Ratio ¹	4.85
Additional investments (retail)	Closed	Sortino Ratio ¹	1.78
Min. initial investment (Wholesale/Sophisticated)	\$100,000 (qualifying)	Annualised Standard Dev. – EGP Annualised S/D - Benchmark	10.25% 11.91%
Additional investments (Wholesale/Sophisticated)	\$20,000 increments	Largest Monthly Loss – EGP Largest Monthly Loss - Benchmark	-9.0% -10.7%
Applications/redemptions	Monthly	Largest Drawdown – EGP Largest Drawdown - Benchmark	-12.0% -15.1%
Distribution	Annual (31 st May)	% Of Positive Months – EGP % Of Positive Months - Benchmark	74.3% 59.5%
Management fee	0%	Cumulative return ² – EGP Cumulative return ² – Benchmark	152.11% 61.16%
Performance allocation	20%	1 year return ² – EGP 1 year return – Benchmark	18.77% 12.29%
Auditor	True Elite Business Services	3 year annualised return ² – EGP 3 year annualised – Benchmark	13.72% 7.15%
Custodian/PB	Interactive Brokers LLC	5 year annualised return ² – EGP 5 year annualised – Benchmark	19.49% 12.69%
Benchmark Annualised Return Since Inception	8.05%	Fund Annualised Return Since Inception ²	16.18%
Fund Size	\$12.2m	Buy/Sell Price for EGP Units	\$1.9407

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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