



EGP Fund No. 1 Pty Ltd

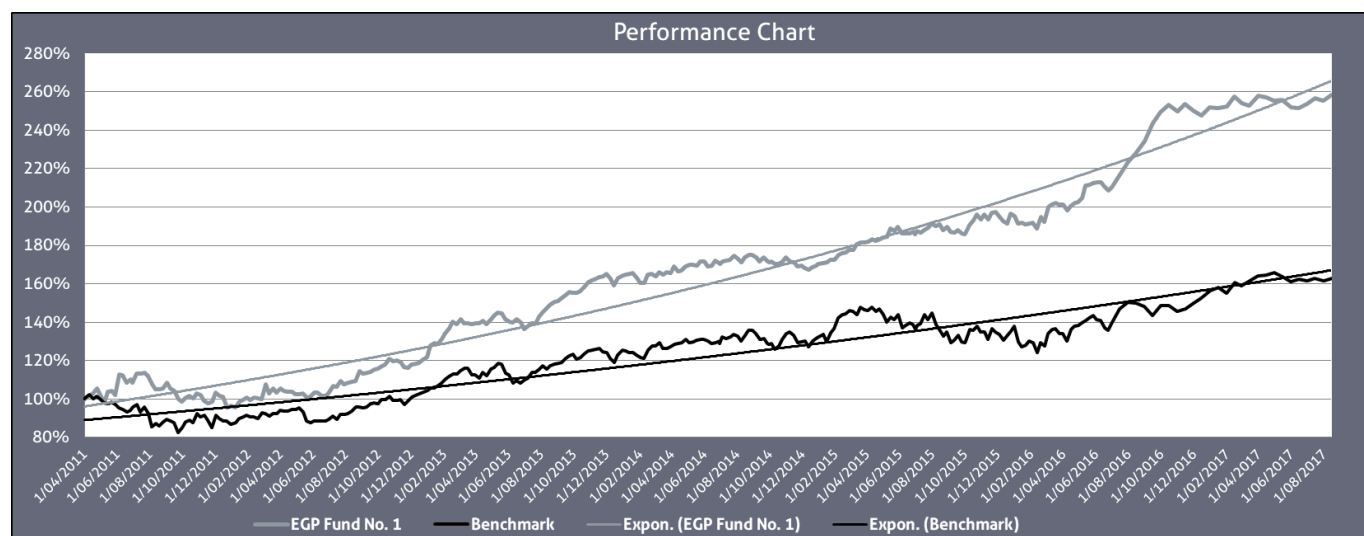
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EGP Fund No. 1 – 15 August 2017

EGP Fund No. 1 Pty Ltd was an unconstrained investment company focused primarily on owning Australian listed businesses. It targeted 3 – 5% annual outperformance of Australia’s preeminent ASX200 index over the long term. Managed by a performance oriented co-owner, we ran a portfolio that was genuinely different. The sole objective was to deliver the strongest possible risk adjusted returns. The fund manager had their entire investable asset base in the fund, meaning focus on risk was 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%	0.7%	20.75%
FY18	0.7%	1.1%											1.78%



This is the final ever update for EGP Fund No. 1 Pty Ltd. It will address the operating history of the fund that operated from 1 April 2011 until 15 August 2017. It will be posted on the website for posterity.

The fund began as a way for friends and family to pool their assets alongside mine after I couldn’t find a managed fund product to direct them into where I thought the alignment of the fund manager and the investor was satisfactory.

I had always hoped that if we could demonstrate the ability to deliver strong, consistently above market returns that the fund would grow into something more sophisticated and commercially viable. The passion to ensure ‘zero-fee’ fund management carved out a place in Australia’s financial

marketplace was a key driver that ensured we remained focused. Today's launch of EGP Concentrated Value Fund as the successor to EGP Fund No. 1 Pty Ltd is the culmination of that goal, but the beginning of the more important job of normalising zero-fee fund management in the industry.

Over the 6 years, 4 and one half months it operated, the fund could scarcely have better achieved the goals we had in mind at the outset. Since inception, the benchmark we have used had a respectable annual return of 7.93%, but we managed to generate an average of 16.05% annually through the period.

The fund only lost money in 19 of the 76.5 months it operated, or 24.8% of the time against a benchmark that posted 31 out of 76.5 months negative (40.5% of the time).

Despite holding on average only one-eighth as many stocks as the benchmark, the fund was 14% less volatile, with an annualised standard deviation of only 10.05% against the benchmarks 11.68%.

I am also pleased to report the final ever share price of \$1.9892 is an all-time high on a dividend adjusted basis.

The fund has been remarkably consistent in the outperformance delivered, with the outperformance delivered as set out below:

- 3.87% over the past year;
- 7.22% annually over the past 3 years;
- 7.06% annually over the past 5 years &
- 8.12% annually since inception

Unfortunately, that is now all history and we wipe the slate clean and begin again at zero. But there are a lot more people on the EGP bus now and with a much more substantial load in terms of the capital we carry.

We begin again, but I can assure you it is with our efforts redoubled – Tony Hansen

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Fund Features		Portfolio Analytics	
Min. initial investment (retail)	Closed	Sharpe Ratio ¹	4.81
Additional investments (retail)	Closed	Sortino Ratio ¹	1.62
Min. initial investment (Wholesale/Sophisticated)	Closed	Annualised Standard Dev. – EGP	10.05%
		Annualised S/D - Benchmark	11.68%
Additional investments (Wholesale/Sophisticated)	Closed	Largest Monthly Loss – EGP	-9.0%
		Largest Monthly Loss - Benchmark	-10.7%
Applications/redemptions	Closed/Monthly	Largest Drawdown – EGP	-12.0%
		Largest Drawdown - Benchmark	-15.1%
Distribution	Annual	% Of Positive Months – EGP	75.2%
		% Of Positive Months - Benchmark	59.5%
Management fee	0%	Cumulative return ² – EGP	158.31%
		Cumulative return ² – Benchmark	62.65%
Performance allocation	20%	1 year return ² – EGP	12.86%
		1 year return – Benchmark	7.93%
Auditor	True Elite Business Services	3 year annualised return ² – EGP	14.18%
		3 year annualised – Benchmark	6.96%
Custodian/PB	Interactive Brokers LLC	5 year annualised return ² – EGP	19.11%
		5 year annualised – Benchmark	12.05%
Benchmark Annualised Return Since Inception	7.93%	Fund Annualised Return Since Inception ²	16.05%
Fund Size	\$14.5m	Buy/Sell Price for EGP Units	\$1.9891

¹ Sharpe and Sortino Ratios calculated using the Monthly Benchmark ASX200 Total Return Index

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