



EGP Concentrated Value Fund
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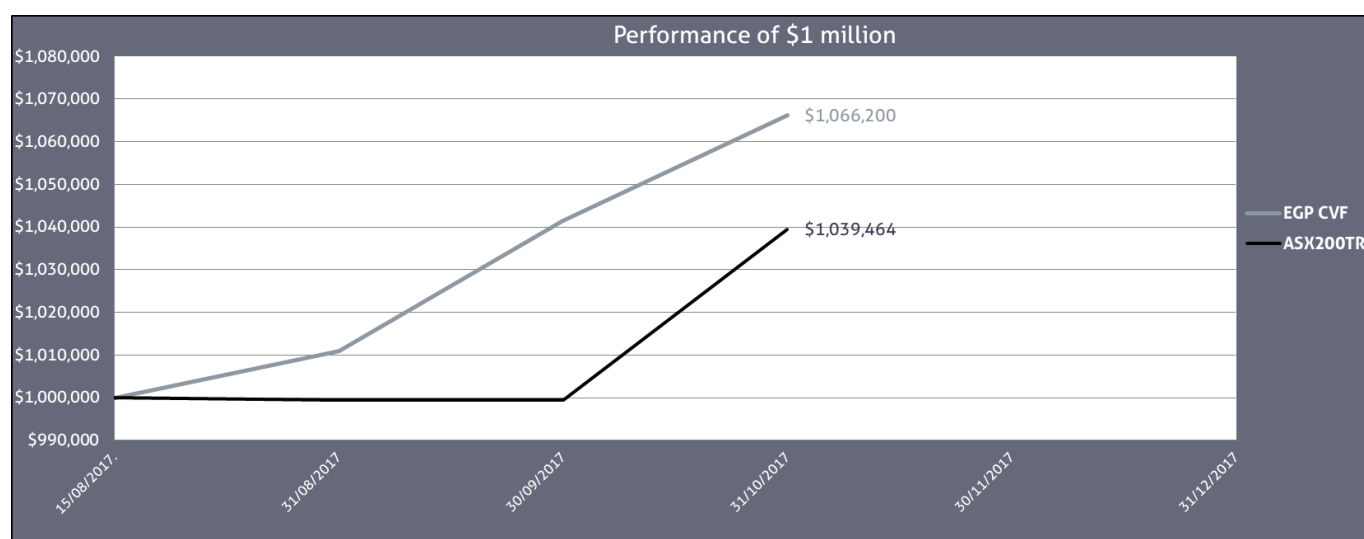
EGP Concentrated Value Fund – 31 October 2017

EGP Concentrated Value Fund is a managed investment scheme 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.

EGPCVF	Jul	Aug*	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY18	N/A	1.1%	3.0%	2.4%									6.62%

Benchmark	Jul	Aug*	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY18	N/A	(0.1%)	(0.0%)	4.0%									3.95%

*August 2017 is the period from August 15th-31st for both the fund and the benchmark in the above tables.



The fund had another strong month in October, with a gain for the month of 2.4%. Our benchmark really exploded higher in October, registering a gain of 4.0%. I refer our investors back to the [first ever EGPCVF newsletter](#), where I explained the anchor and buoy effect that our large cash holding creates. For the fund still holds 40% cash.

Over the history of the predecessor fund, there were 41 periods where the benchmark rose by at least 2% and we trailed it on 39 of these occasions. The corollary to this statistic is that in 39 periods where the benchmark fell by at least 2%, we outperformed every time. I have no reason to believe the new fund will be meaningfully different in the way we generate our outperformance, by capturing some of the upside and avoiding most of the downside. If we are successful in generating outperformance this way, we will have hopefully made the sometimes difficult process of holding equity exposure a little easier for our investors as well as generating pleasing returns.

Regular readers will notice we have revealed yet another of our top 10 holdings in the table below. The blog accompanying this newsletter on the website (www.egpcapital.com.au) goes into considerably more detail about our reasons for taking this position. The blog also discusses two disposals we made in the month as we reshape the portfolio, focusing on our best ideas.

The blog is a long one this month (about 1,900 words), but I commend all our (especially more recent) investors to take the time read it as I consider it extremely important that you all have as good an understanding as possible of what we own and why.

Our top 10 holdings at 31 October 2017 were:

Rank	Holding	Percentage Equity Weighting	Percentage Portfolio Weighting
1	Kangaroo Plantation (KPT.ASX)	12.3%	7.4%
2	Global Construction Services (GCS.ASX)	11.7%	7.1%
3	United Overseas Australia (UOS.ASX)	10.8%	6.6%
4	Undisclosed	4.4%	2.7%
5	Undisclosed	4.2%	2.6%
6	Undisclosed	4.0%	2.4%
7	Undisclosed	3.7%	2.2%
8	Dicker Data (DDR.ASX)	3.5%	2.1%
9	Undisclosed	3.4%	2.0%
10	Locality Planning Energy (LPE.ASX)	3.3%	2.0%

Our largest 5 holdings now comprise 43.5% of our invested capital, our top 10 holdings are 61.4% and our top 15 represent 76.9%.

As always, investors with any questions, suggestions, comments or investment ideas should feel free to drop me a line – Tony@egpcapital.com.au

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Fund Features		Portfolio Analytics	
Min. initial investment	Closed	Sharpe Ratio ¹	2.78
Additional investments	\$20,000 (Minimum) \$200,000 (Maximum)	Sortino Ratio ¹	1.52
Applications/redemptions	Monthly	Annualised Standard Dev. – EGP Annualised S/D - Benchmark	3.38% 8.10%
Distribution	Annual 30 th June	Largest Monthly Loss – EGP Largest Monthly Loss - Benchmark	N/A -0.1%
Management fee	0%	Largest Drawdown – EGP Largest Drawdown - Benchmark	N/A -0.1%
Performance fee (<\$50m) Performance fee (>\$50m)	20.5% (inc GST) 15.375% (inc GST)	% Of Positive Months – EGP % Of Positive Months - Benchmark	100.0% 33.3%
Auditor	Ernst & Young	Cumulative return ² – EGP Cumulative return ² – Benchmark	6.6% 4.0%
Custodian/PB	NAB Asset Services	1 year return ² – EGP 1 year return – Benchmark	N/A N/A
Responsible Entity	Fundhost Limited	3 year annualised return ² – EGP 3 year annualised – Benchmark	N/A N/A
Fund Size	\$55.0m	5 year annualised return ² – EGP 5 year annualised – Benchmark	N/A N/A
Mid-Price for EGPCVF Units Accumulated Franking per Unit	\$1.0662 \$0.0024	Buy Price for EGPCVF Units Sell Price for EGPCVF Units	\$1.0678 \$1.0646

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.

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The information in the below table is provided for shareholders in EGP Fund No. 1, and does not relate to the EGPCV Fund.

EGP Fund No. 1 Pty Ltd Equivalent Price	\$2.1121
EGP Fund No. 1 Pty Ltd Franking Credits	\$0.0059

We have this month finalised the FY17 tax obligations of EGP Fund No. 1 Pty Ltd. At this stage it is our intention to pay a fully franked dividend that expunges the franking balance, probably at the end of November, or in mid-December. This will hopefully allow us to finalise the distribution of the equivalent value of EGPCVF units to EGP Fund No. 1 Pty Ltd shareholders sometime early in 2018.