



**EGP Concentrated Value Fund**

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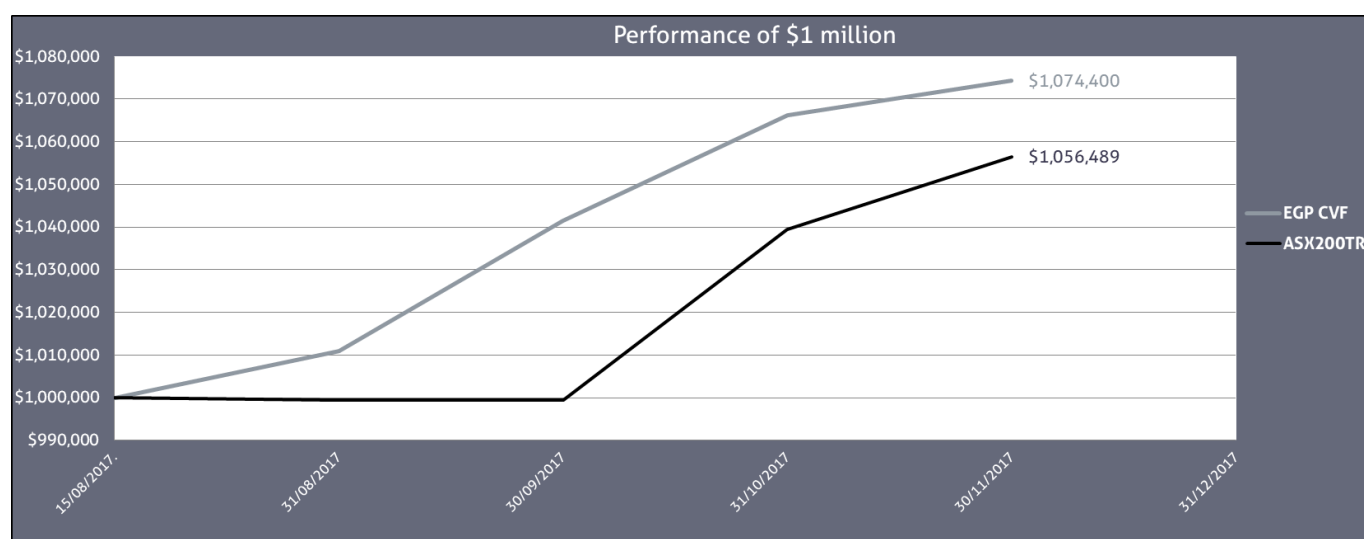
## EGP Concentrated Value Fund – 30 November 2017

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%	0.8%								7.44%

Benchmark	Jul	Aug*	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY18	N/A	(0.1%)	(0.0%)	4.0%	1.6%								5.65%

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



The fund gained 0.8% in November. Our benchmark gained 1.6%. Once again our high cash holding was an anchor. This will not always be the case. Since EGP began operations, the benchmark has fallen roughly one in three months. Months when markets decline will inevitably come again. We look forward to this and stand ready. We had some good opportunities come across our desk toward the end of the month and have deployed some more of your capital, with cash holdings reduced to 34%.

Earlier on in the month we added a new holding. As we intend it to be a smaller holding, we believe we have now finished our buying. Consequently, we reveal the holding on the blog accompanying this newsletter on the website ([www.egpcapital.com.au](http://www.egpcapital.com.au)) giving a detailed breakdown of our thoughts on the business and reasons for holding Redbubble (RBL.AX). Redbubble is an online marketplace and to those of you considering where to spend your retail dollars in the upcoming Christmas shopping period might be wise to consider a visit to the [Redbubble website](http://Redbubble website) as some of the profits earned on your purchase will at least come back to you indirectly as a shareholder.

This month's blog is again a long one (over 1,600 words) and though it shouldn't feel like homework, to the best extent I can, I want our investor partners to understand the reasons why we construct our portfolio as we do. Risk-weighting is mentioned a number of times in the blog and is the most important component of my role as your portfolio manager.

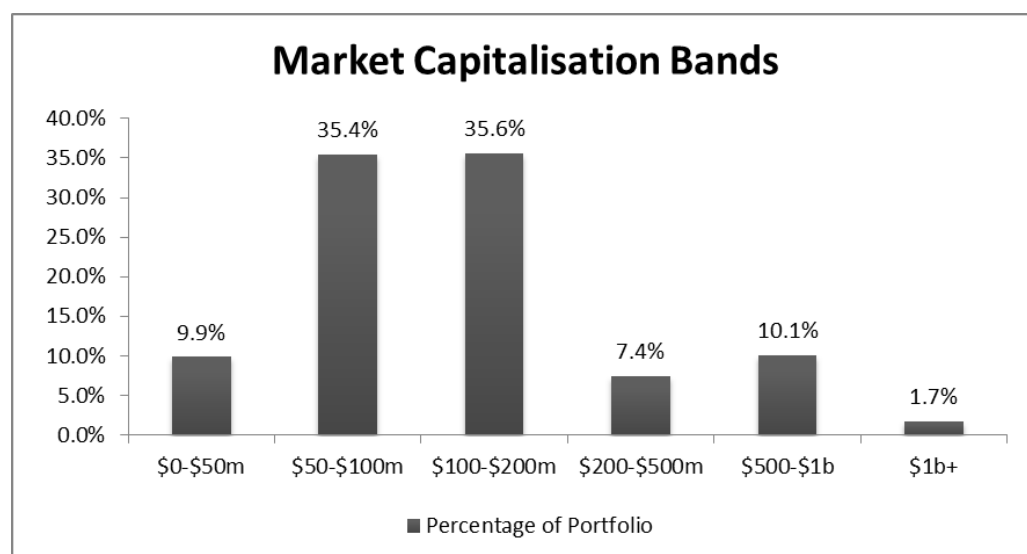
Insofar as it is possible, I hope some of the already talented equity investors that make up your fellow unitholders will review the investment theses I present in these blogs and if they are able to discern weakness in the reasoning, will contact me to make me aware of such shortcomings.

Others might use the blogs to augment their own analytical skills, which increases the likelihood that they will potentially present me one day with a well-reasoned analysis of a stock I've not heard of.

Our top 10 holdings at 30 November 2017 were:

Rank	Holding	Percentage Equity Weighting	Percentage Portfolio Weighting
1	Kangaroo Plantation (KPT.ASX)	11.2%	7.4%
2	Global Construction Services (GCS.ASX)	10.5%	7.0%
3	United Overseas Australia (UOS.ASX)	9.7%	6.4%
4	Undisclosed	4.9%	3.3%
5	Undisclosed	4.1%	2.7%
6	Undisclosed	3.7%	2.5%
7	Undisclosed	3.6%	2.4%
8	Undisclosed	3.5%	2.3%
9	Dicker Data (DDR.ASX)	3.5%	2.3%
10	Locality Planning Energy (LPE.ASX)	3.0%	2.0%

Our largest 5 holdings now comprise 40.5% of our invested capital, our top 10 holdings are 57.9% and our top 15 represent 71.6%. In terms of the size of the market capitalisation of our holdings, we will henceforth include the following chart to assist investors in thinking about our investments:



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

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Fund Features		Portfolio Analytics	
Min. initial investment	Closed	Sharpe Ratio <sup>1</sup>	5.04
Additional investments	\$20,000 (Minimum) \$200,000 (Maximum)	Sortino Ratio <sup>1</sup>	1.18
Applications/redemptions	Monthly	Annualised Standard Dev. – EGP Annualised S/D - Benchmark	3.67% 6.63%
Distribution	Annual 30 <sup>th</sup> 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)	20.5% (inc GST)	% Of Positive Months – EGP	100.0%
Performance fee (>\$50m)	15.375% (inc GST)	% Of Positive Months - Benchmark	50.0%
Auditor	Ernst & Young	Cumulative return <sup>2</sup> – EGP Cumulative return <sup>2</sup> – Benchmark	7.4% 5.7%
Custodian/PB	NAB Asset Services	1 year return <sup>2</sup> – EGP 1 year return – Benchmark	N/A N/A
Responsible Entity	Fundhost Limited	3 year annualised return <sup>2</sup> – EGP 3 year annualised – Benchmark	N/A N/A
Fund Size	\$56.9m	5 year annualised return <sup>2</sup> – EGP 5 year annualised – Benchmark	N/A N/A
Mid-Price for EGPCVF Units	\$1.0744	Buy Price for EGPCVF Units	\$1.0760
Accumulated Franking per Unit	\$0.0024	Sell Price for EGPCVF Units	\$1.0728

<sup>1</sup> Sharpe and Sortino Ratios calculated using the Monthly Benchmark ASX200 Total Return Index

<sup>2</sup> 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	\$2.1281
EGP Fund No. 1 Pty Ltd Franking Credits	\$0.0059

We will be paying a dividend to EGP Fund No. 1 investors in December. If you wish to receive the cash rather than new shares, please let me know before December 10<sup>th</sup>.

The dividend will be 1.3905 cents per share and will be fully franked.

Once his payment is made, EGP Fund No. 1 shareholders who would like to migrate their holdings to units in the EGP Concentrated Value Fund are welcome to contact us ([tony@egpcapital.com.au](mailto:tony@egpcapital.com.au) or 0418 278 298). We have yet to finalise ATO approval for an in-specie distribution which carries the same cost base. The people who will be most likely to consider the transaction will be those who purchased their EGP Fund No. 1 shares in the last 12 months, or those who are operating with low-tax situations (such as SMSF's in pension phase). Others will be better to wait until we have more certainty from the ATO.