



EGP Concentrated Value Fund

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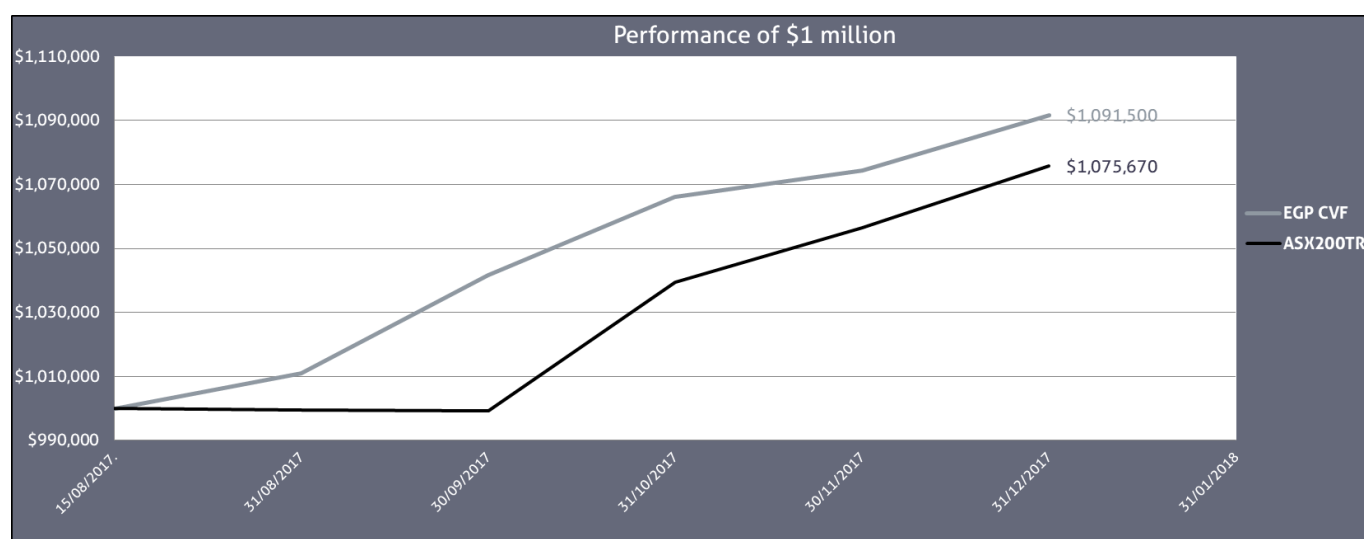
EGP Concentrated Value Fund – 31 December 2017

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%	1.6%							9.15%

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%	1.8%							7.57%

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



The fund gained 1.6% in December. Our benchmark gained 1.8%. We added to a few holdings, commenced building positions in two new businesses and disposed of 3 holdings, these disposals are described further in this month’s blog.

The blog also deals in some considerable detail with another of our larger holdings. At 3,000 words, even if you were paying us management fees (which you’re not!) you couldn’t say you’re not getting value for money... At our current rate of disclosure, by the end of FY2018, we will likely have revealed the composition of our ten largest holdings. Given the slow rate of portfolio turnover we customarily employ, you should expect the new position reveals to slow down to perhaps quarterly thereafter.

As with last month’s blog update, a large part of the value, particularly for newer unitholders will be in understanding why we size positions the way we do. Blackwall is a business that is in my estimation much easier to analyse in terms of the 3 to 5 year path for the business than Redbubble, which we reviewed last month, it is for this reason we happily expose a larger proportion of the portfolio to the

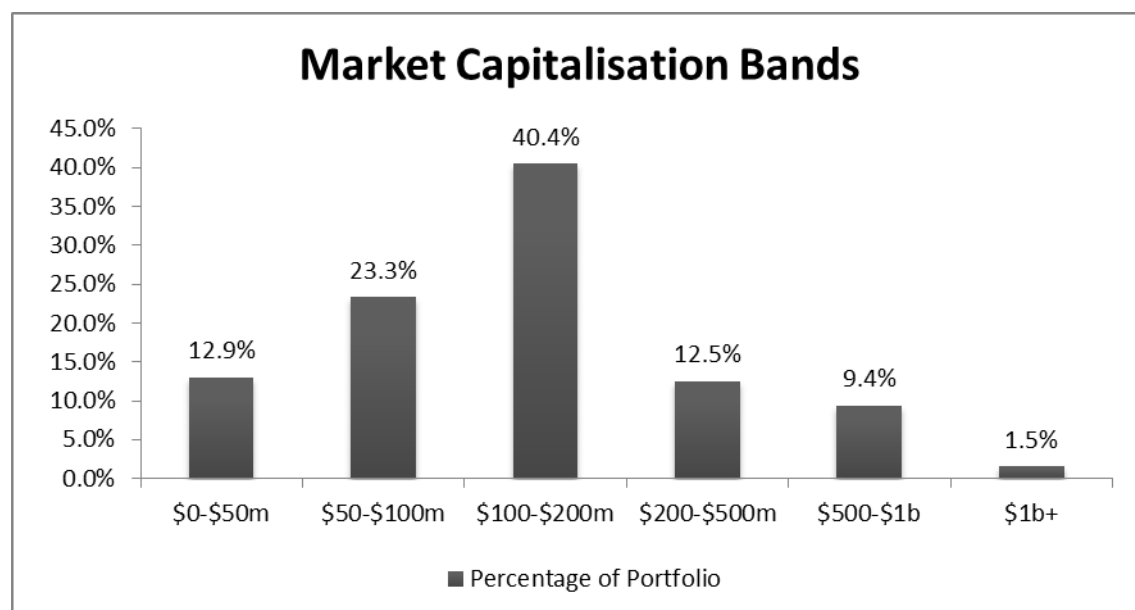
business. Once again and as always, I welcome feedback on our investment thesis. Particularly negative feedback. More than anything else, I value hearing contrary opinions. We are very excited about the opportunities in the next few years for Blackwall and if someone can better explain any threats we have overlooked, we will value that very highly.

Our top 10 holdings at 31 December 2017 were:

Rank	Holding	Percentage Equity Weighting	Percentage Portfolio Weighting
1	Kangaroo Plantation (KPT.ASX)	11.7%	8.3%
2	Global Construction Services (GCS.ASX)	10.1%	7.1%
3	United Overseas Australia (UOS.ASX)	9.5%	6.7%
4	Blackwall Limited (BWF.ASX)	4.4%	3.1%
5	Undisclosed	3.9%	2.7%
6	Undisclosed	3.5%	2.4%
7	Undisclosed	3.4%	2.4%
8	Dicker Data (DDR.ASX)	3.2%	2.3%
9	Undisclosed	3.2%	2.3%
10	Locality Planning Energy (LPE.ASX)	3.1%	2.2%

Our largest 5 holdings now comprise 39.6% of our invested capital, our top 10 holdings are 56% and our top 15 represent 70.4%. Cash is 29.2% of the portfolio.

Some readers will notice a substantial shift in the shape of the market capitalisations graph this month, this is simply a function of one large holding shifting into the \$100-\$200m bracket and two medium holdings from that bracket shifting into the \$200-\$500m bracket. The big change in only one month is a consequence of running a fairly concentrated portfolio:



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	6.35
Additional investments	\$20,000 (Minimum) \$200,000 (Maximum)	Sortino Ratio ¹	1.08
Applications/redemptions	Monthly	Annualised Standard Dev. – EGP Annualised S/D - Benchmark	3.19% 5.78%
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)	20.5% (inc GST)	% Of Positive Months – EGP	100.0%
Performance fee (>\$50m)	15.375% (inc GST)	% Of Positive Months - Benchmark	60.0%
Auditor	Ernst & Young	Cumulative return ² – EGP Cumulative return ² – Benchmark	8.9% 7.3%
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	\$58.4m	5 year annualised return ² – EGP 5 year annualised – Benchmark	N/A N/A
Mid-Price for EGPCVF Units	\$1.0915	Buy Price for EGPCVF Units	\$1.0931
Accumulated Franking per Unit	\$0.0024	Sell Price for EGPCVF Units	\$1.0899

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.

Past performance is not an indicator of future performance.

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	\$2.1478
EGP Fund No. 1 Pty Ltd Franking Credits	\$0.0000