



**EGP Concentrated Value Fund**

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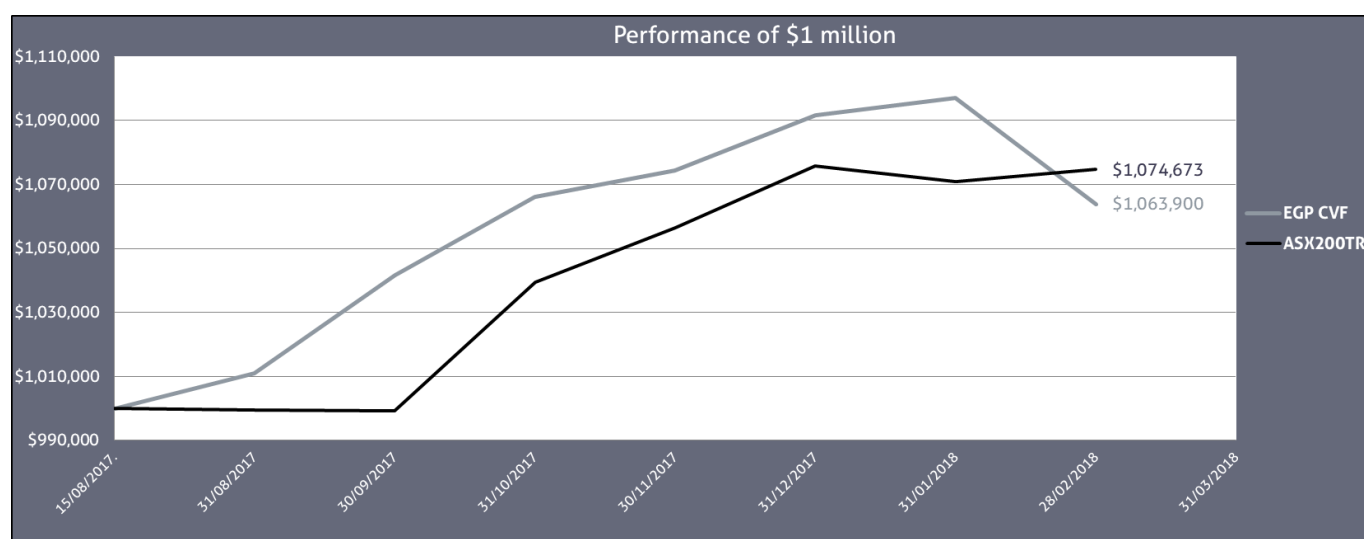
## EGP Concentrated Value Fund – 28 February 2018

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
<b>FY18</b>	N/A	1.1%	3.0%	2.4%	0.8%	1.6%	0.5%	(3.0%)					6.39%

Benchmark	Jul	Aug*	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
<b>FY18</b>	N/A	(0.1%)	(0.0%)	4.0%	1.6%	1.8%	(0.5%)	0.4%					7.47%

\*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 fell 3.0% in February. Our benchmark gained 0.4%.

February 2018 was the worst month in the short history of EGP Concentrated Value Fund and across both funds we have operated since inception in 2011 it was the worst month since June 2013.

The table on the next page shows that Redbubble has risen to our 6<sup>th</sup> largest holding. This is due only in part to how well the price of that stock has performed. It is mostly a result of some of the undisclosed top ten positions from last month disappearing from the table as quoted valuations fell.

Those who have followed EGP for a while will know what a competitive soul your fund manager is. I do not enjoy trailing our benchmark, but acknowledge that the divergence between price and intrinsic valuation is what allows the opportunity us buy future outperformance. Of the 5 stocks that caused the majority of our underperformance this month, we have been and expect to continue adding to these positions. If prices stay as they are at month end, we expect the undisclosed No. 7 position in the top ten to be in the top 5 by the end of March.

The other two stocks we will spend some time reassessing our theses and ensuring the valuation has not been materially altered in light of weaker than expected half-year reports.

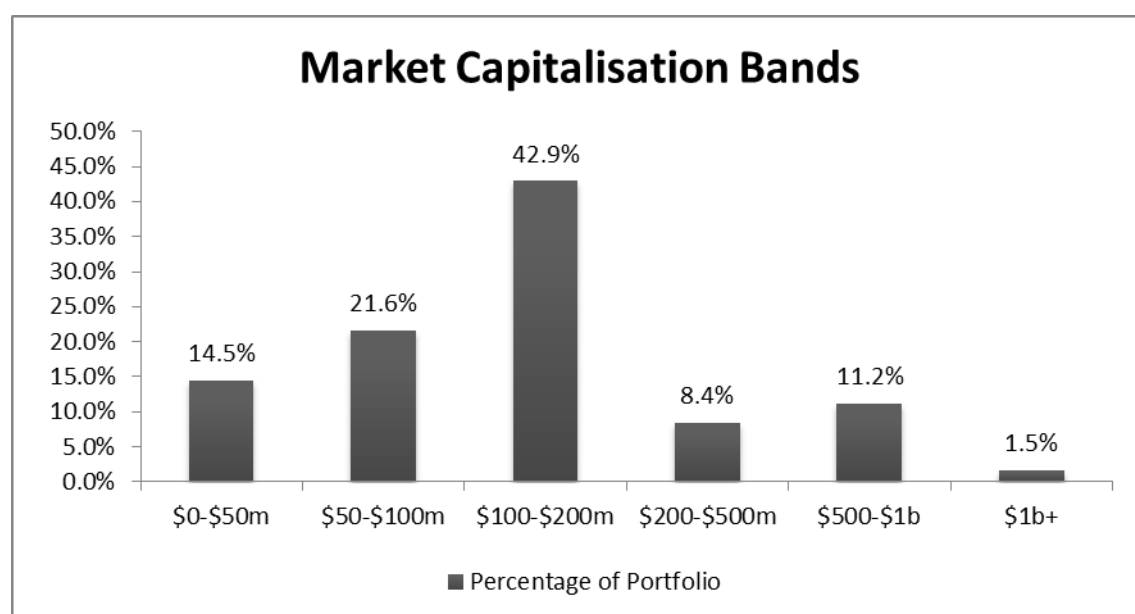
As promised last month, we have returned to the monthly revelation of our top 10 holdings, unveiling No. 5 Shriro holdings. A fairly detailed look at the business is set out in this month's blog update.

Our top 10 holdings at 28 February 2018 were:

Rank	Holding	Percentage Equity Weighting	Percentage Portfolio Weighting
1	United Overseas Australia (UOS.ASX)	11.2%	8.4%
2	Kangaroo Plantation (KPT.ASX)	11.1%	8.3%
3	Global Construction Services (GCS.ASX)	8.8%	6.6%
4	Blackwall Limited (BWF.ASX)	4.7%	3.5%
5	Shriro Limited (SHM.ASX)	3.9%	2.9%
6	Redbubble (RBL.ASX)	3.7%	2.7%
7	Undisclosed	3.5%	2.6%
8	Locality Planning (LPE.ASX)	3.5%	2.6%
9	Undisclosed	3.4%	2.5%
10	Undisclosed	3.3%	2.4%

Our largest 5 holdings now comprise 39.7% of our invested capital, our top 10 holdings are 57.0% and our top 15 represent 70.8%. Cash and cash equivalents are 25.2% of the portfolio.

The market capitalisation graph is set out below. As a matter of interest for those investors who like to know such things, I'll include the 'median' market capitalisation from now on too. This month, the median is \$120.2m:



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>	-22.92
Additional investments	\$5,000 (Minimum) \$200,000 (Maximum)	Sortino Ratio <sup>1</sup>	0.76
Applications/redemptions	Monthly	Annualised Standard Dev. – EGP Annualised S/D - Benchmark	6.33% 5.44%
Distribution	Annual 30 <sup>th</sup> June	Largest Monthly Loss – EGP Largest Monthly Loss - Benchmark	-3.0% -0.5%
Management fee	0%	Largest Drawdown – EGP Largest Drawdown - Benchmark	-3.0% -0.5%
Performance fee (<\$50m)	20.5% (inc GST)	% Of Positive Months – EGP	85.7%
Performance fee (>\$50m)	15.375% (inc GST)	% Of Positive Months - Benchmark	57.1%
Auditor	Ernst & Young	Cumulative return <sup>2</sup> – EGP Cumulative return <sup>2</sup> – Benchmark	6.4% 7.5%
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	\$57.1m	5 year annualised return <sup>2</sup> – EGP 5 year annualised – Benchmark	N/A N/A
Mid-Price for EGPCVF Units	\$1.0639	Buy Price for EGPCVF Units	\$1.0655
Accumulated Franking per Unit	\$0.0032	Sell Price for EGPCVF Units	\$1.0623

<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	\$2.0952
EGP Fund No. 1 Pty Ltd Franking Credits	\$0.0000