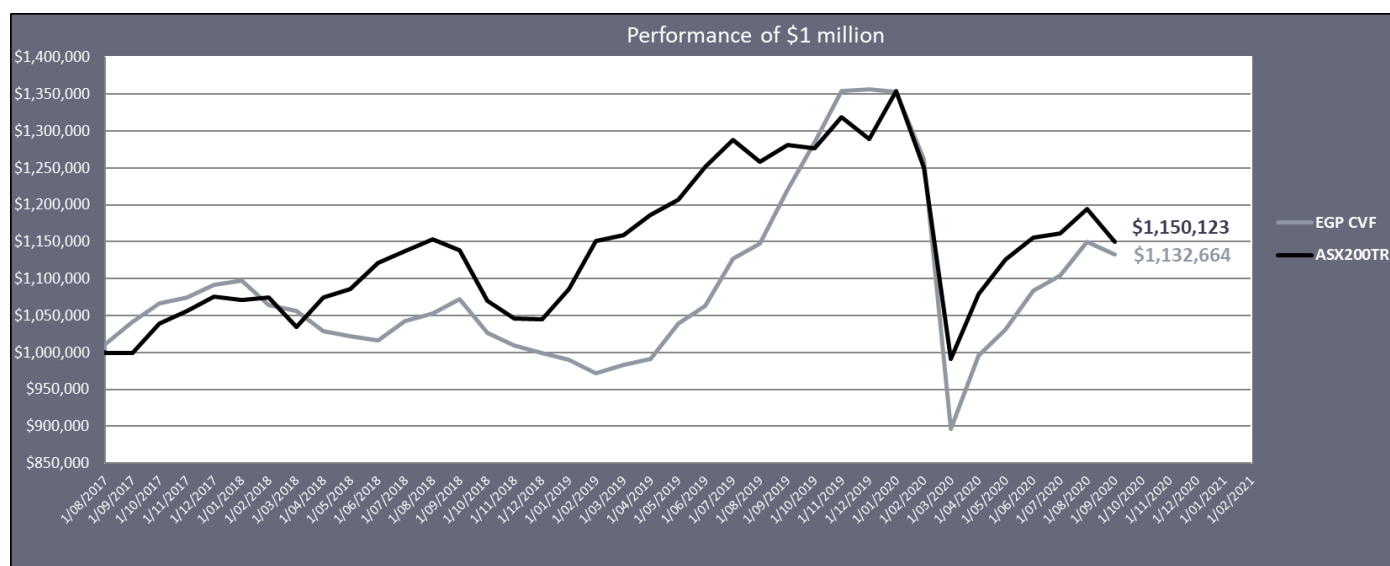


EGP Concentrated Value Fund – 30 September 2020

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.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
EGPCVF FY18	N/A	1.1%*	3.0%	2.4%	0.8%	1.6%	0.5%	(3.0%)	(0.7%)	(2.7%)	(0.6%)	(0.7%)	1.58%
Benchmark FY18	N/A	(0.1%)*	(0.0%)	4.0%	1.6%	1.8%	(0.5%)	0.4%	(3.8%)	3.9%	1.1%	3.3%	12.18%
EGPCVF FY19	2.6%	1.0%	1.8%	(4.2%)	(1.7%)	(1.0%)	(0.9%)	(1.9%)	1.2%	0.9%	4.8%	2.3%	4.63%
Benchmark FY19	1.4%	1.4%	(1.3%)	(6.1%)	(2.2%)	(0.1%)	3.9%	6.0%	0.7%	2.4%	1.7%	3.7%	11.55%
EGPCVF FY20	6.1%	1.8%	6.4%	5.2%	5.5%	0.1%	(0.3%)	(6.7%)	(28.9%)	11.0%	3.6%	5.1%	1.99%
Benchmark FY20	2.9%	(2.4%)	1.8%	(0.4%)	3.3%	(2.2%)	5.0%	(7.7%)	(20.7%)	8.8%	4.4%	2.6%	(7.68%)
EGPCVF FY21	1.9%	4.1%	(1.5%)										4.50%
Benchmark FY21	0.5%	2.8%	(3.7%)										(0.44%)

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



The Month That Was: -

The fund fell (1.5%) in September. Our benchmark fell (3.7%).

We were having an outstanding September, with our benchmark down more than 4.2% about three weeks into the month and our portfolio trading higher. A few of our larger holdings traded down sharply in the final week and the market was modestly higher meaning our outperformance for September was not what it might have been.

National Tyre which we profiled in [last month's report](#) (.PDF) was up nearly 10% in September, and [an announcement made after the market closed](#) (.PDF) on the last day of the month has seen the stock trading yet higher in October. They guided first half pre-AASB16 EBITDA of \$8-8.5m as they integrate the Tyres 4 U acquisition, they should generate close to \$20m of EBITDA over FY21 and leave the business well within reach of the \$28m FY22 EBITDA target we outlined in our profile. Because this is a “value” stock with real assets in an old-world industry, the market is likely to be very slow in recognising and placing value on the strong, stable, real cashflows, but we're nothing if not patient at EGP.

Over the course of September, we added to our holding in Covertrue Group ([profiled here in January](#) (.PDF)) to assist them in facilitating a small tuck in acquisition. The business has performed remarkably well since we acquired our holding a year ago, between cash and franking credits, we have been returned 26.2% of our original investment in 11 months. When they presented the investment case for the small acquisition, we beat a path to their door to return 86% of the capital we have received back since our original investment. If the acquisition completes as expected this month, we will have increased our ownership to 12.22% from 11.68% in a business that should now have the capacity to materially increase its earnings with the new acquisition. When the acquisition settles, we will re-mark our holding at the price at which the new equity was raised (this should add about 0.25% to the NAV of the fund).

Our Inaugural Online Presentation: -

We put buttons in last month's results email for unitholders to express interest in their preference for a morning or afternoon event as we planned for our first online presentation. Our expectation was that if we got a handful of applications, we would run the event at the time that had the most interest. As it turned out, we received nearly 100 registrations roughly evenly split between the morning and afternoon sessions. We also had a few people ask if we could run a session outside of working hours for those not “working from home”.

Given the strong interest, we will run both a morning, afternoon, and evening session. Because of my desire to maintain my reputation for being notoriously thrifty, we are going to use the free version of the Zoom application. This will have a few implications for how the meeting will run. The first is the time limitation of 40 minutes. To ensure I can field as many questions as possible, I have pre-recorded the presentation.

Participants in any of the presentations are asked to watch the presentation before attending the meeting, it can be watched here:

- [Pre-recorded Zoom Presentation](#) (.MP4)
- [Presentation in .PDF Format](#) (.PDF)

The other limitation, which I assume is unlikely to trouble the event is the limit of 100 participants per event. Given we have had just shy of 50 expressions of interest for each of the morning and afternoon sessions, it would be a surprise if there were participants in excess of the limit, but in the event there are, it will be a “first come, first served” situation, with the fallback position that you can always try again on the next session (i.e. if you miss the morning, join the afternoon, if you miss the afternoon, join the evening).

I have sent an email with the link individually to each pre-registered participant prior to sending out this monthly results update. For those who did not pre-register, the links for each event are available here (click on hyperlink):

[Morning \(8:30am, Monday, 12 October\)](#)

[Afternoon \(4:30pm, Monday, 12 October\)](#)

[Evening \(7pm, Monday, 12 October\)](#)

The ZFC revisited: -

With each passing month, we become more confident of restoring EGPCVF to a position of leading our benchmark. Our commitment when we halted The ZFC project was that we would revisit once EGPCVF had recovered the shortfall against our benchmark.

We are near the point of appointing a CEO to establish the operational framework for The ZFC. There will be much administrative structure to put in place, but with a dedicated CEO, we are hopeful the fund will be ready for launch as early as the first half of 2021.

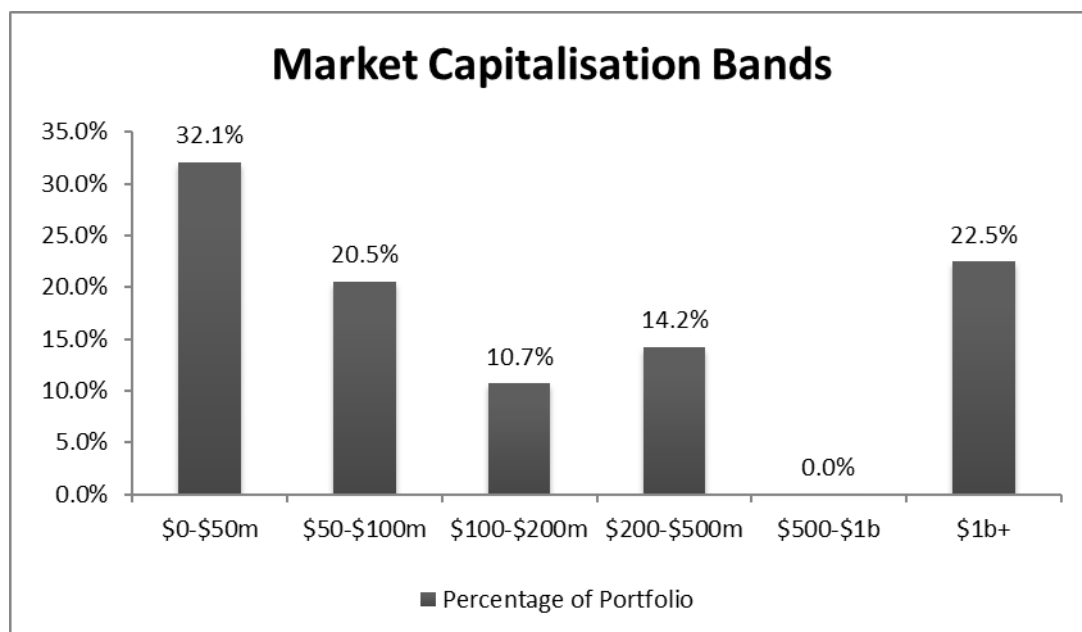
Given the blockbuster performance of the funds slated to be part of the manager group, the launch can't come soon enough, we are confident The ZFC will very rapidly rise to be one of the best performing multi-manager products in the market once launched.

Key Portfolio Information: -

Our top 10 holdings on 30 September 2020 were:

Rank	Holding	Percentage Equity Weighting	Percentage Portfolio Weighting
1	United Overseas Australia (UOS.ASX)	11.5%	10.8%
2	Undisclosed	8.6%	8.1%
3	Redbubble (RBL.ASX)	6.2%	5.9%
4	Smartpay (SMP.ASX)	6.2%	5.8%
5	LawFinance (LAW.ASX)	4.8%	4.6%
6	Dicker Data (DDR.ASX)	4.8%	4.5%
7	Site Group International (SIT.ASX)	4.1%	3.9%
8	PPK Group (PPK.ASX)	3.6%	3.4%
9	National Tyre & Wheel (NTD.ASX)	3.0%	2.8%
10	WOTSO	3.0%	2.8%

Our largest 5 holdings now comprise 37.2% of our invested capital, our top 10 holdings are 55.7% and our top 15 represent 69.2%. Cash and cash equivalents are 6% of the portfolio. The median market capitalisation is \$93.9m. Weighted average market capitalisation is \$332.9m.



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

Fund Features		Portfolio Analytics	
Min. initial investment	\$50,000	Sharpe Ratio ¹	-0.28
Additional investments	\$5,000 (Minimum) \$200,000 (Maximum)	Sortino Ratio ¹	0.73
Applications/redemptions	Monthly	Annualised Standard Dev. – EGP Annualised S/D - Benchmark	20.50% 16.54%
Distribution	Annual 30 th June	Largest Monthly Loss – EGP Largest Monthly Loss - Benchmark	-28.9% -20.7%
Management fee	0%	Largest Drawdown – EGP Largest Drawdown - Benchmark	-33.9% -26.7%
Performance fee (<\$50m)	20.5% (inc GST)	% Of Positive Months – EGP	63.2%
Performance fee (>\$50m)	15.375% (inc GST)	% Of Positive Months - Benchmark	63.2%
Auditor	Ernst & Young	Cumulative return ² – EGP Cumulative return ² – Benchmark	13.2% 15.0%
Custodian/PB	NAB Asset Services	1-year return ² – EGP 1-year return – Benchmark	(7.2%) (10.2%)
Responsible Entity	Fundhost Limited	3-year annualised return ² – EGP 3-year annualised – Benchmark	2.8% 4.8%
Fund Size	\$71m	5-year annualised return ² – EGP 5-year annualised – Benchmark	N/A N/A
Mid-Price for EGPCVF Units	\$0.9936	Buy Price for EGPCVF Units	\$0.9951
Accumulated Franking per Unit	\$0.0038	Sell Price for EGPCVF Units	\$0.9921

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.

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