



October 2024

EGP Aggressive Strategy



Fund Summary

Fund Name	EGP Long/Short Global Fund
Strategy Inception	October 2024
Base Currency	Australian Dollars
Investor Eligibility	Wholesale Investors Only
Fund Liquidity	Monthly
Trustee/Administrator/Fund Manager	EGP Fund Pty Ltd
Management Fee	5 Basis Points Per Month on Beginning NAV
Performance Fees – Calculated after Management Fees and Paid Semi Annually	20% of Performance from 12%-18% p.a. 30% of Performance Exceeding 18% p.a.
High Watermark	Yes
Benchmark	6% p.a.
Buy/Sell Spread	0.1%



People

Tony Hansen

Founder and Co-Chief Investment Officer

Tony has been a Fund Manager since 2010. Prior to that he was a CPA, specialising in large project accounting. Tony has a degree in Commerce from UNE majoring in Financial Accounting and Econometrics. Tony co-wrote the code that generates the trades that the fund implements.

Gavin Skinstad

Co-Chief Investment Officer

Gavin has been a Fund Manager since 2018. Prior to that he qualified as a Chartered Accountant, and worked for UBS in London, Tokyo and Singapore on the Fixed Income trading desk. Gavin co-wrote the code that generates the trades that the fund implements.

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Strategy Description

The EGP Aggressive Strategy is a more aggressive implementation of the EGP Long/Short Global Fund strategy with some additional short-term strategies included. Like the EGP LSGF, it invests globally in a portfolio of companies both long and short. The strategy currently targets opportunities across the Australian, United States and Canadian equity markets, in companies with sufficient daily liquidity that the strategy can be liquidated in a single day at no more than 10% of ADV (Average Daily Volume).

The fund is extremely active and averages ~150 trades per month with extremely high portfolio turnover averaging almost 9 monthly turns. The volatility of the Net Exposure is steadied using a long/short ETF strategy customarily using the S&P500 ETF (SPY) to keep the Net Exposure in the 0-100% range.

The fund has averaged a Net Exposure of 56.4% (~112.7% Long and ~56.3% Short), and though this level will vary significantly depending on market conditions, it will generally be kept in the 0-100% Net Exposure range.



Post Fee Strategy Performance

Post Fees Returns Table - Backtested and Actual															
YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL	Drawdowns	Key:
2009	-3.0%	3.0%	7.0%	7.3%	13.4%	3.6%	11.9%	-4.8%	-2.4%	-2.1%	6.7%	-2.3%	42.87%	-9.04%	Backtest
2010	0.8%	19.2%	12.9%	11.2%	33.4%	0.0%	2.5%	3.4%	9.3%	9.9%	0.5%	4.7%	169.57%	0.00%	Actual
2011	9.0%	3.9%	17.2%	0.0%	10.2%	2.7%	2.2%	-2.5%	-3.9%	6.5%	6.8%	0.0%	63.52%	-6.27%	Annual
2012	3.2%	4.0%	9.0%	2.5%	3.2%	0.1%	4.3%	2.6%	3.2%	2.1%	7.9%	-0.1%	50.29%	-0.13%	Drawdown
2013	2.9%	7.5%	4.0%	7.6%	10.8%	4.1%	-0.5%	7.8%	6.5%	11.5%	14.3%	2.6%	113.15%	-0.50%	
2014	5.3%	6.7%	4.8%	3.2%	1.6%	4.6%	3.9%	5.3%	-4.6%	5.3%	6.3%	7.0%	61.07%	-4.61%	
2015	7.2%	9.2%	6.8%	0.0%	9.5%	0.0%	7.1%	16.3%	0.0%	1.6%	6.7%	4.7%	93.41%	0.00%	
2016	2.1%	1.7%	-3.2%	-9.3%	16.4%	5.8%	7.8%	-0.4%	3.8%	1.5%	19.8%	21.7%	85.29%	-12.18%	
2017	2.6%	-2.3%	10.6%	0.0%	5.0%	8.8%	3.0%	2.8%	0.0%	13.2%	2.1%	-5.0%	47.42%	-4.95%	
2018	16.2%	12.6%	0.0%	3.3%	8.2%	0.0%	2.9%	8.6%	7.4%	-13.9%	-5.1%	6.6%	52.74%	-18.27%	
2019	0.2%	3.2%	8.7%	5.0%	0.0%	-5.2%	1.8%	16.4%	-5.5%	-5.7%	-3.6%	1.9%	16.10%	-14.05%	
2020	12.7%	8.8%	26.2%	0.0%	20.0%	21.7%	21.5%	10.0%	22.0%	0.0%	16.1%	8.9%	465.53%	0.00%	
2021	12.0%	12.0%	10.0%	9.0%	4.8%	0.0%	12.7%	13.9%	-4.9%	-1.2%	15.4%	7.7%	136.39%	-6.06%	
2022	12.4%	15.2%	5.7%	14.0%	0.0%	-13.4%	9.3%	5.6%	4.0%	0.0%	4.0%	0.0%	68.70%	-13.40%	
2023	-10.1%	-2.5%	1.8%	-2.1%	13.6%	14.7%	-4.4%	1.4%	-4.7%	-1.2%	5.9%	-6.5%	3.01%	-12.25%	
2024	14.3%	12.0%	2.0%	2.1%	9.1%	10.2%	-10.9%	9.2%	3.0%	7.9%*			73.09%	-10.90%	
Average	5.5%	7.1%	7.7%	3.4%	9.9%	3.6%	4.7%	6.0%	2.1%	1.8%	6.9%	3.5%	80.09%	-7.22%	

*Actual to 9 October



Performance Comparisons

Year	EGP LSGF	MSCI World US\$	Difference
2009	42.6%	30.0%	+12.6%
2010	169.6%	11.8%	+157.8%
2011	63.5%	(5.5%)	+69.0%
2012	50.3%	15.8%	+34.5%
2013	113.2%	26.7%	+86.5%
2014	61.1%	4.9%	+56.2%
2015	93.4%	(0.9%)	+94.3%
2016	85.3%	7.5%	+77.8%
2017	47.4%	22.4%	+25.0%

Year	Aggressive Strategy	MSCI World US\$	Difference
2018	52.7%	(8.7%)	+61.4%
2019	16.1%	27.7%	-11.6%
2020	465.5%	15.9%	+449.6%
2021	136.4%	21.8%	+114.6%
2022	68.7%	(18.1%)	+86.8%
2023	3.0%	23.8%	-20.8%
2024 YTD	73.1%*	16.6%*	+56.5%

*As of 9 October 2024

	Aggressive Strategy	S&P500
CAGR	80.1%	14.8%
Max Drawdown	-28.9%	24.4%
Avg Ann Drawdown	-7.2%	-15.6%
Sharpe	2.23	1.00
Sortino	4.07	1.65
Volatility	37.8%	15.1%
Avg Net Exposure	56.4%	100%
Max Net Exposure	219.8%	100%
Corr to S&P500	21%	100%



Points of Difference

- Pure quantitative strategy utilising numerous uncorrelated systems tested to create strong, stable return equity returns whilst minimising drawdowns
- Comprehensively designed and tested strategy applying mean reversion and momentum-based systems to an AU\$74 trillion universe of opportunities
- Careful risk management of short book. Although the short-book produces less of the strategy profit. It tends to do so during periods of major market upheaval, enabling increased exposure into the long-book before market recovery
- The strategy invests across Australia, Canada and the USA, providing diversification benefits from an Equity and currency viewpoint
- Investor aligned fee structure



Reasons To Invest

- Back-tested results indicate the strategy has the potential to produce materially better than market returns with meaningfully lower average and maximum drawdowns, with early actual results supporting this thesis
- The strategy has a ~20% correlation with the S&P500, MSCI World and All Ordinaries. Modest exposure to the Fund could offer significant diversification
- Despite the complexity of the strategy, the Management Fee is only 0.6% p.a.
- Furthermore, the Management Fee is deducted from any Performance Fee. To earn anything more than the Management Fee, the Manager needs to produce >12% p.a. above the high watermark
- Investor interests are fully aligned with the Manager's interests, from the Investor aligned fee structure to the Manager's personal investments into the Fund
- Both Managers have significant experience in Finance as well as Funds Management and have used this experience to create this unique product



Reasons Not to Invest

- Back-tested results should always be treated with extreme scepticism
- Despite comprehensive testing to produce optimal returns with minimal risk at the targeted Net Exposures, the Fund may fail in future to produce returns as good as the back-testing
- Despite comprehensive system testing to minimise drawdowns under a variety of market conditions, the low back-tested average annual drawdown may be higher
- The strategy occasionally produces extreme volatility, with back-testing showing double-digit portfolio movements occur on average 3 months each year. Such volatility is not for everybody and will be suited to investors accustomed to large irregular portfolio movements, and potentially suit smaller portfolio allocations
- The extreme lack of correlation sometimes leads to periods of significant under-performance of major equity markets. Such as 2019 and 2023 when the strategy meaningfully under-performed major global indices
- Short-side investing has many risks and the positive contribution the short-book has made in back-testing and in early practice may not continue for the Fund
- **The fund will produce primarily short-term capital gains. Only ~10% of realised gains in back-testing were eligible for CGT discounting**



Want to know more?

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“Gentlemen, we will chase perfection, and we will chase it relentlessly, knowing all the while we can never attain it. But along the way, we shall catch excellence.”

VINCE LOMBARDI

