EGP Aggressive Fund – June 2025

The Aggressive Strategy is a quantitative global long/short product applying the tenets of the EGP Long/Short Global Fund with greater aggression. Key objective is maximising total return with tolerable volatility/drawdown. The strategy has historically averaged net exposure of ~50% (~95% long/~45% short) but can theoretically stretch to 250% long and 100% short. This "overexposure" may be tempered by long or short exposure to an Index ETF targeting "overnight" exposures within the 0-100% net long target range. For example, if the strategy closed trading 30% net short, an ETF long exposure may be initiated in the aftermarket to the index with the greatest short exposure. Likewise, trading closed 130% net long, a ~30% index ETF short may be initiated.

Results Table

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
EGPAF 2025	**5.44%**	**3.74%**	**(0.78%)**	**2.87%**	**(0.09%)**	**0.92%**							**12.56%**
MSCI ETF - VGS – 2025	3.14%	(2.30%)	(4.86%)	(1.08%)	6.08%	2.47%							3.09%
12% Annualised	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%							5.83%

Performance Summary

Key performance metrics and charts.

Fund Features		Portfolio Analytics		
		Metric	**Fund**	**VGS**
Performance fee	0-12% (0%) 12-18% (20%) 18%+ (30%)	AUM	$6.6m	US$37.1B
		Volatility	34.0%	17.9%
Management fee	0.05% per month	**Sharpe Ratio**	0.99	0.43
Applications or redemptions	Monthly	**Sortino Ratio**	1.47	0.70
Distribution	At least annually	**Largest Drawdown**	(0.78%)	(8.05%)
Minimum initial investment	$50,000 (Wholesale Only)	**1-year return**	N/A	N/A
Accounting	True Elite Business Services Pty Ltd	**Cumulative Return**	12.56%	3.09%
Administration & Registry	Registry Direct	**Since Inception Annualised**	26.70%	6.28%
Custodian/PB	Interactive Brokers	**Unit Price (Mid)**	$1.1256	$142.85

Contact Information

Co-Chief Investment Officers:

Tony Hansen – 0418 278 298 or tony@egpcapital.com.au

Gavin Skinstad – 0409 042 061 or gavin@egpcapital.com.au

Market Commentary

YTD Results: **Long book 11.54%|Short book 1.02%**

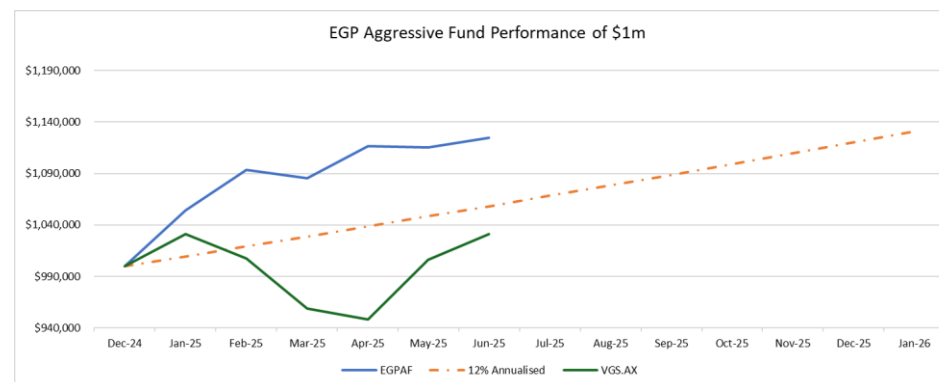**YTD Exposure:**   **Long = 85.2%|Short = 59.3%| Net = 25.9%**

Portfolio Information

Benchmark Performance Correlation: **(7%)**

Benchmark Drawdown Correlation: **47%**

YTD Portfolio Turnover: **63.2x**

Results Graph

EGP Aggressive Fund Performance of $1m

Quarterly Commentary

Whilst LSGF is reporting on its first full financial year (FY2025) in this month's report, AF still has just 6 months operating at full-scale as a fund to review. The first five months of 2025 were weaker than any January-May period in our back testing. The January-June period resolved at +12.6%, which would be satisfactory were it not for generally meaningfully superior 6-month returns in back-testing. With the bulk of fund assets exposed (unhedged) to the US, the 5.85% fall in the USD since January has not helped. In the back-test performance table overleaf, there are 193 discrete 6-month periods on a rolling basis. There are 6 x 6-month periods with a negative return (5 occurring between October 2018 to March 2019 after the dreadful October 2018 result – the sixth in June 2022 with that month's poor result). There are 10 other rolling 6-month periods with a return below 10%. The caveat is that no 6-month period is especially useful for assessing any investment process. We are of the view that if these past 6 months represent a return in the bottom decile of 6-month expectations, then we have an excellent future with the Aggressive Fund.

In the algorithm applied to your capital from April to June, we ran the 36 strategies set out in the table below. In the first 3 months of 2025, the algorithm began with 26 discrete strategies as set out in the March report. From 1 July, we will be adding a further 22 strategies in our original markets (Australia, Canada and the United States) as well as 8 strategies operating in the Hong Kong market, bringing our total strategy set to 66.

The intent of this broadening of the strategy base is to ensure the Aggressive Fund is not overly reliant on any individual strategy or strategy type (momentum, mean-reversion, monthly, weekly, daily etc.). In the table below, we can see from the bottom row that Strategy 1 is the largest historic contributor, back-testing at 11.8% of system profit. By broadening the strategy base from July, no individual strategy will contribute >8% to back-tested returns.

The table below shows the 10 short strategies we currently employ (denoted by the pink/red headers), the 25 long strategies (denoted by the green headers) and one strategy (S22) that works both ways. The figures in the table under each strategy set out the proportion of back-tested profitability each strategy contributed. i.e. Strategy 1 contributed 10.8% of 2009 profitability, whilst Strategy 3 detracted from 2009 profitability by 0.8%.

The bottom row tells us how much on average each strategy contributes to the annual return, with Strategy 1 the best averaging 11.8% of average annual return and Strategy 19 the weakest averaging just 0.1% of average annual return. As mentioned in the March newsletter, good short strategies are uncommon, the inclusion of some apparently "weak" short strategies is mostly due to the times these strategies tend to perform well, rather than their absolute performance. With that said, S19 produces an acceptable 33% return on the very small 13 basis points of average capital the strategy employs. Only S23 has never produced a calendar year loss in back-testing.

	S1	S2	S3	S4	S5	S6	S7	S8	S9	S10	S11	S12	S13	S14	S15	S16	S17	S18	S19	S20	S21	S22	S23	S24	S25	S26	S27	S28	S29	S30	S31	S32	S33	S34	S35	S36
2009	10.8%	1.1%	0.8%	0.4%	2.2%	4.8%	3.4%	2.7%	4.1%	1.2%	0.1%	4.0%	0.9%	3.0%	7.1%	5.9%	0.1%	8.3%	1.3%	3.3%	8.1%	12.5%	1.1%	0.0%	1.8%	0.6%	6.6%	0.4%	0.5%	4.3%	1.9%	4.0%	0.0%	1.9%	2.4%	1.2%
2010	1.2%	0.7%	5.8%	0.7%	1.0%	5.8%	2.3%	2.7%	0.8%	1.1%	3.0%	0.6%	2.6%	6.3%	3.5%	11.8%	3.1%	4.1%	0.0%	0.1%	0.3%	11.7%	2.9%	9.6%	0.2%	3.5%	8.7%	0.2%	0.4%	3.3%	1.9%	1.5%	0.0%	0.4%	0.3%	0.5%
2011	11.9%	3.1%	13.4%	4.1%	3.3%	4.4%	0.8%	0.8%	1.2%	2.3%	5.8%	4.5%	2.3%	0.7%	6.1%	14.7%	0.6%	4.2%	0.3%	1.2%	6.4%	10.3%	0.6%	10.1%	1.1%	1.5%	14.5%	1.1%	1.1%	11.6%	2.2%	3.1%	1.6%	0.5%	0.7%	2.0%
2012	12.0%	1.2%	22.3%	0.5%	0.6%	2.2%	3.6%	3.8%	4.2%	0.3%	0.9%	0.5%	5.2%	5.2%	7.9%	16.9%	5.9%	5.7%	1.0%	0.2%	1.2%	1.4%	2.0%	25.4%	0.3%	11.7%	1.4%	2.1%	1.3%	6.1%	0.0%	4.5%	0.5%	0.2%	2.5%	1.8%
2013	21.7%	2.8%	19.5%	2.3%	0.7%	1.0%	0.5%	2.2%	1.0%	0.5%	0.3%	0.1%	5.0%	3.2%	4.6%	5.2%	3.9%	0.1%	0.2%	0.4%	0.8%	6.9%	1.0%	11.2%	1.9%	11.6%	7.2%	2.0%	2.7%	5.3%	0.3%	3.4%	0.0%	1.1%	2.5%	2.9%
2014	21.8%	0.7%	9.9%	3.2%	2.8%	1.1%	1.2%	2.4%	0.1%	0.1%	0.4%	1.4%	1.0%	0.5%	0.6%	3.2%	2.3%	2.2%	0.6%	0.1%	0.2%	1.7%	1.3%	4.0%	3.3%	15.8%	2.2%	1.4%	1.5%	6.3%	1.6%	3.6%	0.0%	1.4%	2.0%	3.3%
2015	12.3%	1.7%	6.4%	0.5%	1.2%	3.9%	2.6%	4.6%	0.3%	0.4%	1.2%	1.9%	3.6%	1.4%	3.7%	7.5%	7.5%	5.3%	1.0%	3.0%	2.9%	9.9%	1.5%	5.1%	2.2%	2.3%	7.4%	1.2%	2.7%	6.7%	0.6%	0.6%	0.0%	0.5%	0.2%	0.0%
2016	14.4%	1.0%	5.5%	3.3%	2.4%	6.1%	2.3%	2.5%	6.0%	1.1%	0.2%	0.1%	7.0%	1.1%	3.1%	3.7%	2.7%	5.9%	0.1%	2.0%	0.1%	13.6%	0.8%	1.6%	1.7%	0.3%	4.3%	1.0%	1.8%	2.9%	1.0%	3.9%	1.5%	0.6%	1.1%	0.7%
2017	7.8%	6.5%	12.3%	0.4%	7.0%	0.6%	0.7%	2.6%	1.9%	0.2%	0.0%	0.5%	4.3%	8.0%	2.8%	3.5%	5.3%	1.1%	0.3%	0.5%	0.2%	14.2%	1.8%	3.9%	7.5%	8.4%	6.5%	1.4%	2.4%	5.6%	0.5%	0.6%	0.0%	1.8%	0.3%	0.3%
2018	3.6%	1.8%	8.5%	4.0%	17.1%	3.0%	7.6%	4.3%	13.2%	1.7%	1.4%	0.9%	6.5%	8.1%	6.0%	43.5%	4.6%	2.2%	0.1%	3.3%	0.3%	21.2%	4.6%	8.9%	18.7%	0.6%	2.5%	4.2%	1.1%	0.2%	0.2%	6.9%	3.6%	2.3%	3.6%	2.7%
2019	11.0%	3.9%	17.0%	3.7%	8.3%	0.9%	3.8%	1.2%	0.7%	0.5%	0.5%	4.3%	1.5%	2.0%	0.5%	10.0%	4.6%	5.9%	0.3%	0.4%	4.2%	24.3%	0.3%	25.2%	13.5%	11.4%	5.6%	3.5%	2.4%	1.9%	2.4%	4.1%	0.0%	0.6%	1.6%	0.5%
2020	10.7%	1.0%	3.8%	0.7%	1.1%	7.9%	2.3%	2.1%	6.1%	0.3%	0.1%	0.4%	4.1%	9.0%	5.6%	7.4%	3.3%	1.1%	0.2%	0.9%	1.5%	6.7%	1.8%	12.2%	1.7%	3.1%	2.4%	1.4%	1.8%	0.1%	2.0%	0.2%	0.1%	0.4%	0.4%	0.3%
2021	7.5%	4.7%	0.5%	1.2%	0.0%	4.0%	1.5%	3.4%	4.5%	0.8%	0.5%	2.0%	4.4%	2.0%	8.1%	1.5%	8.0%	3.6%	0.1%	3.2%	2.6%	16.6%	2.2%	7.1%	7.1%	0.0%	0.2%	0.3%	0.0%	4.8%	0.3%	3.0%	0.0%	0.6%	1.3%	1.7%
2022	13.6%	15.3%	4.5%	0.8%	15.7%	4.8%	2.7%	2.2%	14.4%	2.6%	1.2%	1.4%	5.5%	2.5%	5.5%	23.5%	1.1%	2.7%	0.1%	4.2%	4.5%	1.0%	3.9%	11.9%	4.6%	0.2%	17.3%	1.3%	2.0%	4.6%	3.4%	7.3%	3.1%	0.4%	1.7%	1.7%
2023	55.2%	9.0%	24.1%	2.1%	12.2%	2.4%	4.8%	2.1%	1.5%	1.9%	1.9%	2.1%	1.4%	2.2%	9.0%	72.2%	0.0%	20.6%	4.0%	4.2%	6.6%	0.0%	2.3%	36.3%	11.3%	8.0%	6.0%	0.7%	1.4%	7.7%	1.0%	2.6%	7.2%	3.4%	7.5%	1.4%
2024	12.5%	0.8%	35.6%	1.8%	1.7%	4.3%	1.3%	0.9%	2.3%	0.0%	0.2%	0.6%	0.9%	0.5%	4.2%	0.6%	2.5%	0.7%	0.2%	0.7%	0.8%	1.0%	1.5%	9.7%	2.0%	2.4%	7.2%	1.8%	2.1%	4.7%	0.5%	2.4%	0.0%	0.0%	0.5%	0.1%
May-25	52.5%	5.5%	20.2%	7.8%	36.2%	56.2%	2.1%	14.5%	6.0%	4.0%	7.0%	6.5%	4.5%	10.8%	22.8%	35.6%	3.4%	14.3%	1.9%	9.8%	13.7%	13.5%	8.6%	24.6%	26.5%	43.7%	3.4%	0.2%	4.3%	35.7%	7.0%	1.3%	4.6%	6.7%	16.4%	2.7%
Profit	11.8%	1.3%	9.6%	1.2%	0.5%	4.3%	1.3%	1.5%	2.6%	0.8%	0.9%	1.0%	3.0%	2.0%	4.3%	4.4%	3.1%	3.2%	0.1%	0.7%	1.4%	8.1%	1.5%	8.6%	3.3%	3.6%	3.6%	1.1%	1.5%	4.5%	1.1%	1.2%	0.5%	0.5%	1.2%	0.8%

We created this table to enhance our own insight into how the systems interact with each other and thought it might provide useful context for investors also. We use these types of data exercises mostly to assist us with the psychology of operating a systematic trading process. The most important systems in terms of overall profitability are S1 and S3. As shown in the table, the longest "losing stretch" for an individual system was S20, which from 2011-2015 was unprofitable. The amount was modest, averaging less than 1% of average annual profit. S22 has been relatively consistent outside of that poor stretch and generated almost 10% of the profits EGPAF made Jan-May 2025. Importantly, the table above reinforces that there will always be something not working within a multi-system algorithm. There has never been a year with fewer than 3 out of 36 systems unprofitable. On average, 7.7 out of 36 systems (21.4%) lose money. The first 5 months of 2025 saw only 21/36 systems profitable, accounting for the weaker than average start to the year. We expect that over the final 7 months of 2025 the data will normalise and the final score will be somewhere in the historic range (3-12 systems out of these 36 unprofitable – notwithstanding the extra 30 strategies that will operate from July).

We described above the addition of 30 new strategies to the algorithm in July. This decision was in part developed by the datamining exercise set out in the table above. The new strategies we are adding to our original markets are the outwork of the S28/29/30 family of strategies in the table above. This exercise demonstrated what a stable, consistent producer of returns that strategy family was. Through the process, it occurred to one of us that the strategy which was running on the NASDAQ had not been tested across other indexes and markets. The additional 22 strategies for existing markets comprise 2 extra strategy elements for the NASDAQ strategy and 5 each for the S&P500, TSX60, ASX300 and Russell 1000 indexes. Five of the eight strategies being added in Hong Kong are likewise derived from this system. There are subtle variations, for example the TSX60 system only allows 3 positions (due to the low number of stocks in the index), whereas the other indices with more names allow up to 5 positions each. Maximum days held range from 4 to 7 etcetera.

The additional strategies allow us to reduce exposure to the original strategy group, leaving us with a lower average exposure, lower maximum exposure and modestly improved risk metrics - Sharpe & Sortino are ~10% better for the 58-strategy algorithm (Hong Kong operates separately) compared to the 36-strategy algorithm in the back testing, we estimate the inclusion of Hong Kong would further improve back-tested Sharpe/Sortino. Returns were modestly improved, but that was not the purpose of the exercise. Below, we will review what we look for when combining a new strategy idea well with the existing strategy set. The table on the left below is the output from the back-test for the 8 strategies we will be using in Hong Kong. There are three different day trading systems and five mean reversion systems with a maximum holding period of seven trading days. The table on the right is the back-test for the 58 strategies EGPAF will be using from 1 July 2025 in our original geographies (Australia/Canada/US). The Hong Kong strategies look sound, generating ~9.7 on average annually, employing ~15.5% of system capital (~11.2% increase in average overnight capital), the >62% return on average capital employed is attractive, good enough to place it in the top tertile for ROCE among the systems we will operate from July. When we contemplate the historic performance of the Hong Kong market over the test period, it is more remarkable. The Hang Seng Index (HSI) has returned only 3.7% annually, including dividends since 2009. That such sound results were generated in such a weak environment gives us great hope should the HSI again experience a boom period such as the 15-years from 1986-2000 when the average annual return for the index was closer to 15%. For context the S&P500 has returned >16% annually over the testing periods below. Even more remarkable, the Hong Kong "Stamp Duty on Stock Transaction" consumes 29.7% of system profitability, or to invert that, the system would be ~42% more profitable were it not for this tax!

With EGPAF closed to new investors, we are comfortable sharing the below back-tests for the current iteration of the HK and AF algorithms, whilst being careful to note they do not make allowance for the fees your fund manager would have earned had these returns been generated under operating conditions. We also remind readers that whilst the back tests look outstanding, we would be pleased to do even half as well going forward.

Hong Kong 8-Strategy Back Test

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
2009	-0.4%	-0.2%	0.0%	0.6%	1.2%	4.4%	4.4%	-1.0%	0.9%	5.5%	4.4%	2.5%	24.4%
2010	-3.9%	2.9%	0.2%	1.5%	-0.9%	-1.1%	0.6%	0.1%	0.5%	1.8%	1.5%	0.7%	3.7%
2011	-0.4%	2.2%	0.8%	0.2%	1.7%	-2.0%	0.2%	6.8%	-6.0%	-0.3%	0.2%	1.0%	3.9%
2012	-0.2%	-0.1%	0.7%	-0.1%	-1.4%	0.1%	1.0%	-0.1%	1.2%	0.8%	0.8%	-0.1%	2.4%
2013	1.0%	2.0%	2.7%	0.9%	-0.5%	0.6%	1.1%	-0.1%	-1.6%	1.3%	1.5%	-0.5%	8.4%
2014	2.2%	0.8%	0.2%	5.8%	0.4%	1.2%	0.9%	2.0%	-1.4%	0.4%	3.0%	-1.7%	14.5%
2015	1.1%	2.5%	1.9%	3.6%	5.5%	5.5%	13.2%	-3.8%	2.0%	1.7%	0.0%	0.1%	37.9%
2016	-0.6%	0.2%	-1.1%	0.3%	-2.0%	2.3%	0.5%	2.1%	1.2%	0.1%	0.8%	-1.4%	2.3%
2017	0.1%	0.8%	2.4%	1.7%	1.4%	-0.8%	1.8%	1.3%	-0.1%	0.4%	-0.9%	-4.6%	3.5%
2018	-1.0%	0.3%	-1.9%	0.8%	1.7%	1.8%	-0.9%	0.6%	-4.9%	-1.1%	1.7%	-0.6%	-3.8%
2019	-0.1%	0.8%	0.2%	0.8%	-3.2%	0.5%	-0.7%	0.2%	1.2%	0.4%	1.5%	-0.4%	1.1%
2020	-5.1%	1.4%	11.1%	0.5%	1.3%	1.0%	4.8%	3.3%	0.0%	-0.7%	3.5%	3.8%	26.9%
2021	1.0%	3.3%	-2.3%	1.0%	-0.2%	-1.5%	5.3%	7.1%	0.2%	4.4%	-0.7%	-0.4%	18.0%
2022	3.8%	-1.0%	0.0%	-0.4%	1.1%	2.4%	-0.8%	-1.7%	2.6%	-4.3%	3.7%	-0.4%	4.8%
2023	0.7%	-1.2%	1.6%	-0.5%	-4.5%	0.7%	0.9%	-2.8%	10.8%	-0.4%	-0.7%	1.3%	5.3%
2024	-1.9%	-0.2%	1.0%	1.8%	-0.3%	-0.2%	1.5%	2.3%	-3.8%	1.0%	4.8%	-2.0%	3.9%
2025	0.3%	3.0%	5.4%	-1.4%	0.9%	2.6%	n/a	n/a	n/a	n/a	n/a	n/a	11.1%
AVG	-0.2%	1.0%	1.3%	1.0%	0.1%	1.0%	2.1%	1.0%	0.2%	0.7%	1.6%	-0.2%	9.7%

EGPAF 58-Strategy Back Test

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
2009	2.8%	-2.0%	7.5%	24.6%	18.8%	6.1%	6.7%	1.5%	2.3%	7.4%	9.7%	2.5%	127.8%
2010	1.6%	21.3%	20.5%	12.9%	15.0%	-10.0%	8.4%	0.8%	8.7%	14.1%	8.7%	7.0%	173.2%
2011	11.9%	9.2%	11.6%	2.0%	4.7%	2.9%	1.0%	-3.5%	-6.3%	9.9%	3.1%	-0.1%	54.9%
2012	9.8%	5.9%	10.9%	2.7%	2.2%	4.1%	8.4%	3.5%	6.4%	1.4%	4.4%	-1.9%	74.5%
2013	9.1%	11.4%	7.7%	8.8%	8.1%	7.9%	11.9%	5.7%	5.6%	13.4%	13.1%	5.0%	179.6%
2014	5.7%	10.3%	-2.7%	6.6%	8.4%	10.5%	-0.9%	8.2%	2.0%	-4.4%	8.8%	1.0%	66.6%
2015	5.5%	13.3%	11.4%	-0.1%	14.2%	-6.5%	15.9%	11.2%	-2.4%	10.1%	0.4%	4.2%	105.5%
2016	-4.1%	5.3%	10.9%	-2.3%	12.2%	1.8%	10.1%	-0.2%	7.5%	-1.7%	13.2%	14.3%	87.6%
2017	7.0%	4.0%	6.5%	3.2%	7.4%	1.9%	2.5%	3.4%	6.8%	12.6%	3.3%	0.6%	77.1%
2018	11.8%	3.0%	-3.2%	4.8%	11.0%	-2.8%	-3.1%	14.8%	8.5%	-23.2%	2.0%	-1.2%	17.7%
2019	5.7%	3.4%	10.1%	6.7%	-4.1%	-0.3%	10.4%	3.3%	-4.4%	-2.6%	7.4%	2.9%	44.0%
2020	4.5%	2.6%	31.7%	9.7%	31.5%	19.1%	25.7%	15.2%	20.7%	-7.9%	33.8%	13.4%	492.2%
2021	12.9%	22.6%	13.0%	15.1%	4.0%	3.4%	8.5%	10.0%	-6.6%	3.7%	14.0%	1.8%	159.8%
2022	-2.7%	8.3%	0.8%	9.8%	-0.1%	-17.5%	14.1%	7.3%	-0.5%	5.1%	8.4%	0.0%	33.4%
2023	4.3%	4.2%	-1.0%	-0.7%	8.3%	12.7%	2.9%	1.9%	-3.7%	-2.8%	4.3%	0.4%	33.9%
2024	14.7%	18.8%	7.5%	2.9%	11.9%	5.2%	-6.3%	16.9%	9.7%	11.2%	11.6%	5.7%	179.2%
2025	10.5%	1.9%	-6.3%	0.6%	0.7%	4.2%	n/a	n/a	n/a	n/a	n/a	n/a	11.3%
AVG	6.4%	8.5%	8.1%	6.3%	9.0%	2.4%	7.3%	6.2%	3.4%	2.9%	9.1%	3.5%	97.7%

We can see by eyeballing the tables that some weaker years (e.g. 2018) and stronger years (e.g. 2020/2021) are shared across both algorithms. This may give the impression there is insufficient discorrelation for the systems to combine usefully. When the monthly results are compared, however, it shows only ~19% correlation between the two sets of monthly returns, which is an attractive discorrelation starting point.

A further noteworthy point that will not escape some unitholders is that the change to the algorithm has weakened the results for the first 6 months of 2025 for AF (11.3% - excluding fees versus the reported 12.6% - net of fees). By implication, this means the additional strategies would have harmed results since the Aggressive Fund began (the 22 added systems for AF suffered terribly in March 2025). This does not concern us as the changes have enhanced results over the full testing period and all indicators show AF will be more robust under this model. Furthermore, it underscores the point from the paragraph above - including the HK strategies in the first 6 months of 2025 would have roughly doubled the YTD return. The March results of +5.4% (Hong Kong) and -6.3% (AF) give an example of just how discorrelated the two system sets will often be.

Final thing, when we look at the Hong Kong table above, the temptation would be to "switch off" the HK system in January and December. In the above testing, 19 out of 33 (57.6%) January/December results are negative. When we run our testing back as far as our dataset goes (to 2001), the weak December/January anomaly holds, but less strongly (in the 2001-2008 period, the combined January and December results in HK eke out a 0.3% cumulative profit over these 16 extra months). The implication of this is that the ROCE through the past 49 iterations of December and January was negative.

Were we to switch off January/December in the 2009-2025 back-test, annual return from this system would increase to >10.1% and capital employed would fall to ~12.9%, which would improve the ROCE to about 78.5%. The proportion of winning trades would increase from 58.90% to 59.04%. The "expectancy" (which is low for the Hong Kong systems by dint of the significant Stamp Duty impost) would improve from 39bps to 43bps.

Our first instinct is that this would be "overfitting", we lean towards resisting the temptation. If some unitholders commit this question to memory, we will revisit the topic in our next quarterly teleconference (mid-August) and discuss it again in that format. There are 5 months until December for us to ruminate on the final decision on operating in Hong Kong through December and January - From your Co-CIO's: **Erik A. (Tony) Hansen & Gavin L. Skinstad**