

# The Conservative Fund – December 2025



The Conservative Fund is the long only product intended for launch in July 2026. The underpinning strategy has been run by Gavin at [GANE Capital](#). The strategy forming the basis of the below report has been in operation since May 2022, and we have set out the results for each full financial year since. The results shown below closely represent the strategy we will run with The Conservative Fund. This strategy relies on allocations to ETFs and the largest capitalisation US stocks. It has historically averaged about 80% ETFs/equities and 20% cash exposures. No shorting or leverage are used.

## Results Table

	July	August	September	October	November	December	January	February	March	April	May	June	YTD
FY2023	1.93%	0.84%	(1.50%)	4.04%	(1.47%)	(3.10%)	0.66%	1.58%	1.69%	2.09%	1.53%	2.44%	11.03%
FY2024	2.58%	1.94%	(3.48%)	(0.20%)	4.14%	2.02%	4.41%	6.22%	1.55%	(4.53%)	2.87%	0.10%	18.49%
FY2025	2.36%	(0.66%)	(0.19%)	4.07%	6.24%	1.52%	3.47%	0.59%	(4.92%)	(2.58%)	4.37%	3.82%	19.00%
FY2026	3.13%	1.00%	4.23%	1.28%	(1.09%)	(0.16%)							8.60%

## Performance Summary

Key performance metrics and charts.

Portfolio Analytics (July 2022 – Current)		
Metric	Fund	AOR
AUM	\$6M	US\$3.0B
Volatility	12.1%	10.5%
Sharpe Ratio	0.99	0.75
Sortino Ratio	1.42	1.10
Largest Drawdown	(13.0%)	(12.8%)
1-year return	13.4%	16.4%
Cumulative Return	70.0%	49.2%
Since Inception Annualised	16.4%	12.1%
Unit Price (Mid)	\$1.5076	\$65.01

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## Market Commentary

Since Inception Exposures:

Long = 80.2% | Cash = 19.8%

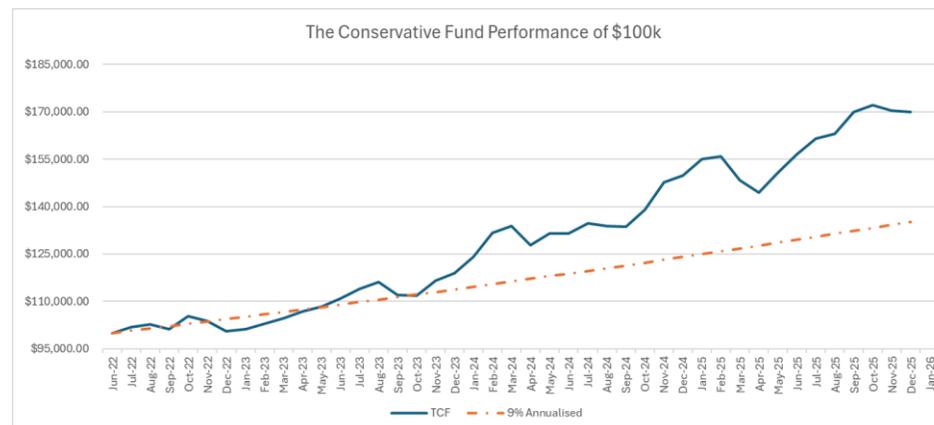
## Portfolio Information

Benchmark Performance Correlation (AOR): 55%

Benchmark Drawdown Correlation (AOR): 52%

Annualised Portfolio Turnover: 4.5x

## Results Graph Since Inception



## Quarterly Commentary

Given TCF will formally join EGP stable of Quantitative Funds in 2026, we thought a more comprehensive explanation of how the fund achieves its returns would be useful for prospective investors. TCF aims to offer investors a way to achieve similar (hopefully slightly better) returns to equity exposure through the cycle, while at the same time avoiding the devastating drawdowns equity markets experience from time to time. This has been done by combining 4 systems based on momentum and trend following principles. The Fund is long only, and employs no leverage, derivatives or shorting strategies. In this paper we will take a closer look at the strategies employed, their statistics, and then how they combine.

## History

TCF is currently operating as “GANE Capital International Equities Fund” and has been in existence since November 2018. Below is a brief timeline of the history of the Fund, and the systems it has employed: -

- Launched in November 2018, The Fund was a single stock, long-only Fund consisting of 20 single stocks, with a 5% position size each. The Fund had a slow start, losing 4% in the remaining 2 months of 2018, and then had a strong run of returns, with 21%, 25% and 13% in the ensuing 3 years. The 20 stocks were selected based on a ranking system, which looked at all hedge funds in the US, chose the most successful Funds, and then chose the common stocks across those Funds – essentially looking for the most “Popular” stocks across the most successful Hedge Funds.
- After a very poor start to 2022 (2022 finishing down 28%), Gavin wanted to reduce the volatility within the Fund, by adding in an additional 2 systems in addition to the single stock system mentioned above. This was implemented in May of 2022, and the Fund has remained unchanged since, producing returns of 18% in 2023, 26% in 2024, and 13% 2025.
- On 01 July 2026, the Fund will change its name to The EGP Conservative Fund (TCF)
- TCF will have a lower fee structure than the 2 other EGP Quantitative Funds, with a 0.45% Management Fee, and a Performance Fee of 15% of any profits made above 9% per annum. There is a 9% annual high-water mark that must be exceeded before the performance fee can be charged.

## Fund Overview

TCF will employ 4 discrete systems from 01 January 2026, a very slight departure from the current structure – underlying systems as follows: -

1. Global Asset Allocation – targeting 30% of Capital.
2. Sectoral Allocation – targeting 30% of Capital.
3. US Single Stock Momentum – targeting 30% of Capital; and
4. Alternatives Momentum – 10% of Capital.

We will investigate each system below, then examine how combining systems affects the results to deliver the outcomes we will report.

## Global Asset Allocation

This system looks at the different a variety of large global asset classes, (think Equity Indexes/Bonds/Real Estate etc). It ranks the target asset classes based on our momentum formula and invests in what we deem to be the top 3 asset classes. Each Asset class must meet another pure momentum criterion before being included – if none of the assets meet the pure momentum criteria, the portfolio will be 100% cash. Backtested results for this strategy over the past 20 years look as per the table overleaf (using a 100% capital allocation and compared with the S&P 500 and a basic 60/40 Equity Bond portfolio): -

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	Global Asset	60/40 Portfolio	S&P 500
<b>Annual Return</b>	9.6%	8.2%	10.6%
<b>Worst Loss</b>	-16%	-29%	-55%
<b>Return/Loss ratio</b>	0.6	0.28	0.19
<b>Sharpe Ratio</b>	0.74	0.82	0.61
<b>Volatility</b>	13.6%	10.3%	19.1%

Key takeaways: -

- The annual return is 1% lower than the S&P 500, which is excellent given the generational run US equities have delivered in that period.
- Volatility and Sharpe ratios sit between the S&P 500 and the 60/40 portfolio.
- The key differentiator for this system is in the return to max loss ratio. To achieve the 10.6% annual S&P500

return you had to sit through a 55% loss – excruciating. To achieve an only modestly lower return you only had to sit through a 16% loss - much more palatable.

### Sector System

Like the Global Asset System, but instead of choosing from the Global Asset Universe, the system looks at discrete sectors within equities indices. It chooses the 3 strongest sectors (think Tech/Healthcare/Energy etc.). As with Global Assets System, each asset must meet a pure momentum criterion for inclusion or that portion of the portfolio goes to cash. Backtested results for this strategy over the past 20 years look as per the table below (again, using a 100% capital allocation and compared with the S&P500 and a basic 60/40 Equity Bond portfolio): -

	Sector System	60/40 Portfolio	S&P 500
<b>Annual Return</b>	11.6%	8.2%	10.6%
<b>Worst Loss</b>	-26.6%	-29.7%	-55.4%
<b>Return/Loss ratio</b>	0.43	0.28	0.19
<b>Sharpe Ratio</b>	0.73	0.82	0.62
<b>Volatility</b>	16.7%	10.3%	19.1%

Key Takeaways: -

- Annual return slightly exceeds both a 60/40 Portfolio and the S&P 500, whilst still maintaining the lowest loss figure about half that of the S&P 500.
- Volatility and Sharpe both fall in between the S&P 500 and 60/40 figures, despite having higher returns, and lower losses.

- The Strategy return:loss ratio is materially better than either comparator – despite an uncomfortable 26% drawdown, it is still well lower than the 55% S&P500 loss.

### US Single Stock Momentum System

The third major system looks at a universe of large cap stocks globally and chooses the 10 best momentum stocks and invests in those 10 stocks (targeting 3% per stock). Backtested results for this strategy over the past 20 years look as per the table below (using a 100% capital allocation {i.e. 10% per stock} and compared with the S&P500 and a basic 60/40 Equity Bond portfolio): -

	Single Stock	60/40 Portfolio	S&P 500
<b>Annual Return</b>	17%	8.2%	10.6%
<b>Worst Loss</b>	-37%	-29.7%	-55.4%
<b>Return/Loss ratio</b>	0.47	0.28	0.19
<b>Sharpe Ratio</b>	0.77	0.82	0.62
<b>Volatility</b>	24.4%	10.3%	19.1%

Key Takeaways: -

- Strategy returns are strong, but we must endure a 37% drawdown (which prompted the 2022 strategy evolution).
- The return:loss ratio is still the best of the three, but volatility is the highest at 24% - so while the returns are excellent, we must pay a price in volatility and drawdown!

### Alternatives System

The final system targets just 10% of Fund capital. It uses a similar momentum-based methodologies for asset selection, but the Asset Universe comprises a variety of large, liquid asset options not used in our other systems (think Bitcoin/Gold/Commodities/Long Dated Treasuries/Oil etc). This portfolio segment has been added in part because its behaviour tends to be deeply uncorrelated, which enhances diversification and scalability whilst maintaining strong system results. Results at a 100% strategy capital allocation overleaf: -

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	Alts	60/40 Portfolio	S&P 500
Annual Return	13.44%	8.2%	10.6%
Worst Loss	-30.6%	-29.7%	-55.4%
Return/Loss ratio	0.44	0.28	0.19
Sharpe Ratio	0.79	0.82	0.62
Volatility	18%	10.3%	19.1%

Key takeaways: -

- Returns are the second best of the systems, while the Sharpe ratio is the best of the 4 systems.
- Return:loss ratio is also good at 0.44.
- Worst loss is only slightly worse than the 60/40 portfolio, but still considerably better than the worst S&P500 loss.

### Combining Four Strategies

As in all our other Funds, the secret sauce is not so much the individual systems, which are good individually, but unspectacular as standalone products. The magic happens when good, solid, uncorrelated systems work together. If we combine the 4 systems using our current target ratio (30/30/30/10), we get the following results.

	Combined	60/40 Portfolio	S&P 500
Annual Return	13.4%	8.2%	10.6%
Worst Loss	-17.7%	-29.7%	-55.4%
Return/Loss ratio	0.76	0.28	0.19
Sharpe Ratio	0.92	0.82	0.62
Volatility	14.7%	10.3%	19.1%

Key takeaways: -

- Annual return now handily beats even the S&P 500 return, by nearly 3% per annum.
  - Sharpe ratio is a very respectable 0.92 – none of the single systems got above 0.79, and this is the magic of combining systems.
  - Worst drawdown is 17.7% - less than one third the S&P 500 max loss, and almost half the 60/40 Loss.
- Volatility is almost 25% lower than the S&P500 around 25% better annual return. Volatility is only ~40% above a 60/40 portfolio for an annual return more than 60% better.

### Notes

1. Inspiration for the systems employed in the Fund were largely developed using the research work of Mebane Faber, who has an excellent (but little known) investing book called “The Ivy Portfolio”. For investors wishing a deeper dive into the concepts, the book is highly recommended.
2. Commissions have been considered in the test results, however Performance and Management Fees have not. The fees set out in the “History” section infer almost exactly a 1% annual fee to be taken by the Fund manager, lowering the results to ~12.4% annually.
3. The start date of the test has been chosen as 01/01/2005 due to a variety of the ETF’s the Fund will use to implement its strategy not existing prior to that date. Similar performance results are encountered if testing on single markets going back to the 1970’s. Mebane Faber shows this in his book.
4. Past performance is an imperfect indicator of future results!!

### Summary

The intention was to create a fund with some characteristics we consider highly desirable for the average investor:

- Match (hopefully beat!) equity market returns through the cycle.
- Achieve this aim with significantly lower observed volatility than equity markets.
- Achieve these results without leverage or shorting.

While past results (particularly back-tested results) are an imperfect guide to future returns, we believe that with this portfolio of simple, yet robust systems can combine to achieve our stated aims through the cycle.