

Long/Short Global Fund – September 2026

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The EGP Long/Short Global Fund (LSF) is a quantitative global long/short fund targeting attractive risk adjusted returns. Objectives include minimising the risk of permanent loss of capital and providing global diversification. The short exposure within the fund typically provides capital at times of market dislocations, enabling redeployment into the long book at lower valuations.



FY2027 Results Table

	July	August	September	October	November	December	January	February	March	April	May	June	FYTD
FY27 - EGPLSGF	(1.56%)	(0.28%)	1.01%										(0.85%)
FY27 - MSCI ETF - VGS	(1.21%)	0.81%	1.93%										1.50%
6% annualised	0.49%	0.49%	0.49%										1.47%

Performance Summary

Key performance metrics and charts.

Fund Features		Portfolio Analytics (Inception July 2024)		
		Metric	Fund	VGS
Performance fee	0-12% (0%)	AUM	\$12M	US\$51.2B
	12-18% (20%)	Volatility	26.6%	12.4%
	18%+ (30%)	Sharpe Ratio	1.22	1.14
Management fee	0.05% per month	Sortino Ratio	1.82	1.86
Applications or redemptions	Monthly	Largest Drawdown	(10.2%)	(8.9%)
Distribution	At least annually	1-year return	22.2%	10.1%
Minimum initial investment	\$50,000 (Wholesale Only)	Cumulative Return	75.3%	36.1%
Accounting	True Elite Business Services Pty Ltd	Since Inception Annualised	28.3%	14.7%
Administration & Registry	Registry Direct	Unit Price (Mid)	\$1.5246	\$163.36
Custodian/PB	Interactive Brokers			

Contact Information

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Market Commentary

FYTD Results: Long book (-4.62%) | Short book 3.77%

FYTD Exposure: Long = 84.4% | Short = 2.9% | Net = 82.4%

Portfolio Information

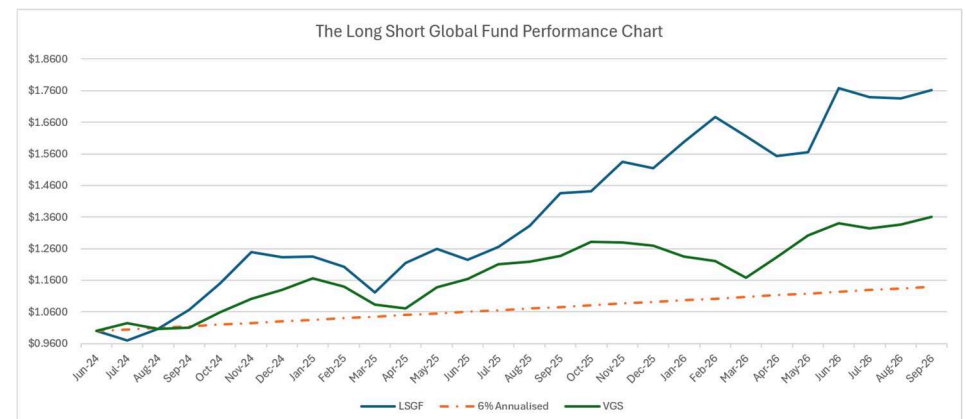
Inception vs SPYAUD Performance Correlation: (2%)

Inception vs SPYAUD β : (4%)

Inception vs SPYAUD α : 33% p.a.

Since Inception Portfolio Turnover: 10,941%

Results Graph Since Inception



Quarterly Commentary

LSF - Mental vs Financial Capital

We implemented an updated algorithm for LSF on 01 June 2026 – one of the reasons for doing so was to reduce the risk inherent in the system, and in so doing assist in the preservation of our Mental Capital.

Cost of Mental and Financial Capital Errors

Most investors are aware of the need to preserve their financial capital – those that don't quickly face ruin. Most investors don't pay sufficient attention to their mental capital – remaining in control of your cognitive and emotional resources, enabling you to continue functioning correctly, allowing your system to operate as designed. Mental capital errors are less likely to result in ruin but will usually result in weaker outcomes. Some examples of what happens when systematic traders' mental capital runs low include: -

- Abandoning your system during a major drawdown – many investors have thrown in the towel just before the market turns back in favour of their system.
- Skipping trades – even though your system says take them, second-guessing/manually overriding your system design because of mental fatigue.
- Continually “tweaking” your system to suit recent market conditions (which are likely not representative of long-term averages).
- Deciding to “take a break” until conditions improve, then when conditions return to strength, thinking the opportunity has been missed.

Ways to preserve Mental Capital

There are countless ways to preserve your mental capital, exercise/meditation/time off/work life balance/social activities etc. At the end of the day though, the most important thing by any measure is to have a trading plan that you trust implicitly through evidence-based testing that you know you can follow through thick and thin.

That can be as simple as committing to dollar cost averaging the S&P 500 – it does not get much simpler and has worked well since the inception of indices – but even this can be difficult to follow when, in the depths of the GFC you are down over 50%. The problem with this plan is excessive drawdowns – you intuitively understand a 50% drawdown is inevitable at some stage, but as a rule of thumb, investors get antsy when drawdowns exceed 20%, with many then cutting their losses at the worst possible time.

How the new Algorithm helps

We have examined the calendar 2026 YTD numbers to compare the new vs old algorithm, see how the outcomes stack up. This gives a sense of how the change should have impacted our usage of mental capital. The results are broken into various categories and are based on back-testing, before costs and fees, but give a good sense of the difference.

Return

	<i>New</i>	<i>Old</i>
<i>Return YTD</i>	27%	21%

Historically the 2 systems have run very close to each other in terms of return, so we do not read too much into this immediate outperformance, though it is pleasing that we have earned a better return with the new system in 2026 so far.

Risk Measures

<i>Risk Measure</i>	<i>New</i>	<i>Old</i>
Max DD	-12%	-16%
Sharpe	1.3	0.9
Volatility	27%	33%

It is immediately clear that 2026 has produced a more tolerable outcome in terms of drawdown and volatility. In back-testing, the maximum drawdown number is slightly higher for the new system, but that is restricted to a 2-day period during the initial COVID market panic. Average annual drawdown numbers for the new system back-test lower.

The more stable return profile of the new algorithm is demonstrated both in the 2026 outcomes and in the consistently better Sharpe in back-testing. The lower volatility profile and less frequent and smaller drawdowns positively impact on our mental capital!

How the new Algorithm helps

	<i>New</i>	<i>Old</i>
Max Gross Exposure	144%	247%
Average Gross Exposure	100%	137%
Average Net Exposure	91%	85%
# of Trades total	453	1036
# of Short-term trades	332	923

This area is where the big difference is exposed – the return and risk measures were largely in the same ballpark, but the exposure numbers are vastly different – which is why in the previous newsletter we said that looking from the outside in an investor was not going to see much difference in the algorithms, but from an operational point of view there is a vast difference.

Although average net exposure (longs minus shorts) is very similar, peak gross exposure (longs plus shorts) is more than 100% different, and average gross exposure is nearly 40% different. There is a massive difference in having a 144% exposure and a 247% exposure – although in theory longs and short exposures should net off, there is always the very real risk that both your long and short positions move against you, and that’s why gross exposure matters. This has made the greatest difference in managing the portfolio since the change.

The number of short-term trades is nearly 1/3 of what it used to be (and less than half even if you count the long-term trades). Every time we place an additional trade, we consider our risk has increased – due to increased risk of mistakes, execution errors and of course simply by dint of higher exposures and increased trading costs/commissions.

Conclusion

In operating the new algorithm for the past four months, we can sincerely say that the boost to your fund manager’s mental capital has been noticeable. Reductions in exposures (particularly on the short side) also in the number of trades have both helped. Of course, it did not hurt that we had the best month since starting the Fund in our first month using the new system! - From your Co-CIO’s: **Erik A. (Tony) Hansen & Gavin L. Skinstad**

Portfolio Heat Map

PANW 0.89%	FTNT 0.87%	WED 0.59%	SWKS 0.55%	ASML 0.53%	PNK 0.50%	VLO 0.50%	RHC 0.41%	ALD 0.36%
OKLO 0.26%	CORT 0.20%	VRT 0.20%	CHTR 0.17%	RMD 0.15%	ADSK 0.09%	SJ 0.08%	6AU6 0.07%	FLUT 0.07%
TECK.B 0.06%	CAI 0.05%	PATH 0.04%	RVTY 0.04%	BURL 0.04%	CVE 0.04%	AUD 0.03%	CSCO 0.03%	MGM 0.03%
S32 0.02%	DVA 0.02%	TD 0.02%	MNST 0.02%	CFW 0.01%	CAD 0.00%	IONS -0.01%	BHP -0.01%	AR -0.02%
GSAT -0.02%	ROST -0.02%	FMBS -0.02%	POW -0.03%	MSTR -0.03%	6AZ6 -0.04%	CDNS -0.04%	MG -0.05%	CHMM -0.05%
IRDM -0.06%	VOW -0.06%	BE -0.07%	AGX -0.08%	FIGR -0.11%	APWR -0.12%	MTDR -0.13%	DDOG -0.17%	CFDO -0.20%
ALAB -0.21%	VICR -0.34%	ABNB -0.48%	VAU -0.60%	GEN -0.62%	GMD -0.65%	FM -0.70%	USD -0.87%	

