

EGP Aggressive Fund – September 2026

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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 current algorithm (V8) back tests net exposure of ~95% (gross exposure <130%) but can theoretically stretch to a maximum 300% long and 80% short overnight exposure. Maximum net exposure in back testing the V8 algorithm is 264%.



FY2027 Results Table

	July	August	September	October	November	December	January	February	March	April	May	June	FYTD
EGPAF FY2027	(4.07%)	5.68%	7.67%										9.15%
MSCI ETF – VGS – FY2027	(1.21%)	0.81%	1.93%										1.50%
12% Annualised	0.95%	0.95%	0.95%										1.91%

Performance Summary

Key performance metrics and charts.

Fund Features		Portfolio Analytics (Inception)		
Performance fee	0-12% (0%)	Metric	Fund	VGS
	12-18% (20%)	AUM	\$13M	US\$51.2B
	18%+ (30%)	Volatility	33.0%	12.3%
Management fee	0.05% per month	Sharpe Ratio	0.64	0.90
Applications or redemptions	Monthly	Sortino Ratio	0.93	1.47
Distribution	At least annually	Largest Drawdown	(23.8%)	(8.9%)
Minimum initial investment	\$50,000 (Wholesale Only)	1-year return	(4.5%)	10.1%
Accounting	True Elite Business Services Pty Ltd	Cumulative Return	29.5%	20.5%
Administration & Registry	Registry Direct	Since Inception Annualised	15.9%	11.2%
Custodian/PB	Interactive Brokers	Unit Price (Mid)	\$1.2878	\$163.36

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

FYTD Results: Long book 6.42% | Short book 2.73%

FYTD Exposure: Long = 113.3% | Short = 12.1% | Net = 101.2%

Portfolio Information

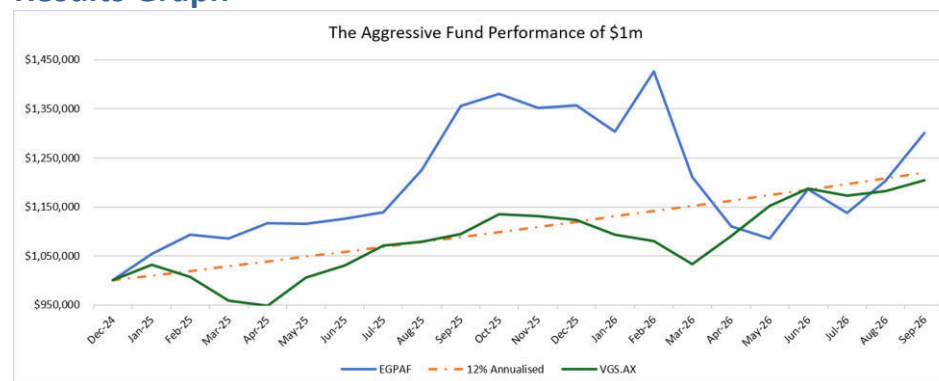
Inception vs SPYAUD Performance Correlation: (5%)

Inception vs SPYAUD β : (11%)

Inception vs SPYAUD α : 21% p.a.

Since Inception Portfolio Turnover: 20,149%

Results Graph



Quarterly Commentary

The September quarterly performance for TAF (+9.2%) was sound given the mediocre backdrop for the major markets we trade. The NASDAQ100 is the major index TAF is usually most correlated to, it was +0.4% for the quarter, the SPYAUD was 1.3% the ASX200 gained 0.1%. The algorithm that operates TAF had its most significant update since inception leading into the start of the quarter and we thought it might be worthwhile to look at how the update has worked out in the first full quarter of operation.

Theoretically, systematic trading should be a good deal simpler than being a fundamental investor. You develop idea/s and test them back as far as you think is relevant or can find data to support. You can weight an individual strategy within a system to the volatility/drawdown tolerances you hope to maintain. The best systematic traders will have wide tolerances when they are running fewer strategies, assuming that future drawdowns are highly likely to be worse than in testing and allowing for this. In theory, the more uncorrelated strategies you can add to a group, the higher the expectation should be that the forward outcome will closely match the back-tested outcome, even if individual strategies produce variances at the extremes of the bell-curve.

Better system developers will still stay well away from anything resembling “ruin”. Because TAF is aggressive, we use ~25-30% target maximum system drawdown as our “ceiling”. To our way of thinking, given the strong CAGR’s our back-testing shows, even a “disaster” would be unlikely to run to as much as a 50% drawdown, which could be recovered swiftly assuming the strategies are not permanently impaired. For reference, the S&P500 has had two drawdowns exceeding 50% this century and the NASDAQ100 has one exceeding 80% when the internet bubble burst post-2000.

In practice, within 18 months of operating TAF, we have had already individual strategies with 25 years of back-testing generate drawdowns as much as twice their historic maximums. Such a situation leaves the systematic trader in a similar position to a fundamental investor who doggedly holds that their research shows a stock is “cheap”, despite continuing falls... The analog being the systematic trader’s research shows a system is “good” and generates sound risk adjusted returns, even though it is not working now. In both situations, a portfolio manager must decide whether to ignore the signal the market is giving them or accept that “the market” may have changed/know something they do not.

For a fundamental investor, the risk management is sometimes simpler and can resolve itself. For example, an 8% position that suddenly falls 75% becomes a 2% position, and unless the portfolio manager adds further to the position, the risk of waiting the idea out has reduced, the maximum remaining portfolio harm is 2%. For a systematic manager, there can be more risk with “inaction”. For example, if you had a strategy with a 30% portfolio allocation that historically had a 5% maximum drawdown, then throws up a 10% drawdown, if the strategy is permanently impaired, the system will keep allocating a 30% weight, with risk levels perpetually reloaded. If the manager has doubts about the position, they cannot really “wait it out” the way a fundamental manager can.

TAF’s portfolio volatility for the FY26 period (01/07/2025 – 30/06/2026) was 35.88%. This level was well above the historic average in back-testing, which targeted ~30% for the group of strategies active in FY26. We made a conscious decision to reduce target volatility in the algorithm update. The target level is now closer to ~25% annualised. For the first quarter, annualised volatility still ran at ~31%, but for reference the September quarter annualised volatility for the NASDAQ100 was 8% higher than in FY26, so the target drop should see levels nearer to target once markets trade at nearer to long-term volatility levels.

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The short-book cost TAF ~25.5% in FY2026, which was a step-change worse than the deepest drawdown for the short-book in all back-testing this century. Substantially scaling back the algorithms short exposures was the most consequential decision in the V8 algorithm update. Predictably, the short book has been the best-performing element of the fund in the first quarter of FY27 since scaling it back...

We will compare some strategies that operated in both periods. There are 3 x day-trading short-selling systems in TAF. In FY2026, these 3 systems cost the fund ~343 basis points (bps). In the first quarter, the exposure to these strategies was reduced by about two-thirds, and they collectively added 16bps to FYTD performance, that would have been closer to 50bps had the systems been left unchanged.

TAF's worst performing short system in FY26 cost the fund 993bp, which was about twice the strategies worst ever drawdown. This led to the allocation being slashed by 73.2%. The system is a 4-day maximum hold mean reversion system. In back-testing, the strategy generated ~70 trades per year, with a ~59% win rate and each trade averaging a ~4.3% profit or loss per trade. In FY26, the system generated 135 trades. Win rate was below average, but not disastrous at 52.6% (71/135), but the driver of the horrible FY26 performance was the fact that winners only generated a 3.9% gain, whilst losers averaged a 7.7% loss. This colour is provided to underscore why we made the decision to scale the system back so heavily with the last algorithm update. Such a level of variance was too far outside of our reasonable expectations.

In the first quarter of FY27 this strategy, operating at only 26.8% of its original allocation added 117bps. Had it been left at its original weight, this system alone would have generated 437bps, meaning the scaling back cost the portfolio **3.2%** in a single quarter compared to had we left it at full weight. A quarter is a very short period to judge whether the strategy is "back", but the win-rate of 71.4% (22/33) is back above average and winners for the quarter generated +4.21%, while losers only cost 3.02%. Everything about the strategy snapped back to operate at above average levels. Murphy's Law remains undefeated.

A rare winner among our shorting systems in FY26 was an MR system using volume changes as a primary signal. It generated 14bps on 142bps of capital employed (short), this ~10% return on capital employed (ROCE) was weaker than the ~28% in back-testing. The system was scaled back by ~40%, more on the weaker ROCE in recent years than on FY26 alone. Naturally, like the other shorting systems scaled back, ROCE immediately mean reverted in the September quarter to 73.8% on above average capital usage!

Our version of the new mean-reversion short-selling strategy Gavin developed in the final quarter for LSGF (which I shamelessly stole for TAF with some minor modifications) averages 79bps annually while employing only 56bps of portfolio equity. It also performed better than average for the quarter, adding ~69bps for the quarter (278bps annualised) whilst employing 80bps of portfolio equity (short) on average.

The standout long-system in the September quarter was a series of 7 strategies loosely developed on the tenets of Larry Connors TPS (Time/Price/Scale-in), but applied at an individual stock level, rather than the customary ETF application. In back-testing, this group generates 3.46% annually on an average employed 7.54% of system capital in testing. It is among the more capital efficient long strategies but is carried mostly because it is highly uncorrelated with our other long systems. These 7 strategies have less than 30% return correlation (return correlation measures how closely the profit-and-loss streams of trading systems move together) with the momentum systems and less than 15% drawdown correlation (drawdown correlation, is how often two trading systems lose money at the

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same time) with the momentum systems in back-testing. There is some further discussion about the importance of considering correlations in this month's GANE Fund newsletter.

This strategy's lack of correlation came to the fore in September with the 7 TPS systems returning 394bps on 936bps of average capital employed. This strong performance (~179% annualised ROCE) was most welcome given the weakness in the momentum systems for the quarter. The return correlation for the momentum systems was only 14.4% in the quarter, whilst the drawdown correlation was NEGATIVE 20.9%.

The momentum systems cost ~139bps in the quarter, with the newly added short lookback systems modestly profitable (+170bps) and the original NASDAQ100 and Russell 1000 systems costing 309bps. Momentum is the most reliable factor in markets, with outperformance dating back centuries, but as with all investment concepts has periods of underperformance. Major momentum ETFs suffered similarly in the quarter, MTUM was down 725bps across the same timeframe.

Other notable long strategies included two of the original MR long systems that generated ~119% and ~283% ROCEs. These systems unfortunately employ limited capital averaging only 566bps and 95bps respectively of exposure for the quarter but helped ensure we were still profitable in our long book despite the drag from the momentum systems.

In short, after a stumble through March/April this year, we feel like TAF has returned to normal programming. The strategy comprises a broad and uncorrelated set of systems, and the merits of this are well demonstrated by delivering >9% outperformance against the NASDAQ100 for the quarter, despite the largest and most important (momentum) strategies underperforming. That level of quarterly outperformance is slightly below back-tested levels (though to be clear, we will happily take 9% NASDAQ outperformance any quarter it is offered), but we regard the composition of outperformance as high quality.

The algorithm update program is targeting minor updates in January, and any major changes will now generally be rolled out annually on July 1st. Based on the return to performance of most short strategies, if improved performance holds through the December quarter, there could be modestly increased short exposure in January. With that said, we are unlikely to revert to net exposures as low as we ran in the first 18 months of operation. With the upward bias of markets over time, a net exposure in the 70-90% range feels optimal from both a performance and fund management perspective.

I was going to delve a little into strategy development in this newsletter, but nearly three dense text pages of narrative has probably already reached a length that is sufficient for most readers' taste, anyone interested should ask a question at the next investor teleconference, we have some (potentially) interesting experiences to discuss over the quarter just gone, and are finally finding ways to employ AI to assist without risking IP leakage - From your Co-CIO's: **Erik A. (Tony) Hansen & Gavin L. Skinstad**

Portfolio Heat Map

TQQQ 1.70%	AMD 1.59%	CFWD 1.13%	PNW 0.77%	LPCX 0.56%	EXPE 0.47%	SWS 0.43%	MSTR 0.42%	RNG 0.41%	P 0.37%	FBK 0.35%	OKTA 0.35%	TEM 0.32%	DELL 0.32%	MPI 0.32%	BE 0.27%	CART 0.25%	FINT 0.24%	IAU 0.24%	GLD 0.24%	CHPT 0.22%
SN 0.22%	BNR 0.22%	BBD.B 0.19%	SHOP 0.17%	ZS 0.16%	QOQD 0.16%	CORT 0.16%	STX 0.16%	VEA 0.15%	RMID 0.15%	DDOG 0.13%	ELMT 0.13%	GAP 0.13%	WDC 0.13%	CRMO 0.13%	SLB 0.12%	BOL 0.12%	QVVC 0.11%	SOXL 0.11%	MRVL 0.11%	FRM 0.10%
NOV 0.10%	NBIS 0.10%	ETSY 0.10%	CF 0.10%	RUS 0.09%	TIG 0.09%	QCF 0.09%	TARS 0.08%	LUN 0.08%	IOT 0.08%	MATR 0.08%	SMTC 0.07%	ABNB 0.07%	NMDA 0.07%	GWE 0.07%	AXTI 0.07%	XERS 0.06%	AMAT 0.06%	ASO 0.06%	SNPS 0.06%	ADI 0.06%
FLUT 0.06%	QTRH 0.06%	LABU 0.06%	AMWL 0.06%	GDDY 0.06%	FANG 0.05%	FRD 0.05%	ALAB 0.05%	ORCL 0.05%	LITE 0.05%	AUD 0.05%	AGCO 0.05%	S 0.05%	SEI 0.04%	ARES 0.04%	ASST 0.04%	CASY 0.04%	CSX 0.04%	ILMN 0.04%	RUM 0.04%	GLD 0.04%
AAOI 0.04%	AMZN 0.03%	BURL 0.03%	ACN 0.03%	SNK 0.03%	XP 0.03%	WEX 0.03%	PAYC 0.03%	OW 0.03%	DE 0.03%	COIN 0.03%	INSM 0.03%	PAYP 0.03%	CLS 0.03%	UNP 0.03%	TXN 0.02%	FSLR 0.02%	CSCO 0.02%	WIE 0.02%	MIDR 0.02%	FFIV 0.02%
HUM 0.02%	ABSI 0.02%	NU 0.02%	BAND 0.02%	PRFX 0.02%	TWLO 0.02%	MTL 0.02%	HFO 0.02%	DOON 0.02%	TECL 0.02%	WBD 0.02%	COHR 0.02%	SNX 0.02%	DKOM 0.02%	AEHL 0.02%	CHTR 0.02%	EIF 0.01%	JAZZ 0.01%	DASH 0.01%	INTC 0.01%	DVA 0.01%
ONTO 0.01%	AMR 0.01%	MFC 0.01%	VIRT 0.01%	KWK 0.01%	INBX 0.01%	PSX 0.01%	KOD 0.01%	NTNX 0.01%	PEN 0.01%	DINO 0.01%	HALO 0.01%	DAR 0.01%	NUE 0.00%	SCCO 0.00%	ARMK 0.00%	SSM 0.00%	FR 0.00%	ROST 0.00%	CAD 0.00%	CE 0.00%
APA 0.00%	CAPR 0.00%	IREN 0.00%	IOVA 0.00%	FOUJ 0.00%	WBACVR 0.00%	HND 0.00%	AU 0.00%	ADP 0.00%	GM 0.00%	MAL 0.00%	FGI 0.00%	ADPT 0.00%	ROIV 0.00%	KHC 0.00%	EXE 0.00%	STLD -0.01%	TER -0.01%	EPC -0.01%	GSAT -0.01%	SSM -0.01%
AVGO -0.01%	GTLB -0.01%	CHFD -0.01%	MRNA -0.01%	FAS -0.02%	NEOG -0.03%	SIG -0.03%	MOB -0.03%	SECZ -0.03%	VEEV -0.04%	MN -0.04%	WDAY -0.04%	FDS -0.04%	SNOW -0.05%	U -0.05%	BSL -0.05%	SIRI -0.05%	ARM -0.05%	TEAM -0.05%	GME -0.05%	HEI -0.06%
SHOP -0.07%	ECO -0.07%	ALM -0.07%	CVI -0.07%	MNST -0.07%	AGX -0.07%	MLL -0.08%	CDE -0.09%	TWST -0.09%	BHP -0.10%	ACVA -0.10%	HOOD -0.10%	MTCH -0.10%	HL -0.11%	AXON -0.13%	ONH -0.14%	FORM -0.14%	PLTR -0.15%	CRM -0.15%	CHMM -0.16%	CAI -0.17%
OPRT -0.18%	ORCL -0.20%	AUR -0.21%	CRP -0.22%	GRAL -0.24%	PAYX -0.26%	PATH -0.28%	CRDO -0.29%	MOB -0.30%	SDGR -0.35%	VICR -0.42%	RBLX -0.45%	USDE -0.45%	TTAN -0.48%	USD -0.88%	GEN -1.66%					

