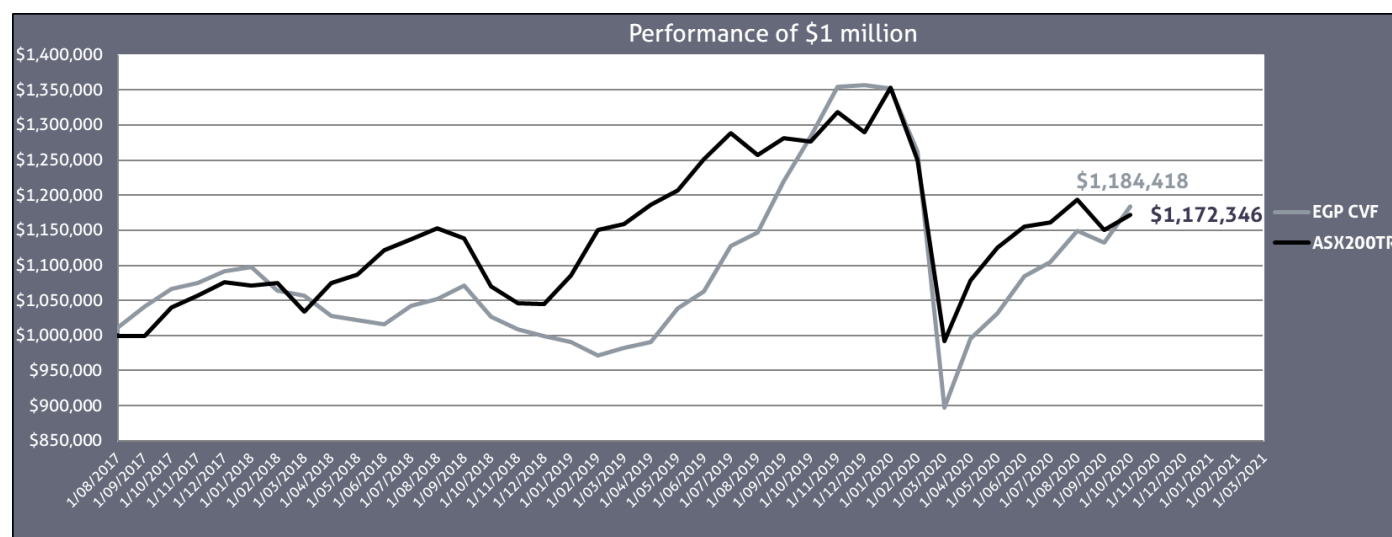


## EGP Concentrated Value Fund – 31 October 2020

EGP Concentrated Value Fund is a managed investment scheme focused primarily on owning Australian listed businesses. It targets 3 – 5% annual outperformance of Australia’s preeminent ASX200 index over the long term. Managed by a performance-oriented co-owner, we run a portfolio that is genuinely different. The sole objective is to deliver the strongest possible risk adjusted returns. The fund manager has their entire investable asset base in the fund, meaning focus on risk is unusually intense.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
<b>EGPCVF FY18</b>	N/A	1.1%*	3.0%	2.4%	0.8%	1.6%	0.5%	(3.0%)	(0.7%)	(2.7%)	(0.6%)	(0.7%)	1.58%
<b>Benchmark FY18</b>	N/A	(0.1%)*	(0.0%)	4.0%	1.6%	1.8%	(0.5%)	0.4%	(3.8%)	3.9%	1.1%	3.3%	12.18%
<b>EGPCVF FY19</b>	2.6%	1.0%	1.8%	(4.2%)	(1.7%)	(1.0%)	(0.9%)	(1.9%)	1.2%	0.9%	4.8%	2.3%	4.63%
<b>Benchmark FY19</b>	1.4%	1.4%	(1.3%)	(6.1%)	(2.2%)	(0.1%)	3.9%	6.0%	0.7%	2.4%	1.7%	3.7%	11.55%
<b>EGPCVF FY20</b>	6.1%	1.8%	6.4%	5.2%	5.5%	0.1%	(0.3%)	(6.7%)	(28.9%)	11.0%	3.6%	5.1%	1.99%
<b>Benchmark FY20</b>	2.9%	(2.4%)	1.8%	(0.4%)	3.3%	(2.2%)	5.0%	(7.7%)	(20.7%)	8.8%	4.4%	2.6%	(7.68%)
<b>EGPCVF FY21</b>	1.9%	4.1%	(1.5%)	4.6%									9.28%
<b>Benchmark FY21</b>	0.5%	2.8%	(3.7%)	1.9%									1.48%

\*August 2017 is the period from August 15<sup>th</sup>-31<sup>st</sup> for both the fund and the benchmark in the above tables.



### The Month That Was: -

The fund rose 4.6% in October. Our benchmark rose 1.9%.

We maintained our record of outperforming our benchmark every month in FY21 so far. The performance differential for October was sufficient that we are now back ahead of our benchmark since EGPCVF was created, hopefully we can keep it that way.

The strong unit price growth this month was mostly driven by our named top ten holdings, so to those who read the report closely, it would not have been a big surprise we had a good month. UOS was up strongly on the sale of their corporate tower and the dawning realisation of market participants that its twin next door is carried in PP&E at cost. DDR rose strongly on a Q3 update indicating the revenue and profit growth acceleration augmented by the working from home trend instigated by the pandemic shows no sign of abating. In the case of DDR, there was a dawning realisation of their own as people contemplate their shift into the new premises next door with the concomitant improvement in office efficiency and the 80% expansion in warehousing capacity.

NTD and RBL rose on strong business updates, whilst PPK and KPT rose without any announcements that should have caused the moves.

#### **Online Presentation / Q&A's:-**

We ran our first set of online Q & A's in October. Aside from a few small technical issues, such as my accidentally setting up a "waiting room" for the first meeting meaning I had to manually admit each person as they entered, and some microphone issue (I'll use my good headphones next time) the event seemed to be well received.

As such, we intend to make a quarterly video presentation and Q & A session part of our communications. The next one will likely be held in January, and rather than hold three sessions in a day, we will set the Q & A for lunchtime, and rather than be limited by the 40 minute Zoom model, we will find a platform that will allow us to answer questions until everyone has had their fill.

We will also make a habit of posting the recording of the sessions online for later consumption by those unable to attend on the day, and to keep a permanent record of the events.

To that end, I have selected [NewTube](#) as the platform that will host our video content. I appreciate people will be more familiar with YouTube, but I feel like of late their parent company Alphabet/Google might have forgotten the "Don't be evil" section in their corporate code of conduct, so we'll back the newcomer.

The relevant links are here:

1. [Original Video Presentation](#)
2. [Morning Q & A](#)
3. [Afternoon Q & A](#)
4. [Evening Q & A](#)

We have had a little feedback since the event, some of which we shall try to incorporate in future sessions, anyone else with suggestions in that regard are welcome to email me their ideas. We want the sessions to be as widely useful as possible.

#### **The ZFC revisited:-**

We have appointed a CEO to run The ZFC, so the entirety of my focus can remain on EGP. His name is Brad Hughes and all inquiries in respect of The ZFC should be directed to him from this point forward. Brad can be reached at [brad.hughes@thezfc.com.au](mailto:brad.hughes@thezfc.com.au) by email, and in coming weeks, he will build the website and commence the construction of the administrative engine that will drive the business.

Between now and the end of the year, I hope to introduce Brad to the prospective fund managers and administration providers. At this early stage, we are targeting a launch mid-2021, but will keep making updates as we firm with our plans. The ZFC is virtually certain to be a Wholesale/Sophisticated fund at launch as the additional costs of handling retail assets will prevent us initially from making the product available to all investors. If the fund is as successful as we expect it to be, within a few years, we will find a way to allow all investors access to what we think will be the ideal way to democratise an aligned, diversified actively managed portfolio.

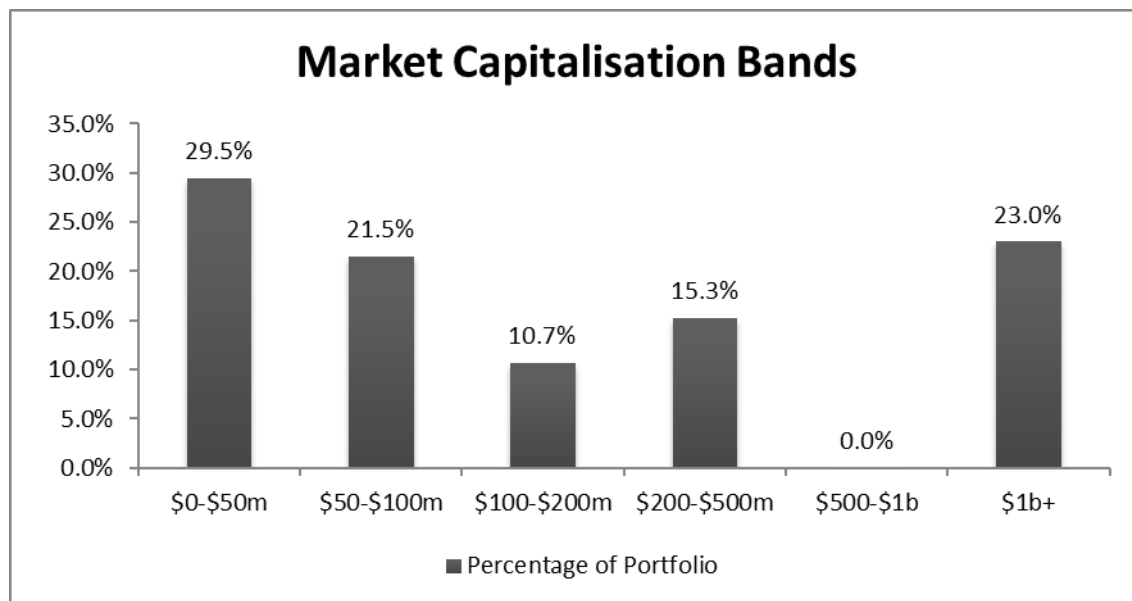
We have more than 20 fund managers currently under consideration, but many of these funds are small and young. A key constraint to our ability to grow The ZFC to achieve its mission of changing the fund management industry for the better. To this end, if you know of anyone who might be interested, please direct them to Brad. We have a few managers with traditional base-fee structures investigating creating a unit class that will make them eligible to take an investment from The ZFC. Even if you consider yourself ineligible, he will happily have a conversation to see if there's some way to work together.

## Key Portfolio Information:-

Our top 10 holdings on 31 October 2020 were:

Rank	Holding	Percentage Equity Weighting	Percentage Portfolio Weighting
1	United Overseas Australia (UOS.ASX)	11.5%	10.8%
2	Undisclosed	8.1%	7.6%
3	Redbubble (RBL.ASX)	6.2%	5.8%
4	Smartpay (SMP.ASX)	6.1%	5.7%
5	Dicker Data (DDR.ASX)	5.3%	4.9%
6	PPK Group (PPK.ASX)	4.9%	4.6%
7	LawFinance (LAW.ASX)	4.4%	4.1%
8	Site Group International (SIT.ASX)	4.0%	3.7%
9	National Tyre & Wheel (NTD.ASX)	3.3%	3.1%
10	Kangaroo Plantation (KPT.ASX)	3.2%	3.0%

Our largest 5 holdings now comprise 37.2% of our invested capital, our top 10 holdings are 56.9% and our top 15 represent 70.2%. Cash and cash equivalents are 6.9% of the portfolio. The median market capitalisation is \$93.9m. Weighted average market capitalisation is \$379.8m.



As always, investors with any questions, suggestions, comments or investment ideas should feel free to drop me a line – [Tony@egpcapital.com.au](mailto:Tony@egpcapital.com.au)

Fund Features		Portfolio Analytics	
Min. initial investment	\$50,000	Sharpe Ratio <sup>1</sup>	-0.26
Additional investments	\$5,000 (Minimum) \$200,000 (Maximum)	Sortino Ratio <sup>1</sup>	0.88
Applications/redemptions	Monthly	Annualised Standard Dev. – EGP Annualised S/D - Benchmark	20.35% 16.34%
Distribution	Annual 30 <sup>th</sup> June	Largest Monthly Loss – EGP Largest Monthly Loss - Benchmark	-28.9% -20.7%
Management fee	0%	Largest Drawdown – EGP Largest Drawdown - Benchmark	-33.9% -26.7%
Performance fee (<\$50m) Performance fee (>\$50m)	20.5% (inc GST) 15.375% (inc GST)	% Of Positive Months – EGP % Of Positive Months - Benchmark	64.1% 64.1%
Auditor	Ernst & Young	Cumulative return <sup>2</sup> – EGP Cumulative return <sup>2</sup> – Benchmark	18.5% 17.2%
Custodian/PB	NAB Asset Services	1-year return <sup>2</sup> – EGP 1-year return – Benchmark	(7.8%) (8.2%)
Responsible Entity	Fundhost Limited	3-year annualised return <sup>2</sup> – EGP 3-year annualised – Benchmark	3.6% 4.1%
Fund Size	\$74m	5-year annualised return <sup>2</sup> – EGP 5-year annualised – Benchmark	N/A N/A
Mid-Price for EGPCVF Units Accumulated Franking per Unit	\$1.0390 \$0.0038	Buy Price for EGPCVF Units Sell Price for EGPCVF Units	\$1.0406 \$1.0374

<sup>1</sup> Sharpe and Sortino Ratios calculated using the Monthly Benchmark ASX200 Total Return Index

<sup>2</sup> Return is net of all fees and costs and assumes reinvestment of dividends. 1, 3 and 5 year figures are rolling annualised figures.

Past performance is not an indicator of future performance.

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**Appendix 1: -**

Combined funds cumulative return since inception:

