

EGP CONCENTRATED VALUE FUND

ARSN 619 879 631

GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Directors' Report

The directors of Fundhost Limited, the Responsible Entity of the EGP Concentrated Value Fund (the "Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2019 and the auditor's report thereon.

Responsible Entity

The registered office and principal place of business of the Responsible Entity is:
Suite 5.01, Level 5
28 O'Connell Street
Sydney NSW 2000

Directors

The names of the directors of the Responsible Entity in office at any time during or since the end of the financial year are:

Valerie Anne Monge
Paul Ernest Dortkamp
Robert H Nagel
Drew Wilson

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review and results of operations

During the year, the Fund invested in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the operations of the Fund are disclosed in the Statement of Comprehensive Income of these financial statements.

	Year ended 30 June 2019	For the period 15 Aug 2017 to 30 June 2018
	\$'000	\$'000
Net operating profit	2,540	346
<i>Distributions to unitholders</i>	3,219	2,136
Distributions payable	3,219	2,136

Significant changes in state of affairs

No significant changes in the Fund's state of affairs during the financial year ended 30 June 2019.

Principal activities

The principal activity of the Fund during the financial year was the investment and management of securities in accordance with its investment objectives and guidelines as set out in the Product Disclosure Statement (PDS) and in accordance with the provisions of the Constitution.

The Fund did not have any employees during the financial year (2018: nil).

No significant change in the nature of these activities occurred during the financial year (2018: nil).

Events subsequent to the balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future years.

Likely developments

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Likely developments in the operations of the Fund and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Fund.

Directors' Report (cont'd)

Interests in the Fund

The movement in units on issue in the Fund during the year and the number of units in the Fund as at the end of the financial year are disclosed in note 3 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in note 1 of the financial statements.

Fees paid to and interests held in the Fund by the Responsible Entity

Fees paid to the Responsible Entity out of Fund property during the year are disclosed in note 9(a) of the financial statements.

The number of interests in the Fund held by the Responsible Entity as at the end of the year are disclosed in note 9(c) of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

Environmental regulation

The Fund's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options granted to the Responsible Entity.

Indemnities and insurance premiums for officers or auditors

No indemnities have been given or insurance premiums paid by the Fund, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Fund.

To the extent permitted by law, the Responsible Entity has agreed to indemnify its auditors, Ernst & Young, as part of terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Proceedings on behalf of the Fund

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings.

The Fund was not a party to any such proceedings during the financial year.

Rounding

The Fund is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument class order 2016/191 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors:



Drew Wilson
Director

Dated this 18th day of September 2019



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Auditor's Independence Declaration to the Directors of Fundhost Limited

As lead auditor for the audit of the financial report of EGP Concentrated Value Fund for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva
Partner
18 September 2019

Statement of Comprehensive Income
For the year ended 30 June 2019

	Notes	Year ended 30 June 2019 \$'000	For the period 15 Aug 2017 to 30 June 2018 \$'000
Investment income			
Dividend and distribution income		1,557	1,346
Interest income		19	26
Change in fair value of financial assets held at fair value through profit or loss		1,172	(832)
Other income		-	42
Total investment income		2,748	582
Expenses			
Responsible Entity's fees	2	117	100
Transaction fees		44	97
Other expenses		47	39
Total expenses		208	236
Net operating profit		2,540	346
Other comprehensive income		-	-
Total comprehensive income		2,540	346

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

EGP Concentrated Value Fund - ARSN 619 879 631

Statement of Financial Position
As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	8(a)	2,763	1,250
Receivables	5	219	937
Financial assets held at fair value through profit or loss	7	55,881	54,109
Total assets		58,863	56,296
Liabilities			
Payables	6	148	320
Distribution payable	4	3,219	2,136
Total liabilities		3,367	2,456
Net assets		55,496	53,840
Total equity		55,496	53,840

The above statement of financial position should be read in conjunction with the accompanying notes.

EGP Concentrated Value Fund - ARSN 619 879 631

**Statement of Changes in Equity
For the year ended 30 June 2019**

		Year ended 30 June 2019	For the period 15 Aug 2017 to 30 June 2018
	Notes	\$'000	\$'000
Opening balance		53,840	-
Comprehensive income for the year			
Net operating profit		2,540	346
Other comprehensive income		-	-
Total comprehensive income for the year		<u>2,540</u>	<u>346</u>
Transactions with unitholders			
Applications		4,908	57,574
Redemptions		(3,994)	(1,944)
Distributions to unitholders	4	(3,219)	(2,136)
Distributions reinvested		1,421	-
		<u>(884)</u>	<u>53,494</u>
Closing balance	3	<u>55,496</u>	<u>53,840</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2019

	Notes	Year ended 30 June 2019 \$'000	For the period 15 Aug 2017 to 30 June 2018 \$'000
Cash flows from operating activities			
Dividends and distributions received		1,609	1,293
Interest received		18	26
Other income received		-	41
Responsible Entity's fees paid		(117)	(90)
Other expenses paid		(75)	(114)
Net cash provided by operating activities	8(b)	1,435	1,156
Cash flows from investing activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		13,453	16,038
Payment for financial instruments held at fair value through profit or loss		(13,263)	(71,685)
Net cash provided by / (used in) investing activities		190	(55,647)
Cash flows from financing activities			
Proceeds from issue of units		4,834	57,436
Payments for redemption of units		(4,231)	(1,695)
Distribution paid		(715)	-
Net cash (used in) / provided by financing activities		(112)	55,741
Net increase in cash held		1,513	1,250
Cash and cash equivalents at the beginning of the year		1,250	-
Cash and cash equivalents at the end of the year	8(a)	2,763	1,250

The above statement of cash flows should be read in conjunction with the accompanying notes.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 1. Statement of Significant Accounting Policies

This financial report covers the EGP Concentrated Value Fund ("the Fund") as an individual entity.

The Fund is a registered investment scheme under the Corporations Act 2001. The financial report of the Fund is for the year ended 30 June 2019. The Fund was constituted as a registered scheme on 4 July 2017 with Australian Securities & Investments Commission ("ASIC") and commenced operations on 15 August 2017.

On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Management Investment Trusts) Act 2016. As of 30 June 2019, the Fund has continued to meet the conditions to remain in the AMIT tax regime and consequently the units in the Fund have remained classified as equity.

The financial statements were approved by the Board of Directors of the Responsible Entity on 18 September 2019.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), Australian Accounting Interpretations, and the Corporations Act 2001.

The principal accounting policies applied in the preparation of these financial statements are set out below.

On the face of the Statement of Financial Position all assets and liabilities are presented in decreasing order of liquidity and not distinguished between current and non-current. All of the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months.

The Fund is a for-profit entity for the purpose of preparing financial statements.

The comparative figures in the prior period is from 15 August 2017 to 30 June 2018.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Reporting basis and conventions

The financial report has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The financial report is presented in Australian Dollars and all amounts are rounded to the nearest thousand dollars except where otherwise stated.

(iii) Use of estimates and judgements

In the application of accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

a. Financial Instruments

In the current year the Fund has adopted AASB 9 Financial Instruments. Comparative figures for the period ended 30 June 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with AASB 139 Financial Instruments: Recognition and Measurement.

(i) Classification

In accordance with AASB 9, the Fund classifies its financial assets and financial liabilities at initial recognition as at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

They comprise:

- *Financial instruments at fair value through profit or loss*

Equity securities are not held in order to collect contractual cash flows nor give rise on specified dates to cash flows that are solely payments of principal and interest and are not held to sell the financial assets. Consequently, these investments are measured at fair value through profit or loss.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 1. Statement of Significant Accounting Policies (cont'd)

a. Financial Instruments (cont'd)

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

• *Financial assets and liabilities held at fair value through profit or loss*

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the Statement of Financial Position date without any deduction for estimated future selling costs. Financial assets are priced at last sale prices, while financial liabilities are priced at current asking prices. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the Statement of Financial Position date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the Statement of Financial Position date. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

• *Loans and receivables*

Loan and receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method.

b. Impairment of assets

The adoption of AASB 9 has fundamentally changed the Fund's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Fund to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through profit and loss.

The Fund holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses under AASB 9 to all its financial assets held at amortised cost and receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

c. Investment income and expenses

Unrealised gains and losses on revaluation of investments to fair value, are recognised in the Statement of Comprehensive Income.

Realised and unrealised gains and losses are recognised as change in fair value in the Statement of Comprehensive Income. Gross proceeds from sale of investments are disclosed in the Statement of Cash Flows.

Dividend income is recognised on a receivable basis on the date the shares are quoted ex-dividend.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 1. Statement of Significant Accounting Policies (cont'd)

c. Investment income and expenses (cont'd)

Interest income and expenses are recognised in the Statement of Comprehensive Income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 1(a).

All expenses including management fees are recognised on an accrual basis in the Statement of Comprehensive Income.

d. Responsible Entity's fees

In accordance with the Constitution, the Responsible Entity are entitled to a management fee of 0.21% per annum of the value of the Fund payable on a monthly basis.

e. Performance fees

The Fund's managers are also entitled to a performance fee when the investment performance of the Fund has exceeded the hurdle, being the performance of the S&P/ASX 200 Total Return Index. This is provided the "high watermark" has been exceeded. The method of calculating the fee is detailed in the Constitution and summarised in the current PDS.

f. Income tax

Under current legislation, the Fund is not subject to income tax since the Fund elected into the AMIT tax regime and unitholders will be attributed the income of the Fund.

g. Distributions

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from retained earnings.

Distributions to unitholders comprise the net income of the Fund. The distributions (if any) are payable or attributable at the end of June each year.

h. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% (55% on Responsible Entity fees) hence investment management fees, administration fees, custodial fees and other expenses have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

i. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, at call deposits with banks or financial institutions and investments in money market instruments with original maturities of less than three months and net of bank overdrafts.

j. Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

k. Payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services. The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position when declared under the Fund's Constitution.

l. Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days. The Fund uses the provision matrix as a practical expedient to measuring expected credit losses on receivables due from brokers, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 1. Statement of Significant Accounting Policies (cont'd)

m. Equity

The Fund's capital are classified as equity as the Fund has full discretion to repurchase the units and in respect of dividend distributions. The applications, redemptions and distributions reinvestment are accounted for as equity transactions. Upon the issuance of units, the consideration received is included in equity.

Transaction costs incurred by the Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Fund's own equity instruments.

Quantitative information about the Fund's capital is provided in the Statement of Changes in Equity. The units are entitled to distributions when declared and to payment of a proportionate share of the Fund's net asset value on the redemption date or upon winding up of the Fund. A reconciliation of the number of units outstanding at the beginning and the end of each reporting period is provided in note 3.

n. Exit price

The unit exit price is calculated in accordance with the Constitution of the Fund and is determined by the value of the assets of the Fund less its liabilities adjusted for estimated transaction costs, divided by the number of units on issue.

o. Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. No exit fees are charged. Unit redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue at or immediately prior to close of business each month.

p. New standards and interpretations adopted

Since 1 July 2018, the Fund has adopted all mandatory standards and amendments of Australian Accounting Standards. Adoption of these standards and amendments did not have a material impact on the Fund's financial results or reporting.

AASB 9 Financial Instruments (applies to reporting periods beginning on or after 1 January 2018)

AASB 9 contains new requirements for classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 Financial Instruments: Recognition and Measurement.

AASB 9 has not had a significant impact on the Fund's financial instruments. The Fund's financial assets and financial liabilities measured at fair value through profit or loss continue to be classified and measured at fair value through profit or loss. The Fund's receivables continue to be classified and measured at amortised cost. The impact of expected credit losses to individual line items and to the financial statements as a whole is insignificant.

The Fund does not apply hedge accounting.

AASB 15 Revenue from Contracts with Customers (applies to reporting periods beginning on or after 1 January 2018)

AASB 15 makes significant changes to revenue recognition and adds some additional disclosures, replacing AASB 111 Construction Contracts and AASB 118 Revenue. The new standard provides a five-step model to be applied to all contracts with customers when determining when to recognise revenue, and at what amount. The Fund's main sources of revenue are dividends, distributions, interest income and gains on financial instruments measure at fair value through profit or loss. As all of these are outside the scope of the new standard, this does not have a material impact on the Fund's financial position or performance, or the presentation and disclosures in the Financial Report.

q. New standards and interpretations not yet adopted

New Accounting Standards and Interpretations

Australian Accounting Standards issued but not yet effective

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting year ended 30 June 2019. When applied in future periods, these recently issued or amended standards are not expected to have a material impact on the Fund's financial results or reporting position, however, they may impact Financial Report disclosures.

EGP Concentrated Value Fund - ARSN 619 879 631

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 2. Expenses

The amounts paid or due and payable to the Responsible Entity in accordance with the Constitution were:

	2019	2018
	\$'000	\$'000
Responsible Entity's fees	117	100
	<u>117</u>	<u>100</u>

Note 3. Equity

	For the period 15 Aug 2017		For the period 15 Aug 2017	
	Year ended 30 June 2019	to 30 June 2018	Year ended 30 June 2019	to 30 June 2018
	Units '000	Units '000	\$'000	\$'000
Opening balance	55,106	-	53,840	-
Units issued during the year	4,952	56,933	4,908	57,574
Units redeemed during the year	(4,074)	(1,827)	(3,994)	(1,944)
Distribution reinvested	1,454	-	1,421	-
Distributions to unitholders	-	-	(3,219)	(2,136)
Total comprehensive income for the year	-	-	2,540	346
Closing balance	<u>57,438</u>	<u>55,106</u>	<u>55,496</u>	<u>53,840</u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Note 4. Distributions to unitholders

	2019	2018
	\$'000	\$'000
Distribution payable	3,219	2,136
	CPU	CPU
Final distribution cents per unit	5.6035	3.8756

Note 5. Receivables

	2019	2018
	\$'000	\$'000
Dividends and distributions receivable	-	52
Interest receivable	2	1
Reduced input tax credits	2	-
Due from brokers	4	746
Applications to be processed	211	138
	<u>219</u>	<u>937</u>

Note 6. Payables

	2019	2018
	\$'000	\$'000
Responsible Entity's fees payable	10	10
Recoverable expenses payable	40	22
Due to brokers	88	39
Redemptions payable	10	249
	<u>148</u>	<u>320</u>

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 7. Financial assets held at fair value through profit or loss

	2019	2018
	\$'000	\$'000
Listed and unlisted equity securities and managed investment schemes	55,727	54,109
Convertible note	154	-
	55,881	54,109

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 11.

Note 8. Cash flow information

	Year ended 30 June 2019	For the period 15 Aug 2017 to 30 June 2018
	\$'000	\$'000
a. Reconciliation of cash and cash equivalents		
Cash balance comprises:		
Cash at bank	2,763	1,250
Total cash and cash equivalents	2,763	1,250
b. Reconciliation of net operating income to cash flows from operating activities		
Net operating profit before finance costs	2,540	346
Change in fair value of financial instruments	(1,172)	832
Changes in assets and liabilities:		
Increase in payables	18	31
Decrease / (increase) in receivables	49	(53)
Net cash provided by operating activities	1,435	1,156

Non-cash items relating to reinvestment of distributions paid are included in note 3. There were no other non-cash items.

Note 9. Related Party Disclosures**a. Fundhost Limited - fees**

Fundhost Limited (ACN 092 517 087) as Responsible Entity of the EGP Concentrated Value Fund provides services to the Fund in accordance with the Fund's Constitution. Transactions with the Responsible Entity have taken place on normal commercial terms and conditions.

During the year the following amounts were paid to the Responsible Entity:

	Year ended 30 June 2019	For the period 15 Aug 2017 to 30 June 2018
	\$	\$
Responsible Entity's fees	117,229	99,898

The amounts due and payable at 30 June to the Responsible Entity in accordance with the Constitution were:

	Year ended 30 June 2019	For the period 15 Aug 2017 to 30 June 2018
	\$	\$
Responsible Entity's fees	9,994	9,550

b. EGP Capital Pty Ltd - fees

EGP Capital Pty Ltd (ABN 32 145 120 681), as Investment Manager of the EGP Concentrated Value Fund, provides services to the Fund in accordance with the Fund's Constitution. Transactions with the Investment Manager have taken place on normal commercial terms and conditions.

During the year, no performance fees were paid to the Investment Manager. No amounts due and payable at 30 June to the Investment Manager in accordance with the Constitution.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 9. Related Party Disclosures (cont'd)

c. Fundhost Limited - Key Management Personnel

Fundhost Limited as Responsible Entity and EGP Capital Pty Ltd as Investment Manager are considered key management personnel. The Fund does not employ personnel in its own right.

The Directors of Fundhost Limited, the Responsible Entity, during the year were:

Valerie Anne Monge
Paul Ernest Dortkamp
Robert H Nagel
Drew Wilson

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the year.

Units held in the EGP Concentrated Value Fund by the Responsible Entity and by Directors and their respective related parties in aggregate were:

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
2019					
Ridgway Super Fund	38,860	0.07	1,483	-	5,708
2018					
Ridgway Super Fund	37,377	0.07	37,377	-	1,449

Key management personnel are paid by Fundhost Limited. Payments made from the Fund to Fundhost Limited do not include any amounts attributable to the compensation of key management personnel.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

There are no post-employment benefits paid to a director or key management personnel of the Responsible Entity.

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the year and there were no material contracts involving director's interests existing at year end.

d. EGP Capital Pty Ltd - Key Management Personnel

The Directors of EGP Capital Pty Ltd during the year were:

Erik Anthony Hansen
Susan Jane Hansen
Adam Matthew Shaw

Units held in the EGP Concentrated Value Fund by the Directors of EGP Capital Pty Ltd and their respective related parties in aggregate were:

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
2019					
EA & SJ Hansen & AM Shaw	536,021	0.93	74,166	(2,031,034)	30,036
EGP Capital Pty Ltd	99,960	0.17	99,960	-	5,601
Wilding Superannuation Fund	194,034	0.34	7,403	-	10,873
2018					
Australian Philanthropic Services Foundation Pty Ltd	757,985	1.38	757,985	-	29,376
C & N Cuffe Family Superannuation Fund	254,489	0.46	254,489	-	9,863
EA & SJ Hansen & AM Shaw	2,492,889	4.52	2,492,889	-	96,614

Notes to the Financial Statements
For the year ended 30 June 2019

Note 10. Auditor's remuneration

	Year ended 30 June 2019	For the period 15 Aug 2017 to 30 June 2018
Amounts received or due and receivable by EY for:	\$	\$
Audit and review of the financial reports of the Fund	14,800	14,300
Tax services	3,950	3,850
Compliance plan audit	4,000	3,900
	22,750	22,050

Note 11. Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the investment management team at EGP Capital Pty Ltd.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of price risks. Compliance with the Fund's PDS is reported to the Fundhost Limited Board on a monthly basis.

a. Market risk**(i) Price risk**

The Fund is exposed to equity securities and derivative securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Investments are classified on the Statement of Financial Position as financial assets held at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the PDS.

The Fund is exposed, particularly through its equity portfolio, to market risks influencing investment valuations. These market risks include changes in a company's internal operations or management, economic factors and also relate to changes in taxation policy, monetary policy, interest rates and statutory requirements.

The table below summarises the impact of an increase/decrease in the market value of the share portfolio on the Fund's net assets attributable to unitholders at 30 June and profit from operating activities. The analysis is based on the assumptions that the security prices increased/decreased by 10% with all other variables held constant and that the fair value of the Fund's portfolio moved according to this.

	Impact on operating profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Market value changes				
Share portfolio value +10%	5,588	5,411	5,588	5,411
Share portfolio value -10%	(5,588)	(5,411)	(5,588)	(5,411)

(ii) Interest rate risk

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

The Fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial liabilities, is as follows:

	Impact on operating profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Interest rate increase +1%	28	13	28	13
Interest rate decrease -1%	(28)	(13)	(28)	(13)

Notes to the Financial Statements
For the year ended 30 June 2019

Note 11. Financial risk management (cont'd)**a. Market risk (cont'd)**

(ii) Interest rate risk (cont'd)

	Weighted Average Effective Interest		Floating Interest Rate		Non Interest Bearing		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:								
Cash and cash equivalents	0.98	1.00	2,763	1,250	-	-	2,763	1,250
Receivables	-	-	-	-	219	937	219	937
Financial assets held at fair value through profit or loss	-	-	-	-	55,881	54,109	55,881	54,109
Total Financial Assets			2,763	1,250	56,100	55,046	58,863	56,296
Financial Liabilities (excluding unitholder funds):								
Payables	-	-	-	-	148	320	148	320
Distribution payable	-	-	-	-	3,219	2,136	3,219	2,136
Total Financial Liabilities			-	-	3,367	2,456	3,367	2,456
Net exposure			2,763	1,250	52,733	52,590	55,496	53,840

(iii) Foreign exchange risk

The fund does not have any direct exposure to foreign exchange risk.

b. Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemption of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's Constitution.

All financial liabilities have maturity terms within a month.

The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining a constant pool of cash to satisfy usual levels of demand.

Normally once Fundhost Limited decides the unitholder can withdraw their money, it takes 5 business days to process the request (although the Constitution for the Fund allows a reasonable period, which could be longer), and funds are then paid to the unitholder in accordance with instructions.

The Fund manages its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders.

The Fund monitors the level of monthly applications and redemptions relative to the liquid assets in the Fund. Liquid assets include cash and cash equivalents and listed equities.

The Fund invests mostly in Australian listed companies and some cash.

c. Credit risk

Credit risk primarily arises from investments in debt securities and from trading derivative products. The Fund's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets. Other credit risk arises from cash and cash equivalents, deposits with banks and amounts due from brokers. At 30 June 2019 and 30 June 2018, all receivables, amounts due from brokers, cash and cash equivalents are either callable on demand or due to be settled within 6 months. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

The carrying amount of financial assets approximates fair value as at the reporting date.

The Fund trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Fund's policy to securitise its trade and other receivables.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 12. Fair value of financial instruments

Financial instruments carried at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued using quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Fund's own data, reflecting the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

The following table shows an analysis of financial instruments held at the balance date, recorded at fair value by level of the fair value hierarchy:

30 June 2019	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Listed equity securities and managed investment schemes	53,837	-	-	53,837
Unlisted equity securities	-	-	1,890	1,890
Convertible note	-	-	154	154
Total	53,837	-	2,044	55,881

30 June 2018	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Listed equity securities and managed investment schemes	52,579	-	-	52,579
Unlisted equity securities	-	1,530	-	1,530
Total	52,579	1,530	-	54,109

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period.

	Level 3	Level 3
	2019	2018
	\$'000	\$'000
Opening balance	-	-
Transfer of assets from level 2 to level 3	1,530	-
Recognition of convertible note in level 3	154	-
Total gains / (losses) – profit and loss	360	-
Closing balance	2,044	-

Level 3 investments comprise:

During the financial year, unlisted equity securities of \$1,890,000 was transferred from level 2 to level 3 due to changes in the observable inputs of the pricing for the relevant securities (2018:nil). The convertible note of \$154,000 was also classified as level 3 in the current financial year. There were no investments classified in the prior year as level 3 hence figures in the prior year comparative table above is nil.

Valuation process for Level 3 valuations and sensitivity analysis of the significant unobservable inputs

Valuation of level 3 securities is performed monthly. The convertible note was initially valued at cost and there was no subsequent change in the market value for the convertible note from the prior year. Unlisted equity securities are initially valued at cost, and adjustments to the market value of the unlisted equity securities are made through events such as capital raising made by the companies.

	Effect of fair value	
	Higher/(Lower)	
	2019	2018
	\$'000	\$'000
Price movement +10%	204	-
Price movement -10%	(204)	-

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 13. Commitments and contingencies

There were no commitments and contingent liabilities or assets at 30 June 2019 (2018: nil).

Note 14. Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

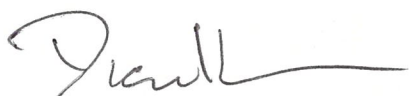
Directors' Declaration

In accordance with a resolution of the Directors of the Responsible Entity of the EGP Concentrated Value Fund (the Fund), I state that:

In the opinion of the Directors:

- (a) The financial statements and notes are prepared in accordance with the Corporations Act 2001, including:
 - i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - ii) giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1;
- (c) In the Director's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Drew Wilson
Director
Sydney

Dated this 18th day of September 2019



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Independent Auditor's Report to the unitholders of EGP Concentrated Value Fund

Opinion

We have audited the financial report of EGP Concentrated Value Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of EGP Concentrated Value Fund is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the EGP Concentrated Value Fund's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of Fundhost Limited as the Responsible Entity of the Fund (the "Responsible Entity") are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Responsible Entity's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva
Partner
Sydney
18 September 2019