

EGP CONCENTRATED VALUE FUND

ARSN 619 879 631

GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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 2021.

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 continued to invest 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.

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The resulting global travel restrictions, increased lockdowns in certain countries and restrictions on social gatherings are having an ongoing impact on business and economic activity both in Australia and overseas. The fair values of the Fund's assets as at 30 June 2021 reflect the conditions known as at that date. The evolving COVID-19 health situation and its impact on investment markets are being closely monitored.

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

	Year ended 30 June	
	2021	2020
	\$'000	\$'000
Net profit / (loss)	17,469	(1,693)
<i>Distributions</i>	5,746	2,450
Distributions payable	5,746	2,450

Significant changes in state of affairs

No significant changes in the Fund's state of affairs during the financial year.

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 (2020: nil).

No significant change in the nature of these activities occurred during the financial year (2020: 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 other than those items disclosed throughout the financial report.

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.

In light of changing trends and the overall economic outlook brought about by the COVID-19 pandemic, the Fund's future operating results and near-and-long-term financial results could potentially be impacted.

Directors' Report (cont'd)

Likely developments (cont'd)

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.

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 report.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position in accordance with the accounting policies set out in note 1 of the financial report.

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 report.

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 report.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year (2020: nil).

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 22nd day of September 2021



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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 2021, 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.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'S. Hooper', is written over a light grey rectangular background.

Stacey Hooper
Partner
22 September 2021

EGP Concentrated Value Fund - ARSN 619 879 631

**Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2021**

	Notes	2021 \$'000	2020 \$'000
Investment income / (loss)			
Dividend and distribution income		1,559	2,619
Interest income		80	181
Net gains / (losses) on investments in financial assets held at fair value through profit or loss		16,137	(4,218)
Net gain from foreign exchange movements		-	3
Total net investment income / (loss)		<u>17,776</u>	<u>(1,415)</u>
Expenses			
Responsible Entity's fees	2	162	156
Transaction costs		116	76
Other expenses		29	46
Total expenses		<u>307</u>	<u>278</u>
Net profit / (loss)		<u>17,469</u>	<u>(1,693)</u>
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss)		<u>17,469</u>	<u>(1,693)</u>

The above Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

EGP Concentrated Value Fund - ARSN 619 879 631

Statement of Financial Position
As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	8(a)	4,941	2,749
Financial assets held at fair value through profit or loss	7	81,725	67,617
Receivables	5	323	229
Total assets		<u>86,989</u>	<u>70,595</u>
Liabilities			
Payables	6	1,282	813
Distribution payable	4	5,746	2,450
Total liabilities		<u>7,028</u>	<u>3,263</u>
Net assets		<u>79,961</u>	<u>67,332</u>
Total equity		<u>79,961</u>	<u>67,332</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

EGP Concentrated Value Fund - ARSN 619 879 631

Statement of Changes in Equity
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Opening balance		67,332	55,496
Comprehensive income / (loss) for the year			
Net profit / (loss)		17,469	(1,693)
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss) for the year		<u>17,469</u>	<u>(1,693)</u>
Transactions with unitholders			
Applications		5,563	20,090
Redemptions		(5,981)	(6,272)
Distributions to unitholders	4	(5,746)	(2,450)
Distributions reinvested		1,324	2,161
		<u>(4,840)</u>	<u>13,529</u>
Closing balance	3	<u>79,961</u>	<u>67,332</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Dividends and distributions received		1,583	2,589
Interest received		29	74
Responsible Entity's fees paid		(160)	(155)
Other expenses paid		(154)	(119)
Net cash inflow from operating activities	8(b)	1,298	2,389
Cash flows from investing activities			
Proceeds from sale of financial assets held at fair value through profit or loss		25,458	30,569
Payment for financial assets held at fair value through profit or loss		(23,550)	(46,507)
Net cash inflow / (outflow) from investing activities		1,908	(15,938)
Cash flows from financing activities			
Proceeds from issue of units		5,518	20,211
Payments for redemption of units		(5,406)	(5,618)
Distribution paid		(1,126)	(1,058)
Net cash (outflow) / inflow from financing activities		(1,014)	13,535
Net increase / (decrease) in cash held		2,192	(14)
Cash and cash equivalents at the beginning of the year		2,749	2,763
Cash and cash equivalents at the end of the year	8(a)	4,941	2,749

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

**Notes to the Financial Statements
For the year ended 30 June 2021**

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 2021. 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.

The financial report was approved by the Board of Directors of Fundhost Limited as the Responsible Entity on 22 September 2021. The Directors have the power to amend and reissue the financial report.

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 reports 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 unit trust for the purpose of preparing the financial report.

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 report have been rounded to the nearest thousand dollars, unless otherwise indicated.

(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) Use of estimates and judgements

The making of judgments, estimates and assumptions is a necessary part of the financial reporting process and these judgments, estimates or assumptions can have a significant effect on the reported amounts of the financial report. Estimates and assumptions are determined based on information available at the time of reporting the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial report. Significant accounting estimates, judgments and assumptions are re-evaluated at each balance date in light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period which estimate is revised in future period affected. Significant accounting judgments, estimates and assumptions include but are not limited to:

• *Fair value measurement of investments in financial instruments*

The majority of the Fund's investments are listed equities measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgment is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments set out in note 1.

The ongoing COVID-19 pandemic has created heightened estimation uncertainty in the underlying assumptions used in determining the fair value of investments, in particular level 3 investments. The underlying assumptions used in determining the fair value of investments of level 3 investments may be based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2021 about future events that the Fund's managers believe are reasonable in the circumstances.

a. Financial Instruments

(i) 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.

**Notes to the Financial Statements
For the year ended 30 June 2021**

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

a. Financial Instruments (cont'd)

(ii) Classification

In accordance with AASB 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets discussed below.

Financial Assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured 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

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding;
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The equity securities are mandatorily classified as fair value through profit or loss.

In applying that classification, a financial asset or financial liability is considered to be held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables.

Financial Liabilities

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined.

The derivatives are mandatorily classified as fair value through profit or loss.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category short-term payables.

(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 is measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements
For the year ended 30 June 2021**

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

(iii) Measurement (cont'd)

• *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 bid 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 balance date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the balance 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.

• *Financial assets measured at amortised cost*

Financial assets measured at amortised cost are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less any impairment losses.

b. Impairment of assets

AASB 9 requires the Fund to record an allowance for expected credit losses (ECLs) for all loans and other 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 (ECLs) under AASB 9 to all its trade 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.

c. Investment income and expenses

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

Dividend income is recognised on a receivable basis on the date the shares are quoted ex-dividend. Distributions from property trusts and unit trusts are recognised as income in the Statement of Comprehensive Income when declared.

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. Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the exchange rate at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined. The foreign exchange gains and losses resulting from these translations are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements
For the year ended 30 June 2021**

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

d. Foreign currency translation (cont'd)

(ii) Transactions and balances (cont'd)

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss in the Statement of Comprehensive Income.

e. Responsible Entity's fees

In accordance with the Constitution, the Responsible Entity is entitled to a management fee of 0.21% per annum of the value of the Fund payable on a monthly basis for managing the assets of the Fund. There is also an expense recovery of up to 0.035% per annum of the value of the Fund.

f. 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.

g. 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 taxable income of the Fund.

h. Distributions

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from equity and presented in the Statement of Changes in Equity.

Distributions to unitholders comprise the net distributable income of the Fund. The distributions (if any) are payable or attributable at the end of June each year. A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date.

i. 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.

j. 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. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

k. 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.

l. 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 by the Fund and remain unpaid as at year end.

m. 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.

**Notes to the Financial Statements
For the year ended 30 June 2021**

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

n. Equity

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.

o. 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.

p. 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.

q. New standards and interpretations adopted

Since 1 July 2020, 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.

r. New standards and interpretations not yet adopted

Australian Accounting Standards issued but not yet effective

There are no new Australian accounting standards or amendments issued but not yet effective that are expected to have a material impact on the Fund.

**Notes to the Financial Statements
For the year ended 30 June 2021**

Note 2. Expenses

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

	2021	2020
	\$'000	\$'000
Responsible Entity's fees	162	156
	<u>162</u>	<u>156</u>

Note 3. Equity

	2021	2020	2021	2020
	Units '000	Units '000	\$'000	\$'000
Opening balance at 1 July	70,817	57,438	67,332	55,496
Units issued during the year	5,127	17,556	5,563	20,090
Units redeemed during the year	(5,516)	(6,413)	(5,981)	(6,272)
Distribution reinvested	1,393	2,236	1,324	2,161
Distributions to unitholders	-	-	(5,746)	(2,450)
Total comprehensive (loss) / income for the year	-	-	17,469	(1,693)
Closing balance at 30 June	<u>71,821</u>	<u>70,817</u>	<u>79,961</u>	<u>67,332</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

	2021	2020
	\$'000	\$'000
Distribution payable	5,746	2,450
	CPU	CPU
Final distribution cents per unit	8.0005	3.4595

Note 5. Receivables

	2021	2020
	\$'000	\$'000
Dividends and distributions receivable	-	24
Interest receivable	54	112
Reduced input tax credits receivable	4	3
Amounts due from brokers	130	-
Applications to be processed	135	90
	<u>323</u>	<u>229</u>

Note 6. Payables

	2021	2020
	\$'000	\$'000
Management fees payable	15	12
Recoverable expenses payable	28	36
Amounts due to brokers	-	101
Redemptions payable	1,239	664
	<u>1,282</u>	<u>813</u>

**Notes to the Financial Statements
For the year ended 30 June 2021**

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

	2021	2020
	\$'000	\$'000
Listed equities and managed investment schemes	73,711	60,893
Unlisted equities securities	6,520	5,247
Convertible notes	1,106	1,164
Derivatives	388	313
	<u>81,725</u>	<u>67,617</u>

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

	2021	2020
	\$'000	\$'000
a. Reconciliation of cash and cash equivalents		
Cash balance comprises:		
Cash at bank	4,941	2,749
Total cash and cash equivalents	<u>4,941</u>	<u>2,749</u>
b. Reconciliation of net operating income to cash flows from operating activities		
Net profit / (loss)	17,469	(1,693)
Net (gains) / losses on investments in financial assets held at fair value through profit or loss	(16,137)	4,218
Net gain from foreign exchange movements	-	(3)
Changes in assets and liabilities:		
Decrease in payables	(5)	(2)
Increase in receivables	(29)	(131)
Net cash inflow from operating activities	<u>1,298</u>	<u>2,389</u>

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:

	2021	2020
	\$	\$
Responsible Entity's fees	<u>162,271</u>	<u>155,564</u>

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

	2021	2020
	\$	\$
Responsible Entity's fees	<u>14,749</u>	<u>11,955</u>

**Notes to the Financial Statements
For the year ended 30 June 2021**

Note 9. Related Party Disclosures (cont'd)

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. There were no amounts due and payable at 30 June to the Investment Manager in accordance with the Constitution.

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 (2020: nil).

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	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	(Units)	(%)	(Units)	(Units)	(\$)
2021					
Fundhost Ltd	110	0.00	4	-	9
Ridgway Super Fund	51,936	0.07	1,823	-	4,155
2020					
Fundhost Ltd	106	0.00	6	-	4
Ridgway Super Fund	50,113	0.07	11,253	-	1,734

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 (2020: nil).

There are no post-employment benefits paid to a director or key management personnel of the Responsible Entity (2020: nil).

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.

**Notes to the Financial Statements
For the year ended 30 June 2021**

Note 9. Related Party Disclosures (cont'd)**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 EGP Capital Pty Ltd, its 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 (\$)
2021					
EGP Capital Pty Ltd	75,000	0.10	-	-	6,000
Wilding Superannuation Fund	212,756	0.30	7,469	-	17,022
Hansen Family Super and Retirement Fund	1,975,675	2.75	98,891	-	158,064
2020					
EA & SJ Hansen & AM Shaw	-	-	23,315	(559,335)	-
EGP Capital Pty Ltd	75,000	0.11	-	(24,960)	2,595
Wilding Superannuation Fund	205,287	0.29	11,253	-	7,102
Hansen Family Super and Retirement Fund	1,876,784	2.65	1,876,784	-	64,927

Note 10. Auditor's remuneration

	2021 \$	2020 \$
Amounts received or due and receivable by EY for:		
Audit and review of the financial reports of the Fund	23,150	15,400
Tax services	4,050	4,050
Compliance plan audit	4,200	4,200
	31,400	23,650

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, interest rate and foreign exchange risks, and ratings analysis for credit 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.

Notes to the Financial Statements
For the year ended 30 June 2021

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

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 net profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Market value changes				
Share portfolio value +10%	8,173	6,762	8,173	6,762
Share portfolio value -10%	(8,173)	(6,762)	(8,173)	(6,762)

(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 assets, is as follows:

	Impact on net profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Interest rate increase +1%	30	27	30	27
Interest rate decrease -1%	-	(27)	-	(27)

	Weighted Average Effective Interest		Floating Interest Rate		Fixed Interest Rate		Non Interest Bearing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:										
Cash and cash equivalents	0.00	0.23	4,941	2,749	-	-	-	-	4,941	2,749
Financial assets held at fair value through profit or loss			-	-	1,318	1,164	80,407	66,453	81,725	67,617
Receivables			-	-	-	-	323	229	323	229
Total Financial Assets			4,941	2,749	1,318	1,164	80,730	66,682	86,989	70,595
Financial Liabilities (excluding unitholder funds):										
Payables			-	-	-	-	1,282	813	1,282	813
Distribution payable			-	-	-	-	5,746	2,450	5,746	2,450
Total Financial Liabilities			-	-	-	-	7,028	3,263	7,028	3,263
Net exposure			4,941	2,749	1,318	1,164	73,702	63,419	79,961	67,332

(iii) Foreign exchange risk

The Fund holds monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. These amounts are not significant nor material to the Fund.

**Notes to the Financial Statements
For the year ended 30 June 2021**

Note 11. Financial risk management (cont'd)

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, other than net assets attributable to unitholders described below.

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 2021 and 30 June 2020, all receivables, amounts due from brokers, cash and cash equivalents are either callable on demand or due to be settled within 6 months. Management considers 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.

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. The prices for the Fund are based on redemption unit prices quoted by the investment or trustee.

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.

**Notes to the Financial Statements
For the year ended 30 June 2021**

Note 12. Fair value of financial instruments (cont'd)

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 2021	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Listed equity securities and managed investment schemes	73,711	-	-	73,711
Unlisted equity securities	-	-	6,520	6,520
Convertible notes	-	-	1,106	1,106
Derivatives	-	255	133	388
Total	73,711	255	7,759	81,725

30 June 2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Listed equity securities and managed investment schemes	60,893	-	-	60,893
Unlisted equity securities	-	-	5,247	5,247
Convertible note	-	-	1,164	1,164
Derivatives	-	313	-	313
Total	60,893	313	6,411	67,617

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
	2021	2020
	\$'000	\$'000
Opening balance	6,411	2,044
Acquisition of convertible notes in level 3	263	1,049
Acquisition of unlisted equity securities in level 3	1,814	3,086
Sale of unlisted equity securities in level 3	(207)	-
Transfer of unlisted equity securities from level 3 to level 1	(1,989)	-
Total unrealised gains / (losses) – profit and loss	1,467	232
Closing balance	7,759	6,411

Level 3 investments comprise:

During the financial year, unlisted equity securities of \$1,814,000 and convertible notes of \$263,000 were acquired and recognised as level 3 assets (2020: unlisted equity securities \$3,086,000 and convertible notes of \$1,049,000). \$1,989,000 of unlisted equity securities were converted into level 1 assets (2020: nil) and \$207,000 of unlisted equities securities were sold (2020: 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 with changes in the market value for the convertible notes made based on the interest component of the notes. Unlisted equity securities are initially valued at cost, with adjustments to the market value of the unlisted equity securities made through valuation techniques adopted by the Investment Manager. Fixed interest securities are initially valued at cost, with adjustments to the market value based on interest accrued.

The Valuation Committee considers the valuations and valuation methodologies applied to the relevant securities, and reviews available security-specific and general market information in order to make a fair value determination.

Securities which are fair-valued are monitored and reviewed to ensure their value remains in line with the statement of valuation principles as set out in the fair value policy of the Investment Manager. Any stale prices are monitored monthly to assess whether a fair value re-measurement is required.

Valuation techniques are set out in the pricing policy of the Investment Manager and can include liquidity discounting.

The inherent uncertainty in the valuation of such investments may result to a significant difference between the Fund's estimates of fair value and the fair values had observable inputs been available.

The table on the next page discloses the valuation technique used in the valuation for Level 3 investments and quantifies the effect of significant unobservable inputs used to value investments that fall in this category. Securities valued at nil have not been included in the following table.

**Notes to the Financial Statements
For the year ended 30 June 2021**

Note 12. Fair value of financial instruments (cont'd)

	Fair Value as at 30 June 2021 \$'000	Valuation technique	Unobservable input	Range of input	Sensitivity used	Effect on fair value +/- \$'000
Unlisted equity securities	6,520	Comparable trading multiples	EBITDA multiple	2.4x - 10x	+/-10%	59/(59)
			Observed traded valuation	1	+/-10%	340/(340)
			Revenue multiple	1.1x - 3.3x	+/-10%	38/(38)
Convertible note	1,106	Par value	Par value	5% - 12%	+/-10%	9/(9)
Derivatives	133	Black Scholes	Annualised Volatility	50.88%	+/-1%	2/(2)
			Annual Risk Free Rate	0.96%		

Note 13. Commitments and contingencies

There were no commitments nor contingent assets and liabilities at 30 June 2021 (2020: nil).

Note 14. Events subsequent to balance date

Other than the items disclosed throughout this financial report, 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 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 2021 and of its performance for the year ended on that date;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1;
- (c) 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 22nd day of September 2021



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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 2021, the statement of profit and loss and other 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 2021 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 (including Independence Standards)* (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.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'S. Hooper', is displayed on a light gray rectangular background.

Stacey Hooper
Partner
Sydney
22 September 2021