Suite 16.02,
Level 16, 56 Pitt Street,
Sydney, NSW, 2000
Telephone: 0418 278 298

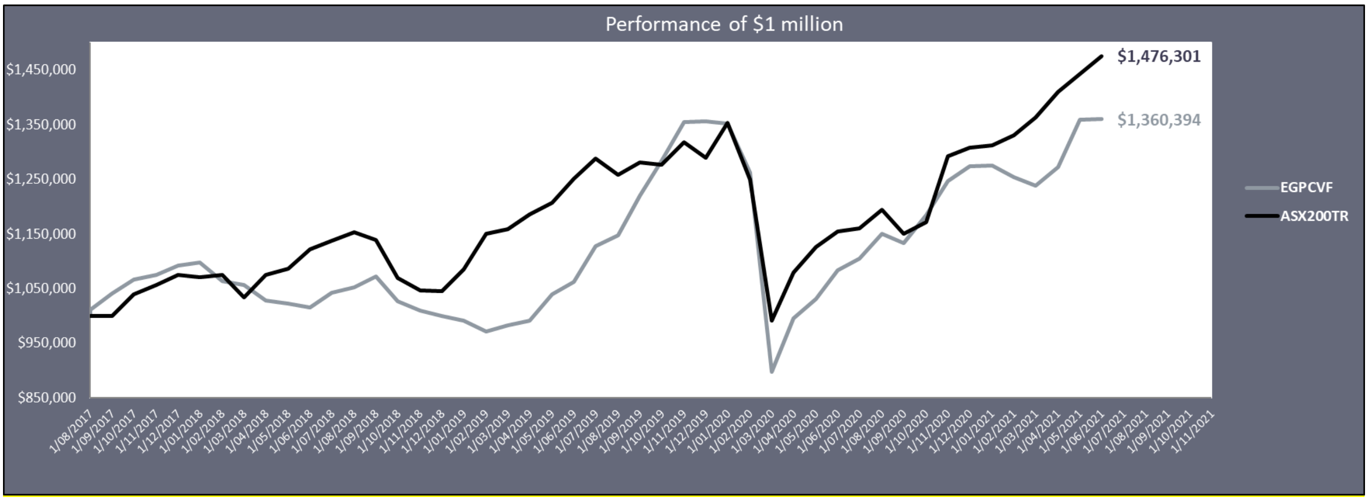
Erik A. (Tony) Hansen – Investment Manager 30 June 2021

Please find below a cumulative table, which will demonstrate over time what Albert Einstein called ***"the most powerful force in the universe"*** – compound interest. The intention is that over time, relatively modest advantages over the benchmark will accumulate to a substantially superior overall performance:

Since Inception Annualised Comparison Tables:-

Financial Year	EGP Concentrated Value Fund (after fees & costs)	Benchmark ASX200TR	Outperformance/ (Underperformance)
2018*	1.58%	12.18%	(10.60%)
2019	4.63%	11.55%	(6.92%)
2020	1.99%	(7.68%)	9.66%
2021	25.50%	27.80%	(2.30%)
Cumulative	36.04% [1]	47.63% [1]	(11.59%)
Annualised	8.27%	10.58%	(2.31%)

* 2018 is the 10.5 month period from 15 August 2017 (EGPCVF inception) to 30 June 2018
1 Assumes reinvestment of dividends/distributions



The General Market: -

The ***S&P/ASX 200 Annual Total Return Index*** (hereafter referred to as '**the benchmark**') was at 64,892.86 points before the opening of trading on 01 July 2020. Including reinvestment of dividends earned, the benchmark finished FY2021 at 82,932.29 points. The average Australian investing experience in the stock market during FY2021 was therefore a gain of 27.80%.

The benchmark over a period of years will approximate the median result of leading investment companies before fees & charges. Such investment companies are the most probable alternative investments for most fellow Australian investors when they seek exposure to equities.

The benchmark was selected in advance and represented a logical choice in our view. It covers more than $2 trillion in market capitalisation and over 80% of Australian listed stocks by value; it presents no pushover. After fees, nearly 80% of active managers will fail to exceed the benchmark over the medium-term. A research report was included in the FY2015 annual letter explaining this fact in greater detail and is available on our website: www.egpcapital.com.au.

We have explained in considerable detail in previous monthly and annual reports why we selected our benchmark rather than an alternative (the ASX200 is the highest quality Australian equity index). In our view equities focused fund managers using lesser benchmarks are usually setting themselves up to earn bigger fees than they probably deserve.

Since the original EGP fund inception in April 2011 the combined EGP funds have generated an annualised return of 13.03% per annum. By way of comparison, our benchmark has delivered 8.67% p.a., the Small Ordinaries (Total Return) has delivered 4.78% p.a. (6424.92 – 10,371.59) and the Emerging Companies Index has delivered 2.59% p.a. (2341.49 – 3040.83). The choice of one of these alternatives to the ASX200 would clearly have cost our investors in the form of considerably higher accrued performance fees.

Many fund managers have lately moved to RBA +2 or 3%, which also seems likely to work out a poor deal for investors incurring much higher performance fees than warranted in most environments, given the tailwind of equities has historically been a good deal better than that (about 7-8% per annum through the cycle in Australia). Should rates return to nearer their historic averages, you can be sure there will be a stampede to change to a benchmark that is easier to outperform or to revert to an equities benchmark (given equities will likely perform poorly in a rising interest rate environment).

When deciding which fund manager to allocate your hard-earned savings to, the largest portion of time should be allocated to deciding whether they possess the requisite skillset to deliver good returns in a variety of market conditions. Once you have decided they possess the investment skill, the second largest portion of time should be spent deciding whether the way they have structured the fees and incentives for the performance of their fund management business is in a way structured to share a fair proportion of the investment outcome with **YOU** as the investor.

Our Experience: -

EGP Concentrated Value Fund (hereafter referred to as '**EGPCVF**' or '**the fund**') commenced 01 July 2020 at $0.9508 per unit after payment of the FY2020 distribution. EGPCVF closed FY2021 at $1.1933.

This resulted in a gain of 25.50% after allowing for all expenses, no fees were earned by the fund manager as we still trail our benchmark and need to outperform the benchmark by 8.52% in FY22 to return to a performance fee earning position. The good news for investors is this means the first 8.52% of outperformance we generate will come for free.

The EGPVCF uses the same investment strategy that we have had in place since our original fund that has operated since 2011. The graph and table on the front page set out the performance history of EGPCVF which was created 15 August 2017. A combined history of both funds EGP has operated since 2011 is set out in **Appendix 1** and should be considered for completeness when assessing performance.

Had you told me when I launched EGP in 2011 that we would someday have a two year stretch where we delivered 28% whilst our benchmark delivered 18% and that the result would be a disappointment, I would have struggled to understand the circumstances under which that could be possible.

The outcome in FY2021 has provided just that situation. Ordinarily, any year where 25.5% absolute performance is delivered should likewise be cause for celebration. The circumstances of FY2021 mean that a result closer to 40% felt like closer to the acceptable number for an active small-capitalisation fund manager. The dislocations created in the market by COVID-19 in the second half of FY2020 were not even close to resolved at the commencement of FY2021 and we should have done a better job of capturing the opportunities available. An overconcentration in a couple of very illiquid positions that were severely negatively affected by COVID-19 was an expensive mistake in retrospect and one where any modest benefits from those situations are not likely to be felt until the next couple of financial years.

We are unsatisfied with the results the fund has delivered over the past 4 years particularly. Our long-term expectation is of ~15%+ annualised returns assuming normal market conditions and our average since inception of just over 13% is well short of that. We will work hard to close that gap in coming years.

Accurately and dispassionately measuring the qualitative outcomes of any investment program is difficult. The unpredictable nature of markets means sometimes a manager might do an outstanding job deploying capital over the course of a year (or more), but not see it reflected in their results. Here is an excellent e-zine (by Vanguard, the leader in "Passive" no less) on "Patience with Active (.PDF)" on the difficulties of persisting with an active management program through periods of underperformance.

We also recently watched an old YouTube video of Joel Greenblatt talking about how hard it is to stay disciplined with investments when long periods of underperformance are so often a feature of the best investment strategies and funds (watch the video here).

Greenblatt refers in it to the best performing funds over the 2000-2010 decade in US equity markets, but likely the outcome is replicated in most global equity markets and in most decades. The blockbuster quote from the interview is that "47% of the top performing funds spent ***at least*** 3-years in the bottom decile of performance". He follows on by saying "you're pretty sure that none of their clients actually stuck with them". It is in this area I am most pleased with the behaviour of our investor group over the past four years for EGPCVF. The two worst years in the more than 10-year history of our funds were FY2018 and FY2019, where we were probably not bottom decile, but likely bottom quartile in each year.

Despite not having performed nearly as well as we would expect to in the past few years, our efforts to give as much detail as possible about the fund's investment program via our newsletters has meant nearly all our investor group have remained with us. We have had modest inflows over the past two years despite significant underperformance in the two years prior to that. This indicates you are partnered with a group of investors with the correct temperament who are unlikely to "zig" when they should "zag" and unlikely therefore to cause the fund to need to redeem its investments at inopportune times.

We have decided that rather than talk about our performance, the best and most dispassionate way to present the data is to use the performance track record of other comparable small-capitalisation managers. We used the Morningstar Fund Screener page and selected all funds with at least a 10-year history who focus on small-capitalisation investing. The 10-year is because we have passed ten years of fund operation this year and it ensures we are compared with funds possessing similar enduring qualities. There is a natural "survivorship bias" to requiring a 10-year record as many of the worst performing funds will inevitably be closed.

The data also contain internationally focused small-cap managers, but given our mandate allows us to go anywhere, it is reasonable to also include these. I have also used the data until 31 May 2021 as we will publish the letter before the 30 June 2021 data of our peers is available. The data agree with my assessment that FY2021 was unsatisfactory for EGPCVF, as we rank 55th of the 125 funds with at least a 10-year record. Data also confirms our 5-year record is uninspiring, ranking 61/125. Our 10-year record is more where we think is acceptable, on the edge of the top ventile (5%), and comfortably in the top decile (10%) at 8/125:

Name	1-Year	Rank	3-Year	Rank	5-Year	Rank	10-Year	Rank
Ausbil MicroCap	47.33	12	16.82	4	15.51	4	17.84	1
Pendal MicroCap Opportunities	49	11	19.73	3	18.99	3	17.68	2
OC Micro-Cap	54.55	7	22.01	2	22.72	1	15.14	3
SGH Emerging Companies	73.38	1	22.5	1	19.39	2	14.36	4
Vanguard International Small Companies	34.59	48	11.05	22	12.35	14	13.98	5
Yarra Global Small Companies Fund	32.67	51	9.8	42	12.01	24	13.91	6
Dimensional Global Small Company Trust	36.01	44	9.57	46	11.35	37	13.25	7
EGP Concentrated Value Fund	**31.73**	**55**	**9.94**	**40**	**9.43**	**61**	**13.15**	**8**
CFS FC W Pen-FSI W Developing Companies	58.61	2	10.74	29	12.88	10	12.71	9
DSM Global Growth Equity Institutional	23.93	70	4.72	66	6.19	68	12.47	10
Vanguard Intl Small Companies Index Hgd	50.33	10	9.6	45	12.89	9	12.02	11
CFS FC Pen-FSI Developing Companies	58.41	3	10.05	38	12.1	20	11.84	12
Fiducian Australian Smaller Co Shares	35.9	45	11.67	13	11.27	41	11.45	13
CFS FC W PSup-FSI W Developing Companies	50.99	9	9.39	47	11.4	36	11.44	14
FSI Wholesale Developing Companies	57.52	5	9.9	41	11.98	26	11.39	15
Investors Mutual Small Cap	31.93	54	6.32	63	8.23	62	11.05	16
AMP Capital Australian Small Companies	42.24	16	11.88	12	12.71	11	10.85	17
CFS FC PSup-FSI Developing Companies	51.09	8	9.01	52	10.88	50	10.71	18
MLC MKPF - Perpetual WS Small Comp No.2	36.81	41	13.13	6	12.25	17	10.66	19
CFS FC Inv-FSI Developing Companies	57.43	6	9.34	48	11.3	40	10.66	20
CFS FC W Pen-Realindex Aus Sml Co	30.07	57	8.7	53	11.49	35	10.6	21
Perpetual WFP-Perpetual Small Coms	37	40	12.7	7	12.03	21	10.59	22
AMP FS R-Multi Mgr Aus Sm Coms	41.88	17	11.31	18	12.02	23	10.52	23
AMP Capital Australian Small Companies A	41.8	18	11.54	15	12.36	13	10.5	24
CFS Developing Companies	57.68	4	9.28	50	11.17	45	10.47	25
Perpetual Wholesale Smaller Companies 2	36.39	42	12.19	8	11.66	28	10.21	26
Perpetual Wholesale Smaller Companies	36.39	43	12.19	9	11.66	29	10.2	27
AMP Capital Australian Small Companies H	41.38	21	11.2	20	12.03	22	10.13	28
AMP FLTP-AMP Aus MM Small Cap	41.3	22	10.86	25	11.57	32	10.07	29
AMP FLAP-AMP Aus MM Small Cap	41.3	23	10.86	26	11.57	33	10.07	30
MLC MKSF - Perpetual WS Small Comp No.2	33.44	49	11.91	10	11.18	43	9.92	31
Investors Mutual WS Aus Smaller Co	27.72	61	5.83	64	7.74	63	9.88	32
CFS FC Pen-Realindex Aus Sml Co	30.14	56	8.21	55	10.83	52	9.8	33
AMP FLI S2-Mlt Mgr Aus Small Companies	40.93	27	10.82	27	11.62	30	9.76	34
AMP FS Super-AMP Multi Mgr Aus Sm Coms	37.6	38	10.51	32	11.21	42	9.72	35
NovaPort Microcap	39.08	34	7.44	59	10.96	48	9.66	36

Realindex Aus Small Co-Class A	29.72	58	7.82	56	10.64	53	9.6	37
MLC MK TAP - Perpetual WS Small Co No.2	34.98	47	11.9	11	11.04	46	9.57	38
Perpetual WFIA-Perpetual Small Coms	35.88	46	11.5	17	10.92	49	9.43	39
Realindex W Australian Sml Comp	29.35	59	7.6	58	10.42	56	9.39	40
CFS FC W PSup-Realindex Aus Sml Co	26.44	64	7.63	57	10.2	58	9.39	41
AMP FLS&CS-AMP MM Australian Small Cap	37.12	39	10.13	34	10.83	51	9.34	42
KeyInvest Life Events Bd Intl Sh Multi	16.12	114	4.21	68	7.13	64	9.33	43
AMP SigSup AP-Specialist Aus Small Co	42.39	15	11.2	19	13.2	7	9.32	44
Perpetual WFS-Perpetual Small Coms	32.1	53	10.95	23	10.44	55	9.31	45
AMP FLI-AMP Aus MM Small Cap	40.37	29	10.38	33	11.18	44	9.29	46
Generation Dimensional Glb Sm Coms	25.41	68	6.39	62	6.04	70	9.29	47
Investors Mutual WS Future Leaders	26.96	62	3.52	72	5.98	71	9.26	48
MLC MKBS - Perpetual WS Small Comp No.2	33.12	50	11.66	14	10.96	47	9.22	49
Spheria Australian Smaller Companies	47.3	13	10.92	24	11.34	38	9.11	50
AMP Capital Specialist AUS Small Coms A	41.55	20	11.05	21	12.97	8	8.81	51
Perpetual WFP-Investor Mutual Fut Ledr	25.48	66	3.47	73	5.65	73	8.79	52
Perpetual WFTAP-Investor Mutual Fut Ledr	25.48	67	3.47	74	5.65	74	8.79	53
CFS FC PSup-Realindex Aus Sml Co	26.47	63	7.17	60	9.6	60	8.77	54
AMP FS R-Specialist Aus Small Companies	41.59	19	10.57	30	12.57	12	8.65	55
AMP SigSup-Specialist Australian Sm Co	39.14	33	10.56	31	12.33	16	8.57	56
CFS FC Inv-Realindex Aus Sml Co	29.3	60	6.96	61	9.66	59	8.55	57
8IP Australian Small Companies	41.3	24	13.66	5	11.6	31	8.45	58
OnePath OA FR Pen-OP Property Sec	22.99	81	-0.55	96	1.55	95	8.23	59
AMP FLAP-Specialist Aus Small Companies	41.01	25	10.12	35	12.11	18	8.21	60
AMP FLTP-Specialist Aus Small Companies	41.01	26	10.12	36	12.11	19	8.21	61
OnePath WS-Property Securities Trust	23.14	78	-0.55	95	1.57	94	8.2	62
Zurich Investments Small Companies	39.23	32	9.3	49	10.27	57	8.19	63
OnePath OA FR IP-OP Property Securities	23.33	75	-0.51	94	1.54	96	8.12	64
Perennial Value Smaller Companies Trust	46.54	14	11.5	16	14.96	5	8.11	65
Sandhurst BMF-Sandhurst Future Leaders	26.32	65	2.78	80	5.02	81	8.04	66
AMP FS Super-Specialist Aus Small Co	38.48	35	10.04	39	11.72	27	8	67
Perpetual WFS-Investor Mutual Fut Ledr	22.47	86	2.9	75	4.99	82	7.9	68
AMP FLI S2-Specialist Aus Small Co	40.37	30	10.09	37	11.99	25	7.85	69
Experts' Choice Small Companies	40.82	28	10.76	28	12.34	15	7.77	70
AMP FL Super-Specialist Aus Small Co	38	37	9.66	43	11.33	39	7.63	71
Perpetual WFIA-Investor Mutual Fut Ledr	25.05	69	2.22	85	4.46	83	7.56	72
AMP FLI-Specialist Aus Small Companies	39.81	31	9.65	44	11.53	34	7.44	73
ANZ ASA-ING Property Securities	19.97	103	-0.61	98	1.31	98	7.42	74
OnePath OA FR PS-OP Property Securities	20	102	-0.59	97	1.33	97	7.41	75
ANZ OA AP-OP Property Securities EF	22.36	89	-1.25	103	0.8	99	7.4	76
ANZ OA TAP-OP Property Securities EF	22.35	90	-1.25	104	0.8	100	7.4	77
OnePath OA TAP-OP Property Sec EF	22.54	83	-1.22	100	0.77	102	7.35	78
OnePath OA AP-OP Property Securities EF	22.54	84	-1.22	101	0.77	103	7.35	79
OnePath AA-Property Securities	22.54	85	-1.22	102	0.77	104	7.35	80
ANZ OA IP-OP Property Securities EF	22.71	82	-1.21	99	0.79	101	7.29	81
Bentham Wholesale High Yield	13.95	115	4.87	65	6.24	66	7.28	82
Celeste Australian Small Companies	38.17	36	9.26	51	13.83	6	7.27	83

ANZ FIP-Property Securities	22.32	91	-1.34	107	0.68	105	7.24	84
OnePath OA IP-OP Property Securities EF	22.44	87	-1.35	108	0.63	106	7.22	85
CFS FC W Pen-FSI W Future Leaders	23.77	72	2.69	81	6.82	65	7.11	86
OnePath OA IP-ING Heine Property Sec	22.15	92	-1.54	111	0.53	110	7.06	87
ANZ OA AP-OP Property Securities NE	21.44	97	-1.98	121	0.04	115	6.59	88
ANZ OA TAP-OP Property Securities NE	21.44	98	-1.99	122	0.04	116	6.59	89
ANZ OA PS-OP Property Securities EF	19.32	107	-1.31	106	0.56	107	6.57	90
OnePath AA-Property Securities NE	21.63	94	-1.95	118	0.01	117	6.54	91
OnePath OA AP-OP Property Securities NE	21.63	95	-1.95	119	0.01	118	6.54	92
OnePath OA TAP-OP Property Sec NE	21.62	96	-1.95	120	0.01	119	6.54	93
OnePath OA PS-OP Property Securities EF	19.48	106	-1.29	105	0.53	109	6.52	94
OnePath Life DA-Property Securities	19.87	104	-1.36	109	0.46	111	6.48	95
CFS FC Pen-FSI Future Leaders	23.79	71	2.22	86	6.21	67	6.45	96
CFS FC W PSup-FSI W Future Leaders	20.8	101	2.39	82	6.14	69	6.43	97
OnePath Integra-OP Property Securities	19.27	108	-1.36	110	0.55	108	6.43	98
ANZ Property Securities	22.41	88	-1.69	114	0.22	114	6.39	99
ANZ OA IP-OP Property Securities NE	21.68	93	-2.05	124	-0.07	120	6.38	100
OnePath OA IP-OP Property Securities NE	21.4	99	-2.19	125	-0.17	125	6.34	101
ANZ PS-Property Securities	18.95	111	-1.57	113	0.3	112	6.31	102
OnePath Life DIY Super-Property Sec	19.59	105	-1.57	112	0.29	113	6.27	103
IOOF WB Smaller Com-Perennial	32.32	52	8.23	54	10.63	54	6.21	104
FSI Wholesale Future Leaders	23.09	79	1.79	90	5.91	72	6.05	105
ANZ OA PS-OP Property Securities NE	18.56	113	-1.94	117	-0.08	121	5.89	106
CFS FC PSup-FSI Future Leaders	21.02	100	1.97	87	5.62	75	5.86	107
OnePath Life DA-Property Securities NE	19.18	109	-1.94	116	-0.1	122	5.85	108
OnePath OA PS-OP Property Securities NE	18.72	112	-1.91	115	-0.11	123	5.84	109
OnePath Life DIY Super-Property Secs NE	19.14	110	-1.99	123	-0.15	124	5.81	110
CFS ROSCO-Future Leaders	23.4	74	1.95	88	5.58	76	5.75	111
DDH Preferred Income	5.82	116	4.18	69	5.35	77	5.54	112
CFS Future Leaders	23.14	77	1.35	92	5.34	78	5.38	113
CFS ROSCO-Future Leaders NEF	23.65	73	1.84	89	5.32	79	5.38	114
CFS FC Inv-FSI Future Leaders	23.06	80	1.27	93	5.28	80	5.34	115
Morningstar Intl Bds (Hdg) Fd - Cl A	2.55	125	2.88	76	2.63	89	4.97	116
OnePath OA Frntr IP Ardea Real Outcome	5.72	117	4.53	67	4.2	84	4.6	117
Janus Henderson Tactical Income	2.84	124	2.83	79	2.82	88	3.86	118
ANZ OA IP Ardea Real Outcome EF	5.11	118	3.73	70	3.37	86	3.78	119
OnePath OA IP Ardea Real Outcome EF	5.11	119	3.7	71	3.35	87	3.77	120
PM Capital Enhanced Yield	4.12	122	2.34	83	3.42	85	3.67	121
Generation Investors Mutual Future Ldrs	23.19	76	2.24	84	2.43	93	3.46	122
OnePath OA IP Ardea Real Outcome NE	4.22	120	2.85	77	2.5	91	2.9	123
ANZ OA IP Ardea Real Outcome NE	4.22	121	2.85	78	2.5	92	2.9	124
BT WE BT PM Capital Enhanced Yield	3.56	123	1.57	91	2.61	90	2.84	125

Zero Fee Collective/Cipher Fund: -

EGP's industry vision was always that after demonstrating a viable fund management business could be created without reliance on management fees, the next logical step was to create a means for broadening the number of funds operating on that basis to investors. To make alignment mainstream.

To that end, over the past five years, when talented investors we knew told us they were considering setting up investment vehicles, if they agreed to use a zero-management fee model, my family SMSF often became a small foundation investor in their fund to watch results unfold in real time and better understand the way the results were achieved, with a view to bringing their fund into a future fund that would specialise in finding managers willing to use this uncommon structure (if their results were good enough to earn inclusion).

We were originally looking to launch the fund in late 2020. Before COVID-19 swept the globe we travelled to the US to discuss the concept with institutional investors interested in exposure to Australian equities. The incredible destruction of equities through the pandemic halted progress on Zero Fee Collective (ZFC) for about six months until it became clear that the recovery from the pandemic would be swift.

The vision always involved the supporters of EGPCVF owning part of ZFC as a form of thanks for the early support that enabled us to prove the model can be viable. The 20% of Zero Fee Collective Pty Ltd that EGPCVF will be granted a free carry over could easily become the single most valuable investment in the fund over time if we are able to launch ZFC's Cipher Fund successfully and scale it effectively.

We engaged Brad Hughes as CEO of ZFC toward the end of 2020. The vision I explained to Brad involved the entirety of the back-office function being controlled by ZFC with the intention that controlling all aspects of operation would ensure that as the fund scaled, costs would be substantially reduced as a key plank in successfully operating with no management fees is to ensure that any other operating costs are kept to a minimum.

To better understand the complexities involved in this, we met with numerous industry experts and found the input from JANA to be enormously helpful.

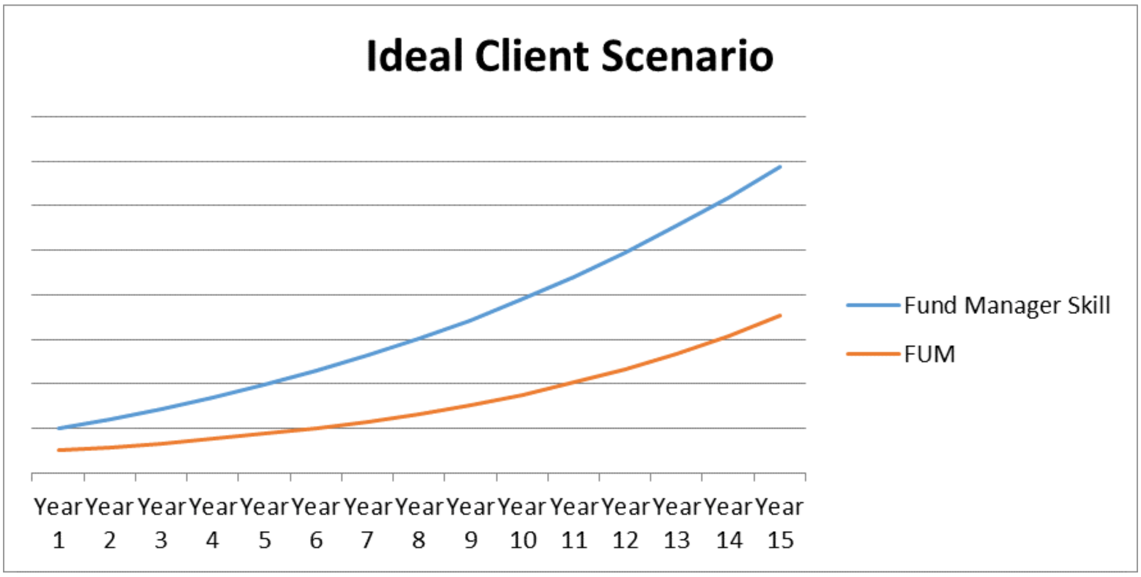
JANA outlined to us the types of shortcomings that would see funds or managers excluded from their selection process (and therefore the selection process of most institutional gatekeepers). As discussions progressed, JANA appear to have formed the view that the concept we were developing with ZFC would likely be of interest to their clients. It is extremely difficult for institutional scale investors to gain access to small and microcap managers (Cipher Fund will likely favour such managers for reasons that will become obvious further on). Discussions about a way to launch the project together developed until eventually, "Cipher Fund" was born.

As part of trying to explain why there was a market need for more aligned model, we developed a "White Paper", the following section draws substantially from that.

Why ZFC (Cipher Fund)? -

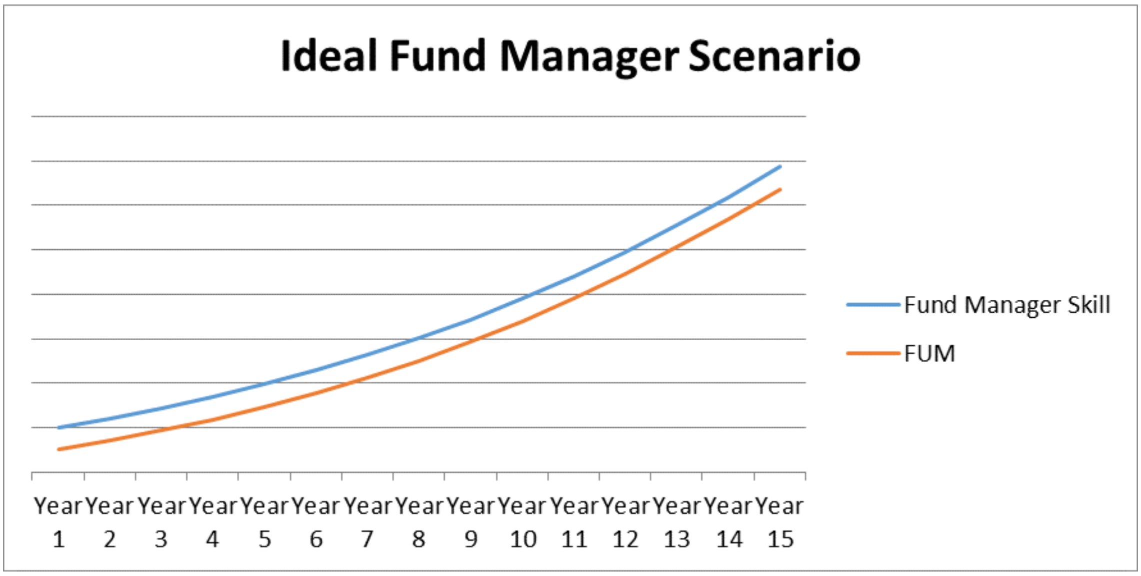
Under the traditional "management fee" model, fund managers are incentivised to grow their Assets Under Management (AUM) as large as possible, often to the point where they frequently exceed their skill level and/or optimum strategy size and therefore, capacity to deliver alpha/outperformance.

Fund management is an uncommon industry, where in the absence of cognitive impairment, the skill level of the manager should steadily improve through time. What the client should want ideally is for the AUM of their manager to be growing at a rate that is slower than the rate of improvement in their fund managers' skill level. The ideal scenario for the client therefore looks something like this:



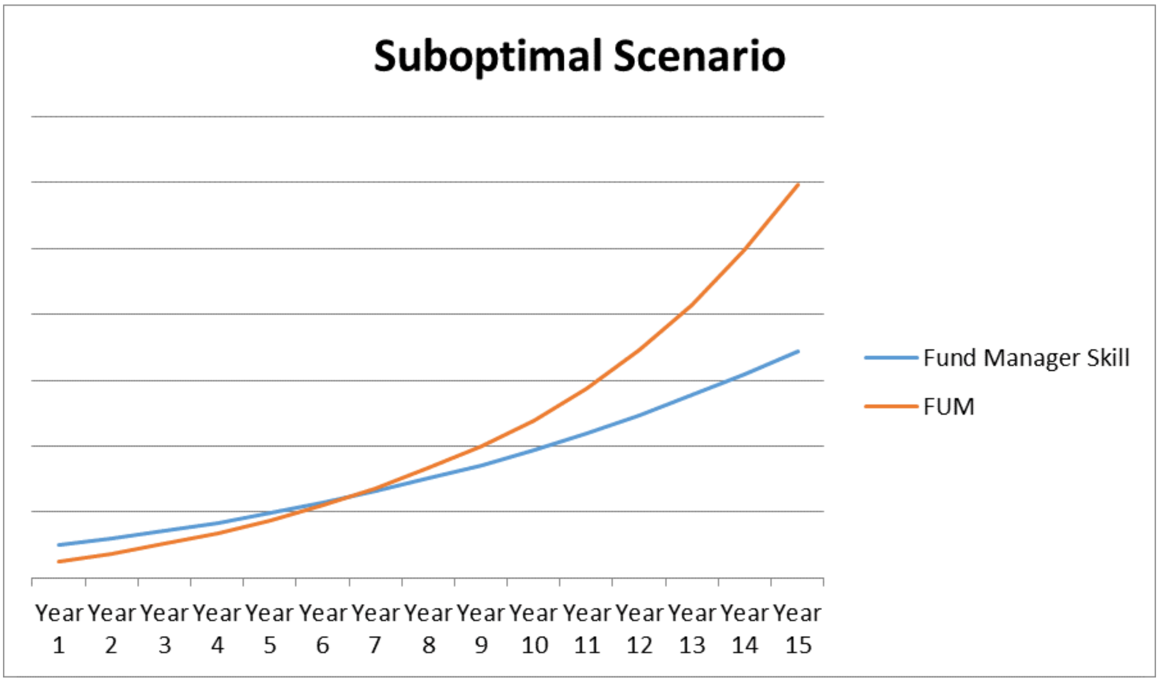
A graph such as the above likely never exists for any professional manager, and would seldom exist even for private investors, unless they live an excessively costly lifestyle that consumed a large portion of the profits they generated. Simply put, exceptionally talented investors will generally compound their assets at a level that exceeds the growth in their investing skill.

The ideal scenario for the fund manager that charged fees on a performance only basis would involve their skill level, addressable strategy and AUM improving, but at a rate that stayed roughly stable, this optimises the performance fee earning scenario for the manager. The ideal "performance only" fund manager scenario therefore looks more like this:



Under the above scenario, the delivery of outperformance to the investor would remain steady, but the total performance fees the manager generates would grow steadily as their skills and AUM improved.

Under a zero, or near zero management fee situation, what neither the client nor the manager desire is for the AUM of the manager to be large enough that it impedes the ability of the manager to outperform their benchmark. This scenario graphed below, unfortunately, is exactly how a fund management business with a management fee is structurally incentivised to unfold:



The "Zero Fee Collective" name was a nod to a couple of ideas we feel are important but although Zero Fee Collective Pty Ltd will be the name of our management company, it was decided; in consultation with JANA; that the name Cipher Fund captured well the essence of what we are trying to achieve.

As to the ideas ZFC embodied, firstly, it would have been more correctly called the "Zero Management Fee Collective", as it is not "fees" that we seek to eliminate but rent seeking. It is our express hope that Cipher Fund ends up with among the highest MER's (Management Expense Ratio's) in the Australian market, for when fees are generated purely by performance, it is in all stakeholders' interests that the largest possible fees are earned as it implies that excellent, aligned results are being achieved.

Management fees are a legitimate impost for many small/young funds. The onerous and expensive nature of regulatory compliance for establishing funds means that without a management fee, very few boutique funds would be launched, and the marketplace would be deprived of some genuine investing talent. However, there comes a point of scale whereby the management fee becomes a profit-centre rather than a cost-recovery tool.

If you have $400k of operating costs to hurdle annually to operate your fund, a 1% management fee is undeniably reasonable all the way up to $40m of AUM. At $100m of AUM, the management fee, which ostensibly exists to ensure the fund remains financially viable is now generating a $600k windfall profit for the fund manager. Fees should be earned not by way of "windfall", rather by generating performance above an agreed, pre-determined level.

Secondly, the "collective" part of "Zero Fee Collective" was a nod to my own youthful libertarian leanings, wherein pursuits of an individualistic nature were held in highest regard and the idea of being part of any collective would have sent shivers down the spine. It is also a nod to the sometimes-isolated life of the small fund manager. As we outline in the ***"Why Managers Will Join Cipher Fund"*** section below, despite the idiosyncratic nature of the most talented fund managers, the fact remains that working together can sometimes bring enormous benefits and some of the benefits of scale will be afforded to participant managers, despite their level of assets remaining small by industry standards.

Why Now? -

EGPCVF always intended to close to new AUM at ~$100m to ensure the fund remains small enough to be able to operate in the smaller end of the market where the opportunity to deliver outperformance against our benchmark is strongest. The fund is basically thereabouts in terms of AUM, and I am keen to close the fund to new investors to ensure the people who believed in the ideas early are the greatest beneficiaries of what we expect to achieve with Cipher Fund.

Our own willingness to stop growing EGPCVF is a critical feature of zero or near zero management fee models as the fund managers are incentivised to think about optimising their level of AUM to ensure they perform at the level which delivers maximum outperformance. If they get too large for their strategy, they risk underperforming their benchmark and therefore earning no reward for their efforts. If they could manage twice as much at the same level of performance, they are likewise costing themselves fee-earning potential.

It is an imprecise science for a fund manager to know what their optimal AUM level for their strategy is, but broadly speaking, if a fund manager could generate 7% annual outperformance at $50m of AUM and 3% outperformance at $100m of AUM, not only would they be costing their client outperformance, in pure cash performance fee terms, they would be earning less at the larger AUM level.

I would argue (others likely differ in this view) that if a manager can generate 7% outperformance at $50m of AUM and could generate 5% outperformance at $100m of AUM, then they should grow to $100m. The total $-value of outperformance would be enhanced, capitalism works best when capital is allocated as skilfully as possible, this goal is what our investor-aligned model targets.

Directing as much capital as possible to the most highly skilled allocators will always be the primary goal of the Cipher Fund Investment Committee (IC).

After 10 years of operation and despite a couple of years of meaningful underperformance, we feel EGPCVF demonstrated (by dint of the 4.4% annualised outperformance of the ASX200TR index) since inception, that viable fund-management businesses can be created in the absence of a guaranteed management fee, we turn our focus to propagating the model more widely through the finance industry.

Why Investors Will Like Cipher Fund? -

For institutional scale investors part of the appeal is that they will be able to access a segment of the equity market that offer excellent opportunities for outperformance but that for structural reasons is difficult to reach at institutional scale.

The projected median market capitalisation for Cipher fund at $400-500m of AUM will be likely be below $300m as it is in small/microcaps where the greatest opportunity for outperformance exists. Finding a fund with the capacity to take $500m of assets at a median market capitalisation below $300m is virtually impossible. If an institution wants to cut a cheque to such a manager in the size of $50-100m, they virtually eliminate managers specialising in the sub-$300m market capitalisation end of the market, meaning the segment and the outperformance it offers is largely inaccessible to institutional investors.

Cipher Fund will solve that problem by working with a wider group of managers. A $100m cheque is quite digestible even for microcap specialists if it is broken into 12 or 15 pieces before being passed on for investment.

For non-institutional investors, the appeal of Cipher Fund will be that a single investment will offer extremely wide investment diversification, with the attendant expected lower volatility this offers yet will offer the opportunity to capture the attractive outperformance available from a group of managers who are expected to have substantial investable assets invested in the same strategy and who will earn nothing if they fail to generate benchmark outperformance.

An investment in Cipher Fund will likely offer exposure to managers who are closed to new investment, who specialise in a wide variety of investment strategies, from microcaps to megacaps, from algorithmic factor investing to old-school buy and hold stock-picking. The one factor in common is that all Cipher Fund managers will have a track record of performance and will sign up to a philosophy that requires they deliver performance above a predetermined benchmark before they are paid for their efforts.

Why Managers Will Join Cipher Fund? -

A doyen of the investment industry once said to me "Financial products are sold, not bought". This should not be the case. It is. Most fund managers we talk to share the same misguided belief I held when I launched EGP more than 10 years ago, "Build it and they will come". The misguided expectation that if you create a fund and generate a good record over time, then money will start to flow into the fund unbidden. This happens very rarely. In a perfect world, a financially well-educated populous would knowledgably seek products which were well set up to achieve their financial goals. Practically, gatekeepers control the way money flows to investment managers. Rather than try to change this, Cipher Fund will instead seek to create a product those channels will be unable to ignore.

The alternative to "Build it and they will come" is to build a "business development" arm to your business to try to find investors. If you are going to build a large fund management business, a business development, or distribution arm might make sense, but not if your goal is to create a small boutique with limited appetite for AUM.

For the manager running a small strategy where they want to cap at below $100m having a single client dominating their unitholder register also entails certain risks from a management viewpoint. Our expectation is that participant managers in Cipher Fund may attract direct inflows as their participation in the fund attracts a wider audience to their primary fund, reducing their investor concentration. For funds with larger ambitions, participation in Cipher Fund will enhance their visibility to the institutional client our association with JANA will provide. Furthermore, as the Cipher Fund grows it is anticipated a wider range of institutional clients will be added, there will therefore be a larger institutional universe potentially open to each manager than is likely an individual manager is going to attract on their own. We hope to effectively provide a costless marketing arm to our investee managers.

A longer-term goal for ZFC and Cipher Fund is to introduce further benefits over time. An example is the many duplicated administrative and compliance functions across our investee managers we would hope to eventually assist (at their option) in providing which will serve the dual function of lowering operating cost and complexity by way of a "shared services" model. This will thereby increase investee managers' ability to focus on delivering outperformance forming a virtuous circle.

Another longer-term goal involves areas such as capital raisings and initial public offerings. As Cipher Fund develops size and industry recognition; we expect to seek that investee managers bidding for such deals are taken more seriously than they currently may be in their silo.

We expect inclusion in Cipher Fund will therefore serve four key benefits to the participant manager:

1. Immediate increase in scale to small managers.
2. Wider industry recognition.

3. Scale benefits despite boutique operational size.
4. Opportunities to participate in deals that managers would traditionally be excluded from.

We have an impressive pipeline of managers for Cipher Fund but are very keen to add to that group. The intention of everything related to ZFC and Cipher Fund is to be the most aligned and purest meritocracy in fund management. We will not give you any advantages for having a PhD in astrophysics or a blue-blood resume from the largest or most prestigious fund managers. What will earn our interest is an auditable/verifiable track record at least three years long that is capable of scaling to larger AUM.

Our singular focus will be that if a new manager is added to Cipher Fund, it makes the fund better. Any manager who believes that the above principles are of interest are encouraged to contact brad.hughes@thezfc.com.au to discuss further.

How Will I Benefit as an EGPCVF Unitholder? -

Because the Cipher Fund model is so reliant on alignment, the answer is "the same way the Cipher Fund investors will benefit". The better a job the fund does in delivering outperformance against its benchmark, the more valuable the EGPCVF share of the performance fee stream will be.

If like us, you can envision a large fund in the years to come delivering outperformance on that large pool of AUM, then the revenue stream coming back to EGPCVF unitholders as 20% owners of Zero Fee Collective Pty Ltd will be valuable.

Distributions: -

A distribution based on FY2020 of ~6 cents per unit (cpu) will shortly be paid to all unitholders, there will be ~0.72cpu of franking credits distributed along with it. All capital gains were "long-term" in nature, and therefore subject to the CGT discount.

The distribution was again larger than you should expect in future years due to higher-than-average turnover as we scrambled to position ourselves well for the COVID recovery.

The final word: -

It should be plain from reading this annual letter that I am not satisfied with the job we have done over the past four years. There are no excuses, several large mistakes (Kangaroo Plantations, LawFinance, Locality Planning and Site Group the largest) have meaningfully cost the fund in terms of performance. This means that the big winners we have identified (PPK Group, Cettire, Dicker Data and Redbubble most recently) have seen their performance contribution diminished and left us trailing our benchmark.

The fact that a period where I have made about twice as many mistakes as usual has still produced a positive return every year and only modest benchmark underperformance is a positive. If we can halve our mistake rate in coming years, our historic outperformance of 5%+ is achievable. As always, unitholders may feel free to call (0418 278 298), email (tony@egpcapital.com.au) or drop by the office if something is on your mind. I pride myself on being transparent and freely available to all investors who have placed their faith and future wealth into my hands.

Best Regards,

Erik A. (Tony) Hansen
Chief Investment Officer
EGP Capital

Appendix 1:

Combined performance of EGP Fund No. 1 (operating from 01 April 2011 to 15 August 2017) and EGP Concentrated Value Fund (operating since 15 August 2017):

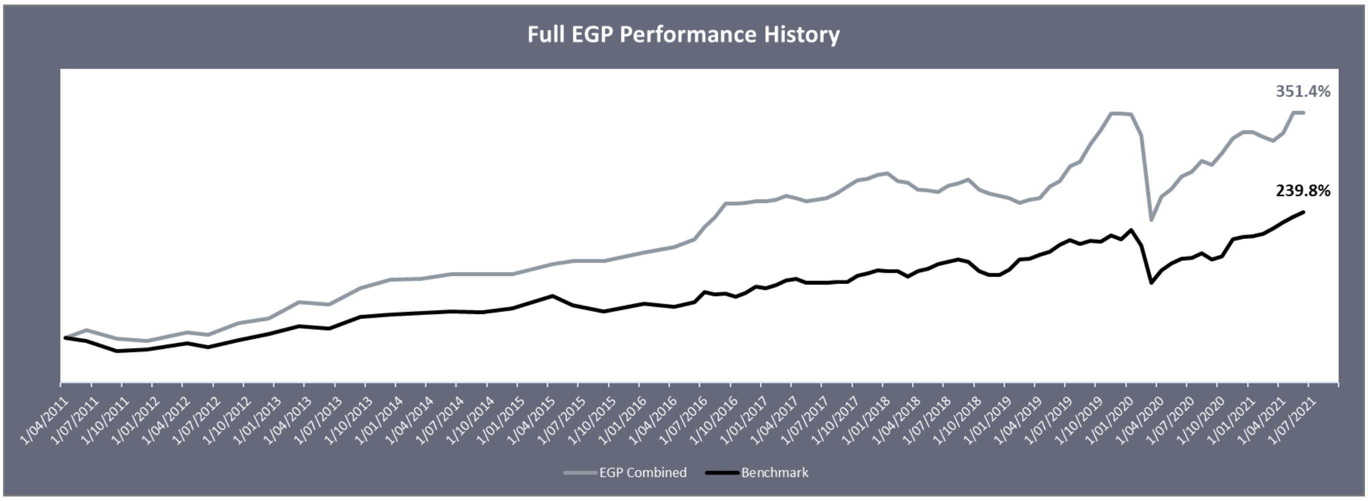
Financial Year	Combined Funds (after fees)	Benchmark	Outperformance/ (Underperformance)
2012*	2.99%	(10.46%)[1]	13.45%
2013	32.58%[1]	22.75%[1]	9.83%
2014	24.71%[1]	17.43%[1]	7.28%
2015	9.04%[1]	5.68%[1]	3.36%
2016	13.19%[1]	2.13%[1]	11.06%
2017	20.75%[1]	15.89%[1]	4.86%
2018	3.39%[1&2]	13.01%[1&3]	(9.62%)
2019	4.63%[1]	11.55%[1]	(6.92%)
2020	1.99%[1]	(7.68%)[1]	9.66%
2021	25.50%[1]	27.80%[1]	(2.30%)
Annualised	13.03%[1]	8.67%[1]	4.36%
Cumulative	251.4%[1]	139.8%[1]	111.6%

* 2012 is the 15 month period from 1 April 2011 (fund inception) to 30 June 2012 (first full financial year)

1 Assumes reinvestment of dividends/distributions

2 Comprises the 1.78% earned by EGP Fund No. 1 Pty Ltd between 1 July 2017 – 15 August 2017 & the 1.58% earned by EGPCVF between 16 August 2017 – 30 June 2018

3 Comprises the 0.75% earned by the benchmark between 1 July 2017 – 15 August 2017 & the 12.18% earned between 16 August 2017 – 30 June 2018



	One Quarter	1-Year	3-Years	5-Years	10-Years	Inception Annualised
Combined EGP Funds	9.89%	25.50%	10.23%	10.83%	12.48%	13.03%
Benchmark*	8.29%	27.80%	9.59%	11.48%	9.59%	8.67%
Value Added	1.61%	(2.30%)	0.64%	(0.65%)	2.89%	4.36%

*ASX200TR Index

Appendix 2:

EGP Concentrated Value Fund

Address: Suite 2, Level 16, 56 Pitt Street
Sydney, NSW, 2000

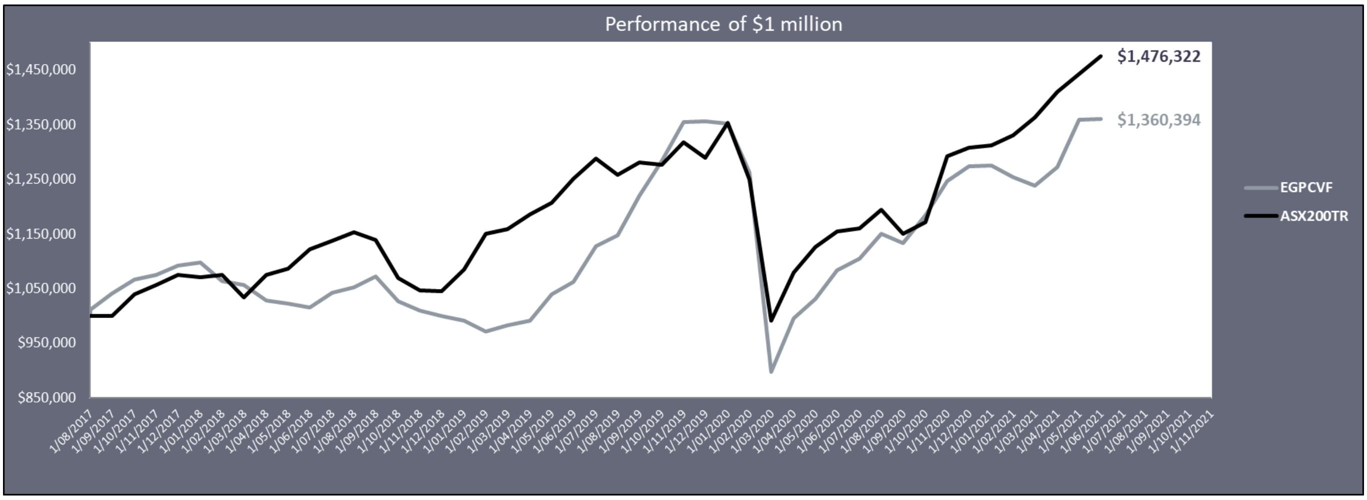
Mobile: 0418 278 298

EGP Concentrated Value Fund – 30 June 2021

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

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
EGPCVF FY18	N/A	1.1%*	3.0%	2.4%	0.8%	1.6%	0.5%	(3.0%)	(0.7%)	(2.7%)	(0.6%)	(0.7%)	1.58%
Benchmark FY18	N/A	(0.1%)*	(0.0%)	4.0%	1.6%	1.8%	(0.5%)	0.4%	(3.8%)	3.9%	1.1%	3.3%	12.18%
EGPCVF FY19	2.6%	1.0%	1.8%	(4.2%)	(1.7%)	(1.0%)	(0.9%)	(1.9%)	1.2%	0.9%	4.8%	2.3%	4.63%
Benchmark FY19	1.4%	1.4%	(1.3%)	(6.1%)	(2.2%)	(0.1%)	3.9%	6.0%	0.7%	2.4%	1.7%	3.7%	11.55%
EGPCVF FY20	6.1%	1.8%	6.4%	5.2%	5.5%	0.1%	(0.3%)	(6.7%)	(28.9%)	11.0%	3.6%	5.1%	1.99%
Benchmark FY20	2.9%	(2.4%)	1.8%	(0.4%)	3.3%	(2.2%)	5.0%	(7.7%)	(20.7%)	8.8%	4.4%	2.6%	(7.68%)
EGPCVF FY21	1.9%	4.1%	(1.5%)	4.6%	5.3%	2.2%	0.1%	(1.7%)	(1.3%)	2.9%	6.7%	0.1%	25.50%
Benchmark FY21	0.5%	2.8%	(3.7%)	1.9%	10.2%	1.2%	0.3%	1.5%	2.4%	3.5%	2.5%	2.3%	27.80%

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



The fund rose 0.1% in June. Our benchmark rose 2.3%.

Thus finalised the best financial year for the ASX200 since the index was created. As we have predicted since fund inception 10 years ago, we will struggle to keep pace with the benchmark in explosive performance years. Unfortunately, FY21 offered sufficient opportunity that we should have done so.

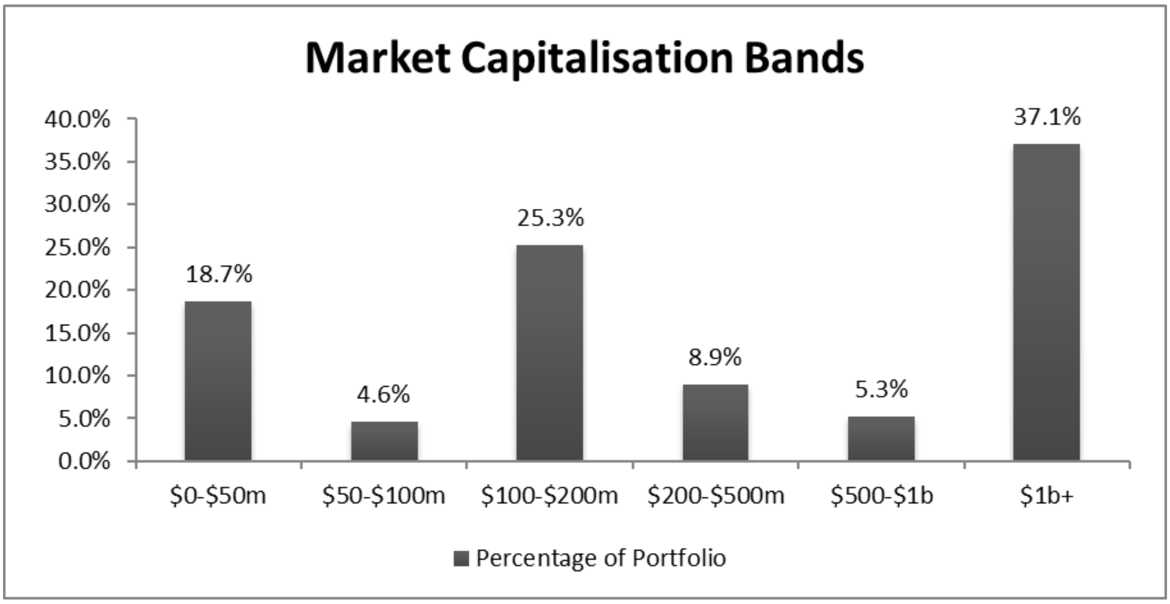
June saw some interesting movements in individual stocks, particularly volatile was our 3rd largest holding Cettire (CTT). CTT rose to $2.91 after online data indicated May was the best month for sales (highly uncommon for a retailer that should peak pre-Christmas). We trimmed our position modestly between $2.80 and $2.90 as the valuation was getting harder to justify without extrapolating the current strong growth well forward. An AFR article with some questions/criticisms of the business model then saw the share price fall below $2. Management responded by largely ignoring the criticisms in the article, instead upgrading revenue guidance provided only a month earlier. The shares closed the month at $2.64 and have reached new all-time highs in early July.

Our top 10 holdings at 30 June 2021 were:

Rank	Holding	Percentage Equity Weighting	Percentage Portfolio Weighting
1	PPK Group (PPK.ASX) inc. Li-S Energy & White Graphene pre-IPO holdings	14.5%	13.7%
2	United Overseas Australia (UOS.ASX)	9.7%	9.2%
3	Cettire (CTT.ASX)	8.3%	7.8%
4	Smartpay (SMP.ASX)	6.2%	5.8%
5	Shriro Holdings (SHM.ASX)	5.7%	5.4%
6	Redbubble (RBL.ASX)	5.3%	5.0%
7	Dicker Data (DDR.ASX)	4.6%	4.3%
8	National Tyre & Wheel (NTD.ASX)	4.1%	3.9%
9	Tellus (Unlisted)	3.7%	3.5%
10	Undisclosed	3.2%	3.0%

Our largest 5 holdings now comprise 44.5% of our invested capital, our top 10 holdings are 65.3% and our top 15 represent 79.1%. Cash and cash equivalents are 6% of the portfolio. The median market capitalisation is $225.1m. Weighted average market capitalisation is $602m.

The market capitalisation graph is set out below:



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

Fund Features		Portfolio Analytics	
Min. initial investment	$50,000	Sharpe Ratio[1]	-0.12
Additional investments	$5,000 (Minimum) $200,000 (Maximum)	Sortino Ratio[1]	0.70
Applications/redemptions	Monthly	Annualised Standard Dev. – EGP Annualised S/D - Benchmark	19.01% 15.75%
Distribution	Annual 30th June	Largest Monthly Loss – EGP Largest Monthly Loss - Benchmark	-28.9% -20.7%
Management fee	0%	Largest Drawdown – EGP Largest Drawdown - Benchmark	-33.9% -26.7%
Performance fee (<$50m) Performance fee (>$50m)	20.5% (inc GST) 15.375% (inc GST)	% Of Positive Months – EGP % Of Positive Months - Benchmark	66.0% 70.2%
Auditor	Ernst & Young	Cumulative return[2] – EGP Cumulative return[2] – Benchmark	36.0% 47.6%
Custodian/PB	NAB Asset Services	1-year return[2] – EGP 1-year return – Benchmark	25.5% 27.8%
Responsible Entity	Fundhost Limited	3-year annualised return[2] – EGP 3-year annualised – Benchmark	10.23% 9.59%
Fund Size	$87m	5-year annualised return[2] – EGP 5-year annualised – Benchmark	N/A N/A
Mid-Price for EGPCVF Units Accumulated Franking per Unit	$1.1933 $0.0072	Buy Price for EGPCVF Units Sell Price for EGPCVF Units	$1.1951 $1.1915

1 Sharpe and Sortino Ratios calculated using the Monthly Benchmark ASX200 Total Return Index

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

Past performance is not an indicator of future performance.

DISCLAIMER:

EGP Capital Pty Ltd (ABN 32 145 120 681) (EGP Capital) is the holder of AFSL #499193. None of the information provided is, or should be considered to be, general or personal financial advice. The information provided is factual information only and is not intended to imply any recommendation or opinion about a financial product. The content has been prepared without taking into account your personal objectives, financial situations or needs. You should consider seeking your own independent financial advice before making any financial or investment decisions. The information provided in this presentation is believed to be accurate at the time of writing. None of EGP Capital, Fundhost or their related entities nor their respective officers and agents accepts responsibility for any inaccuracy in, or any actions taken in reliance upon, that information. The EGP Concentrated Value Fund (ARSN 619879631) (Fund) discussed in this report is offered via a Product Disclosure Statement (PDS) which contains all the details of the offer. The Fund PDS is issued by Fundhost Limited (AFSL 233045) as responsible entity for the Fund. Before making any decision to make or hold any investment in a Fund you should consider the PDS in full. The PDS will be made available by contacting EGP Capital (info@egpcapital.com.au). Investment returns are not guaranteed. Past performance is not an indicator of future performance.