

SHAREHOLDERS' QUARTERLY REPORT

JUNE 2021

OBJECTIVE

Long-term capital growth and income

STRATEGY

High-conviction portfolio of quality Australian listed small to mid-cap companies constructed using a research driven, bottom-up investment philosophy

DIVIDEND INFORMATION

(Cents per share, fully franked)

2.00 cps on 12 March 2021
2.25 cps on 18 September 2020
1.75 cps on 20 March 2020
2.25 cps on 13 September 2019

COUNTRY WHERE LISTED

Australian Securities Exchange:
Inception 14 August 2014

STOCK EXCHANGE CODE

ASX: ECP

RATINGS

• Independent Investment Research –
Recommended¹

DIRECTORS

Murray d'Almeida
Non-Executive Chairman

David Crombie AM
Non-Executive

Jared Pohl
Executive

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

ECP Emerging Growth Limited
ACN 167 689 821

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AUSTRALIA

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ecpam.com/emerging

PORTFOLIO PERFORMANCE

	3 m	1 Y	3 Y	5 Y	INCEPTION
ECP Portfolio [^]	10.8%	50.5%	29.4%	22.0%	19.9%
ASX All Ordinaries Index	8.1%	26.4%	6.4%	7.4%	4.5%

[^] Source: ECP Asset Management.

Gross performance before impact of fees, taxes and charges. Past performance no predictor of future returns.

ECP Emerging Growth Limited's Net Tangible Asset Value (NTA) as at 30 June 2021 (before estimated tax on unrealised gains) closed at 177.5 cents per share, this represents an increase of 7.1% on the prior quarter.

INVESTMENT ACTIVITY

During the quarter, we did not add or remove any investments, however, Costa Group (ASX: CGC) announced an acquisition of 2PH Farms, a producer and marketer based in Central Queensland, which saw the company launch a capital raise to help finance the deal. Costa currently has citrus operations in the Riverland (South Australia) and Sunraysia (Victoria and New South Wales) and the acquisition would increase Costa's total citrus plantings by 60%, while also giving it a presence in Central Queensland, an early-season production hub for Australian citrus.

Given our positive view on the company we followed our rights.

MARKET COMMENTARY

Global equities markets advanced in the second quarter, supported by the global Covid-19 vaccine roll-out. In an unanticipated twist, growth stocks once again outperformed their lowly valued counterparts, reversing much of the momentum in the prior quarter. Across the world, investors focused on inflationary pressures with ongoing disruptions to global supply chains continuing to affect several industries, notably the rising cost of logistics and the global shortage of semiconductors. On a more positive note, global supply chain bottlenecks are easing with the number of ships waiting to get into ports declining despite an increase in shipping volumes.

In the US, equities performed strongly with the S&P500 reaching a new all-time high. While the Fed announced no new changes to its rate-setting policies, it indicated that we may expect rises in 2023. Economically, the US appears to be firing on all cylinders with growth in consumption and industrial activity driving the economic expansion. President Joe Biden announced an infrastructure package worth about \$1 trillion to upgrade roads, bridges and broadband networks over the next eight years. The S&P500 posted +8.2% while the Nasdaq posted +9.5%, by quarter-end.

The Australian market was a relative outperformer during the June quarter with strong performance across many sectors. Most economic indicators including employment numbers and GDP surprised on the upside, with the speed of the national vaccine rollout being key to future economic certainty and performance. The ASX All Ordinaries posted +8.1% for the quarter, ASX 200 +7.7%, the Midcap 50 +9.8% and the Small Ordinaries was +8.1%. The AUD depreciated during the quarter, declining by 1.3% against the US Dollar (75.0 US cents), -1.6% against the Pound (54.2 pence), and -2.4% against the Euro (63.2 cents).

PORTFOLIO CHARACTERISTICS (as at 30 June 2021)

NTA (Before tax on unrealised gains) – Total	\$32,513,813
NTA (Before tax on unrealised gains) – Per Share	177.5 cents
Concentration of the Top 20 Holdings	79.51%
Number of Portfolio Positions	27

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ECP ASSET MANAGEMENT

ABN 68 158 827 582

Our Investment Philosophy is based on the belief the economics of a business drives long-term investment returns. This is expressed through our investment process.

- ✓ Valuing potential, not just performance
- ✓ Choosing high-quality growing businesses
- ✓ Ignoring temporary market turbulence

1

Initial Screening

Our filters exhibit ROE > 15%, Interest Cover > 4x and Revenue > GDP.

2

Fundamental Analysis

Understand the business model, look for organic growth opportunities that have a sustainable competitive advantage.

3

Portfolio Weighting

5Yr Risk Adjusted Total Return.

4

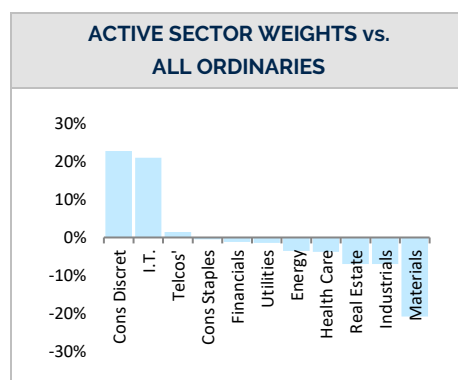
High Conviction

A concentrated portfolio of high-quality stocks.

PORTFOLIO BREAKDOWN

SECTOR ALLOCATION	
Consumer Discretionary	27.6%
Information Technology	23.0%
Financials	22.5%
Cash	12.5%
Telecommunications	5.7%
Health Care	5.1%
Consumer Staples	3.6%
Industrials	0.0%

TOP HOLDINGS	
Magellan Fin Group Ltd	8.2%
HUB24 Ltd	6.6%
Lovisa Holdings Ltd	5.9%
Altium Limited	5.5%
PWR Holdings Limited	5.4%
Domino Pizza Enterprises	5.2%
Pendal Group Ltd	4.6%
ResMed Inc	4.1%



QUARTERLY PORTFOLIO CHANGES	
ADDITIONS	
Costa Group Holdings Rights	CGCXX
REMOVALS	

ACTIVELY PROMOTING THE COMPANY

During the quarter, the Company's Investment Manager participated in a **Question and Answer video** with Zenith Investment partners, one of Australia's leading research houses. The video covered a range of topics including an overview of the investment manager, its investment philosophy and process. The videos, which are designed to help educate investors and explain the investment manager's approach to stock selection, are being shared on the social media channels of the investment manager and its distribution partner, Copia Investment Partners.

ECP Emerging Growth Limited is committed to growing the Company and promoting itself to Investors, Financial Advisers, Stockbrokers and Investor Associations across Australia. Please contact the Company for further information through info@ecpam.com or visit our website www.ecpam.com/emerging for links to Shareholder Announcements & Reports.

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STRUCTURE AND TERMS

Dividend Reinvestment Plan	Dividend Reinvestment Plan (DRP) is an optional way of reinvesting dividends to acquire additional shares. When new shares are issued under the DRP, they are free of brokerage, commission, stamp duty and other costs.
Legal Domicile	Australian Securities Exchange (ASX) Listed Investment Company (LIC)
Fees	Management Fee of 1.0% p.a. Performance Fee 20% of the annual outperformance over 8.0%.
MER ²	1.07%
Reporting and Correspondence	Monthly Net Tangible Asset Values www.asx.com.au and Quarterly Reports, Half-Yearly and Annual Reports on www.ecpam.com/emerging
Auditor	Connect National Audit Pty Ltd
Registry	Boardroom Pty Limited - 1300 737 760 OR enquiries@boardroomlimited.com.au
Share price and NTA	www.asx.com.au and www.ecpam.com/emerging

¹ These opinions are provided by independent researchers and must be read together with the whole report including the disclaimer and relevant legal notices which can be found at the respective websites.

² Calculated in accordance with ASX defined terms as at 30 June 2020

