

## SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 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)

2.75 cps on 15 September 2021  
2.00 cps on 12 March 2021  
2.25 cps on 18 September 2020  
1.75 cps on 20 March 2020

### COUNTRY WHERE LISTED

Australian Securities Exchange:  
Inception 14 August 2014

### STOCK EXCHANGE CODE

ASX: ECP

### RATINGS

• Independent Investment Research –  
Recommended<sup>1</sup>

### DIRECTORS

Murray d'Almeida  
Non-Executive Chairman

David Crombie AM  
Non-Executive

Jared Pohl  
Executive

### COMPANY SECRETARY

Scott Barrett

### COMPANY DETAILS

ECP Emerging Growth Limited  
ACN 167 689 821

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Sydney NSW 2000  
AUSTRALIA

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Fax: +61 2 8651 6899  
Email: info@ecpam.com

ecpam.com/emerging

## PORTFOLIO PERFORMANCE

	3 m	1 Y	3 Y	5 Y	INCEPTION
ECP Portfolio <sup>^</sup>	9.6%	36.4%	29.3%	23.0%	20.7%
ASX All Ordinaries Index	0.6%	27.0%	6.5%	6.7%	4.4%

<sup>^</sup> 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 September 2021 (before estimated tax on unrealised gains) closed at 188.9 cents per share, this represents an increase of 6.4% on the prior quarter.

## INVESTMENT ACTIVITY

During the quarter, we added Nitro Software (ASX: NTO) to our portfolio. Nitro is a founder-led challenger brand to Adobe, leveraging clear points of difference on product, service, and price. Nitro has a growing reputation in the enterprise market, which opens the door to an enormous growth opportunity. We removed Catapult Limited (ASX: CAT) as the company's financial performance has not materialized in a way that has matched our expectations.

## MARKET COMMENTARY

This quarter's performance differed between markets, with the US seeing record highs, while China was hit with sweeping regulatory action and concerns relating to their property market. Globally, many economies shifted from recovery to steady expansion, with positive corporate commentary, solid economic activity, and continued supportive fiscal policy. However, some slowdowns did occur due to the Covid-19 Delta variant. Governments appear to be shifting from damage control procedures toward the endgame of a post-Covid world, which is aimed at vaccination programs and removing social distancing practices – an approach led by the US and the UK, with early indications of an acceleration of growth and economic outperformance.

The US economy appears to be entering an expansionary phase, after a year of recovery from the pandemic. Consumer spending, housing and developments, and labour markets have been particularly strong, with early signs this growth is slowing to a steadier and more reasonable pace. The US Federal Reserve appeared to have a dovish stance to further tightening of policy and with a slowdown in asset purchases, rate projections are expected to hike at a faster rate. In the US, equities were muted over the quarter with strong corporate earnings driving performance in August, while inflationary and economic growth concerns placing pressure on markets by quarter-end. The S&P500 posted +0.2% while the Nasdaq posted -0.4%, by quarter-end.

In Australia, the housing market has proven to be remarkably resilient in spite of Covid restrictions limiting activity. Residential building approvals posted +6.8% in August, while price gains have been +18.3% over the year. Labour markets remained strong despite the severe restrictions in place across the country with unemployment steady at 4.5%. The ASX All Ordinaries posted +0.6% for the quarter, ASX 200 +0.3%, the MidCap 50 +3.0% and the Small Ordinaries was +2.6%, respectively. The AUD depreciated during the quarter, posting -3.6% against the US Dollar (72.3 US cents), -1.0% against the Pound (53.7 pence), and -1.3% against the Euro (62.4 cents).

## PORTFOLIO CHARACTERISTICS (as at 30 September 2021)

NTA (Before tax on unrealised gains) – Total	\$34,608,360
NTA (Before tax on unrealised gains) – Per Share	188.9 cents
Concentration of the Top 20 Holdings	85.57%
Number of Portfolio Positions	26

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SEPTEMBER 2021

#### ECP ASSET MANAGEMENT

ABN 68 158 827 582

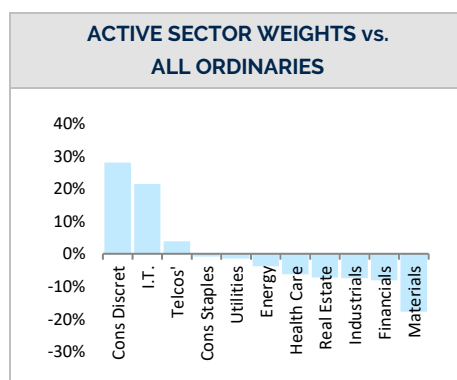
Our Investment Philosophy is based on the belief the economics of a business drives long-term investment returns. This is expressed through our investment process.

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

#### PORTFOLIO BREAKDOWN

SECTOR ALLOCATION	
Consumer Discretionary	33.8%
Information Technology	24.9%
Financials	17.9%
Telecommunications	8.3%
Cash	8.2%
Consumer Staples	3.7%
Health Care	3.2%
Industrials	0.0%

TOP HOLDINGS	
Lovisa Holdings Ltd	7.3%
PWR Holdings Limited	6.7%
HUB24 Ltd	6.6%
IDP Education Limited	5.9%
Megaport Limited	5.5%
Magellan Financial Group Ltd	5.3%
Netwealth Group	5.3%
Carlaes.com	4.9%



QUARTERLY PORTFOLIO CHANGES	
<b>ADDITIONS</b>	
Nitro Software Ltd	NTO
<b>REMOVALS</b>	
Catapult Group International Ltd	CAT

#### ACTIVELY PROMOTING THE COMPANY

During the quarter, the Company's Investment Manager was awarded the highest rating possible from a leading Australian research house for its Australian Growth Companies Fund. The rating reflects the level of confidence that the research house has in the ability of the Investment Manager to meet its investment objectives over the long-term. The rating is based on performance and risk analysis, as well as a qualitative assessment of the capability of the investment team and rigour of the investment process. The rating review was arranged in concert with the Investment Manager's distribution partner, Copia Investment Partners. Further information is available by visiting the Investment Manager's website.

ECP Emerging Growth Limited is committed to growing in size and promoting itself to investors, financial advisers, stockbrokers and investor associations across Australia. Please contact the Company for further information through [info@ecpam.com](mailto:info@ecpam.com) or visit our website [www.ecpam.com/emerging](http://www.ecpam.com/emerging) for links to Shareholder Reports and Announcements.

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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 <sup>2</sup>	1.11%
Reporting and Correspondence	Monthly Net Tangible Asset Values <a href="http://www.asx.com.au">www.asx.com.au</a> and Quarterly Reports, Half-Yearly and Annual Reports on <a href="http://www.ecpam.com/emerging">www.ecpam.com/emerging</a>
Auditor	Connect National Audit Pty Ltd
Registry	Boardroom Pty Limited - <b>1300 737 760</b> OR <a href="mailto:enquiries@boardroomlimited.com.au">enquiries@boardroomlimited.com.au</a>
Share price and NTA	<a href="http://www.asx.com.au">www.asx.com.au</a> and <a href="http://www.ecpam.com/emerging">www.ecpam.com/emerging</a>

<sup>1</sup> 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.  
<sup>2</sup> Calculated in accordance with ASX defined terms as at 30 June 2021

#### 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.

