

SHAREHOLDERS' QUARTERLY REPORT

DECEMBER 2022

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 14 September 2022
2.10 cps on 15 March 2022
2.75 cps on 15 September 2021
2.00 cps on 12 March 2021

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

Scott Barrett

COMPANY DETAILS

ECP Emerging Growth Limited
ACN 167 689 821

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PORTFOLIO PERFORMANCE

	3 m	1 Y	3 Y	5 Y	INCEPTION
ECP Portfolio [^]	6.6%	-23.4%	8.9%	13.1%	13.0%
ASX Small Ordinaries Index	7.0%	-20.7%	-1.2%	0.2%	2.7%
ASX All Ordinaries Index	8.1%	-7.2%	2.0%	3.2%	3.0%

[^] 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 31 December 2022 (before estimated tax on unrealised gains) closed at 129.4 cents per share, this represents an increase of 10.6% on the prior quarter.

INVESTMENT ACTIVITY

During the quarter, no new positions were added to the portfolio, however we removed Carbon Revolution (ASX: CBR) and Costa Group (ASX: CGC). Carbon Revolution was sold due to its expected delisting from the ASX. The company is merging with a US SPAC, Twin Ridge Capital Acquisition Corp. Costa Group was removed from the portfolio due to the CEO leaving the company, following continued changes in leadership.

MARKET COMMENTARY

By year end, equity markets closed off a tough year with some gains posted in Q4. The relaxation of China's zero-Covid policy saw regional markets perform well, while Europe and the US advanced strongly. Globally, central banks reiterated plans to tighten monetary policy, despite early signs that inflation may be peaking. In the US, equity markets performed on the back of strong corporate earnings in most sectors. Investors continued to balance the Federal Reserve's (Fed) cautious stance with the expectation that the pace of tightening would slow. Inflation for the year remained elevated at 7.1%, however, some expect that inflation may be cooling. The Fed raised the funds rate by 50bps to 4.25%-4.5% during its last monetary policy meeting of 2022, pushing borrowing costs to the highest level since 2007. The S&P500 increased by 7.1%, while the Nasdaq posted -1.0% over the quarter.

In Europe, equities performed strongly driven by energy, financials, industrials, and consumer discretionary sectors. In the Eurozone, inflation averaged 8.4% in 2022, however, falling gas prices due to unusually mild weather helped alleviate some cost pressures by year end. The European Central Bank (ECB) raised interest rates by 50 bps, taking the deposit facility to 2%, and the refinancing rate to 2.5%, a level not seen in fourteen years. The FTSE increased by 8.1%, the CAC 12.4%, and the DAX by 14.9%.

In Australia, even though the market declined by -3.5% in December, it remained in positive territory over the quarter. The Reserve Bank of Australia (RBA) hiked interest rates by 25bps to 3.1% as widely expected at their December meeting. The unemployment rate remained stable at 3.4% while the participation rate moved higher to 66.8%. While the savings rate has dropped from 8.3% to 6.9%, it remains above long-term averages meaning there remains some support against expected higher living costs.

The ASX All Ordinaries posted +8.1% for the quarter, ASX 200 +8.7%, the Midcap 50 +6.7%, and the Small Ordinaries was +7.0%, respectively. The AUD performed well during the quarter, posting a 6.5% against the US Dollar (68.0 US cents), -1.7% against the Pound (56.3 pence), and -2.5% against the Euro (63.7 cents).

PORTFOLIO CHARACTERISTICS (as at 31 December 2022)

NTA (Before tax on unrealised gains) – Total	\$23,729,428
NTA (Before tax on unrealised gains) – Per Share	129.4 cents
Concentration of the Top 20 Holdings	92.5%
Number of Portfolio Positions	22

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MANAGER:

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.

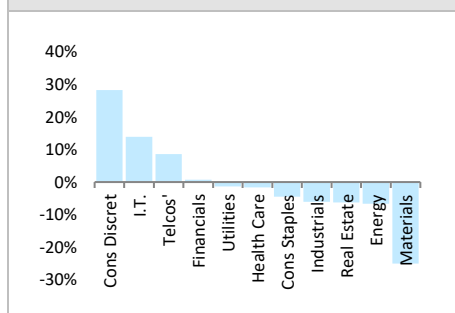
- ✓ Valuing potential, not just performance
- ✓ Choosing high-quality growing businesses
- ✓ Ignoring temporary market turbulence

PORTFOLIO BREAKDOWN

SECTOR ALLOCATION	
Consumer Discretionary	32.6%
Financials	25.4%
Information Technology	16.2%
Telecommunications	12.2%
Health Care	7.4%
Cash	6.2%
Consumer Staples	0.0%
Industrials	0.0%

TOP HOLDINGS	
REA Group	8.8%
GQG Partners	7.9%
Domino Pizza Enterprises	7.1%
HUB24 Ltd	6.9%
Corporate Travel Limited	6.8%
MegaPort Limited	6.7%
Lovisa Holdings Ltd	6.4%
Netwealth Group	5.8%

ACTIVE SECTOR WEIGHTS vs. ALL ORDINARIES



QUARTERLY PORTFOLIO CHANGES

ADDITIONS

Nil

REMOVALS

Carbon Revolution	CBR
Costa Group Holdings	CGC

INVESTMENT MANAGER PROMOTES INVESTOR EDUCATION THROUGH INSIGHTS AND ARTICLES

During the quarter, the Company's Investment Manager published three articles designed to help educate investors, while also further building the profile of the Investment Manager. The first article on Block, provided a case study of the success of its Cash App. The second article describes how to barricade against black swan events, with resilience as a major defense attribute. The final article, Dealing with the Unknown, provides a perspective on recent interest rate movements and the implications for investing in 2023.

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 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 ²	1.65%
Reporting and Correspondence	Monthly Net Tangible Asset Values www.asx.com.au and Quarterly Reports, Half-Yearly and Annual Reports at www.ecpam.com/emerging
Auditor	Connect National Audit Pty Ltd
Registry	Automic Pty Ltd - 1300 288 664 OR hello@automicgroup.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 2022

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.

