

SHAREHOLDERS'  
QUARTERLY REPORT

MARCH 2023

## 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)

2.20 cps on 9 March 2023  
2.75 cps on 14 September 2022  
2.10 cps on 15 March 2022  
2.75 cps on 15 September 2021

## 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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AUSTRALIA

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Email: info@ecpam.com

ecpam.com/emerging

## PORTFOLIO PERFORMANCE

	3 m	1 Y	3 Y	5 Y	INCEPTION
ECP Portfolio <sup>^</sup>	5.8%	-4.9%	19.2%	15.2%	13.3%
ASX Small Ordinaries Index	0.9%	-15.7%	10.3%	1.2%	2.7%
ASX All Ordinaries Index	2.1%	-5.3%	13.0%	4.7%	3.2%
<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 31 March 2023 (before estimated tax on unrealised gains) closed at 132.9 cents per share, this represents an increase of 4.5% on the prior quarter.

## INVESTMENT ACTIVITY

During the quarter, Wisetech Global (ASX: WTC) was added to the portfolio, due to strong conviction in our investment thesis and the attractive valuation, while Nitro Software (ASX: NTO) was removed due to the ongoing takeover battle between Potentia and Alludo.

## MARKET COMMENTARY

Despite the collapse of Silicon Valley Bank (SVB) and the subsequent bailout of Credit Suisse by UBS, global equity markets saw gains in the first quarter of the year. While these events caused a dip in market sentiment in March, the global economy continued to pick up momentum due to the fading of supply side drags and falling energy prices. Growth stocks outperformed value stocks during this period. In fixed income, government bond yields decreased as a result of reduced inflationary pressures across most regions.

In the US, the Federal Reserve raised the policy rate by 25 basis points in both February and March in an environment where inflation was cooling, potentially indicating the end of the increasing cycle. The brief market turbulence that came after the SVB fiasco did not impede the optimism of investors, who drove stocks higher for the quarter with the tech sector having some of the strongest gains. The Fed also reassured investors of their confidence in the US banking system which resulted in the S&P500 increasing by 7.0%, while the Nasdaq posted +16.8% over the quarter.

In Europe, the Eurozone experienced strong gains, headlined by the information technology, consumer discretionary, and communication services sectors. The financial sector faced a period of instability after the collapse of SVB, and a week later the Swiss authorities were forced to broker a deal for UBS to acquire troubled Credit Suisse. Despite these challenges, the eurozone financial industry recorded positive growth for the quarter, with Credit Suisse's issues considered to be under control. Across the region, inflation declined and the purchasing managers index was at a ten-month high. The FTSE increased by +2.4%, the CAC 13.1%, and the DAX by 12.3%.

In Australia, recent evidence has indicated that inflation has peaked in Australia, with the year-on-year inflation rate for February dropping to 6.8%. The housing market remains a key factor in inflationary pressures, which appears to have reached a state of stabilization with house prices increasing by only 0.6% in March. The labour market remains tight and is robust with the participation rate high and the unemployment rate sitting at 3.5%. Retail sales in February were up by 0.2%, however the overall trend is one of deceleration.

The ASX All Ordinaries posted +2.1% for the quarter, ASX 200 +2.0%, the Midcap 50 -1.2%, and the Small Ordinaries was +0.9%, respectively. The AUD struggled during the quarter, posting a -1.9% against the US Dollar (66.9 US cents), -3.8% against the Pound (54.2 pence), and -3.2% against the Euro (61.7 cents).

## PORTFOLIO CHARACTERISTICS (as at 31 March 2023)

NTA (Before tax on unrealised gains) – Total	\$24,369,100
NTA (Before tax on unrealised gains) – Per Share	132.9 cents
Concentration of the Top 20 Holdings	89.0%
Number of Portfolio Positions	22

## SHAREHOLDERS' QUARTERLY REPORT

### MANAGER:

ECP ASSET MANAGEMENT

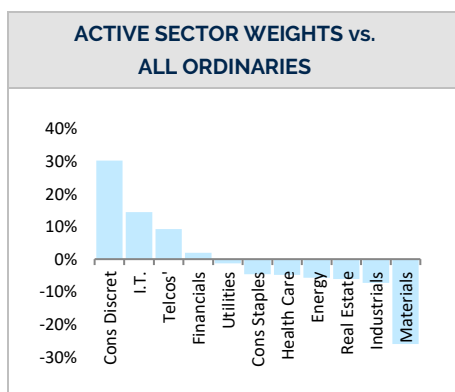
ABN 68 158 827 582

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	33.5%
Financials	24.4%
Information Technology	15.6%
Telecommunications	12.5%
Cash	9.7%
Health Care	4.3%
Consumer Staples	0.0%
Industrials	0.0%



TOP HOLDINGS	
Corporate Travel Limited	8.3%
GQG Partners	7.3%
REA Group	7.3%
Lovisa Holdings Ltd	6.7%
HUB24 Ltd	6.7%
Netwealth Group	6.5%
Domino Pizza Enterprises	6.0%
IDP Education Ltd	5.8%

QUARTERLY PORTFOLIO CHANGES	
<b>ADDITIONS</b>	
Wisetech Global Ltd	WTC
<b>REMOVALS</b>	
Nitro Software Ltd	NTO

## INVESTMENT MANAGER PROMOTES INVESTOR EDUCATION THROUGH INSIGHTS AND ARTICLES

During the quarter, the Company's Investment Manager continued to engage with investors through various marketing efforts, including in-person meetings around the country and through traditional and digital media platforms. The Investment Manager published several articles during the period, including Cultivating Culture, a discussion on the importance of corporate culture for investors; Conquering Confirmation Bias, an exploration of the cognitive bias that plagues many investors' decision making processes; and two articles on key holding Block. The Investment Manager also released new episodes on their podcast Redefining Active Investing and cross-promoted this and other firm content on their LinkedIn page.

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](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>	1.65%
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 at <a href="http://www.ecpam.com/emerging">www.ecpam.com/emerging</a>
Auditor	Connect National Audit Pty Ltd
Registry	Automic Pty Ltd - <b>1300 288 664</b> OR <a href="mailto:hello@automicgroup.com.au">hello@automicgroup.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 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.

