

SHAREHOLDERS'
QUARTERLY REPORT

JUNE 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 –
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

Level 4, The Pavilion
388 George Street
Sydney NSW 2000
AUSTRALIA

Tel: 1800 352 474
Fax: +61 7 5574 1457
Email: info@ecpam.com

ecpam.com/emerging

PORTFOLIO PERFORMANCE

	3 m	1 Y	3 Y	5 Y	INCEPTION
ECP Portfolio [^]	-0.6%	16.8%	8.1%	12.7%	12.8%
ASX Small Ordinaries Index	-1.0%	5.3%	2.4%	-0.5%	2.5%
ASX All Ordinaries Index	0.4%	9.7%	7.2%	3.3%	3.1%

[^] 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 2023 (before estimated tax on unrealised gains) closed at 132.6 cents per share, this represents a decrease of 0.2% on the prior quarter.

INVESTMENT ACTIVITY

During the quarter Lifestyle Communities (ASX: LIC) was removed from the portfolio due to valuation concerns.

MARKET COMMENTARY

Global shares experienced gains in the second quarter, with developed markets, particularly the US, leading the way while emerging markets lagged. Technology stocks were boosted by enthusiasm over Artificial Intelligence (AI). Central banks adopted a more hawkish stance, causing market expectations to fluctuate between rate cuts and potential rate hikes in 2023, with most banks raising interest rates during the period. Inflation and employment rates varied across regions. Government bond yields rose, resulting in falling prices.

In the US, the quarter started with concerns about fragility in the U.S. banking system and contagion risk. These worries subsided as the banking fallout was contained, but there are ongoing concerns about the impact of commercial real estate valuations. Equities ended the quarter higher, with most gains occurring in June. The economy showed resilience despite higher interest rates, with Q1 GDP growth revised to 2%. The Federal Reserve raised rates by 25 bps in May and predicted two further rate rises in 2023. The S&P500 increased by 8.3%, while the Nasdaq posted +12.8% over the quarter.

In Europe, equities saw gains in Q2, led by the financials and IT sectors. Semiconductor stocks were boosted by higher-than-expected sales projections and the growth potential of AI. Both the European Central Bank and the Bank of England raised interest rates twice during the quarter. UK equities fell, with energy and basic materials groups being the main detractors due to weak commodity prices and concerns about the Chinese economy. The FTSE posted -1.3%, the CAC +1.1%, and the DAX by +3.3%.

In Asia, Japanese shares showed strong momentum, supported by yen weakness, foreign investment, and positive economic data. However, Asia ex Japan equities faced challenges due to a cooling Chinese economy and rising interest rates. China, Malaysia, and Thailand being the worst-performing markets in the region, with China's economic rebound cooling down, affecting factory output due to lacklustre consumer spending and weak demand for exports following interest rate rises in the US and Europe. The Shanghai Composite posted -2.2%, the Hang Seng -7.3%, and the Nikkei +18.4%.

In Australia, the Reserve Bank of Australia (RBA) raised the cash rate by 25 bps in June, to 4.1%, which saw a total increase of 375 bps over the year. While the RBA's intention to continue raising rates is clear, the impact on consumers is yet to be fully felt. Consumer spending continues to perform well, despite consumer confidence being significantly weaker since 2021. Despite mixed consumer sentiment, the labour market and wage growth are showing resilience. In May, 76,000 jobs were added, leading to a drop in the unemployment rate to 3.6%. Interestingly, the housing market is showing early signs of a turnaround, despite expectations for further rate hikes.

The ASX All Ordinaries posted +0.4% for the quarter, ASX 200 +0.4%, the Midcap 50 +4.2%, and the Small Ordinaries was -1.0%, respectively. The AUD struggled during the quarter, posting a -0.3% against the US Dollar (66.6 US cents), -3.2% against the Pound (52.5 pence), and -1.0% against the Euro (61.1 cents).

PORTFOLIO CHARACTERISTICS (as at 30 June 2023)

NTA (Before tax on unrealised gains) – Total	\$24,320,926
NTA (Before tax on unrealised gains) – Per Share	132.6 cents
Concentration of the Top 20 Holdings	92.8%
Number of Portfolio Positions	21

SHAREHOLDERS' QUARTERLY REPORT

MANAGER:

ECP ASSET MANAGEMENT

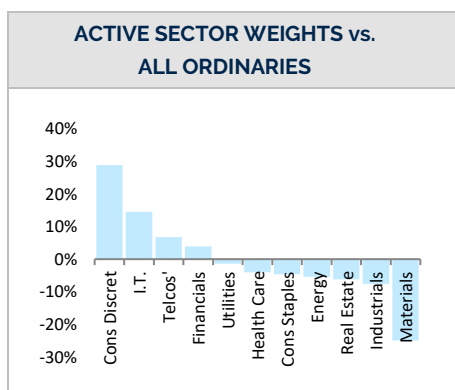
ABN 68 158 827 582

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	33.4%
Financials	28.0%
Information Technology	16.7%
Telecommunications	10.8%
Cash	6.2%
Health Care	4.9%
Consumer Staples	0.0%
Industrials	0.0%



TOP HOLDINGS	
GQG Partners	9.0%
Domino Pizza Enterprises	7.9%
IDP Education Ltd	7.7%
HUB24 Ltd	7.3%
Judo Cap Holdings	6.5%
Carsales.Com Ltd	5.7%
Corporate Travel Limited	5.5%
Netwealth Group	5.1%

QUARTERLY PORTFOLIO CHANGES	
ADDITIONS	
Nil	
REMOVALS	
Lifestyle Communities	LIC

INVESTMENT MANAGER PROMOTES INVESTOR EDUCATION THROUGH INSIGHTS AND ARTICLES

During the quarter, the Company's Investment Manager published several new insights pieces, sharing their view on markets and high quality growth business on both the Investment Manager's blog and Redefining Active Investing podcast. Over the last financial year, the Investment Manager released 9 podcast episodes and published 11 blog articles, in addition to various other marketing activities including webinars, presentations and media interviews. The Investment Manager was featured in the Australian Financial Review's regular Fundie Q&A column during the quarter, sharing their thoughts on key names in the portfolio.

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.

[Subscribe here to our latest updates](#)

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	1.43%
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 2023

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.

