

SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 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)

2.90 cps on 12 September 2023
2.20 cps on 9 March 2023
2.75 cps on 14 September 2022
2.10 cps on 15 March 2022

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 [^]	9.2%	22.5%	4.5%	12.6%	13.5%
ASX Small Ordinaries Index	-2.9%	3.7%	-0.2%	-1.1%	2.1%
ASX All Ordinaries Index	-2.1%	8.5%	6.5%	2.8%	2.8%
[^] 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 2023 (before estimated tax on unrealised gains) closed at 143.7 cents per share, this represents an increase of 8.4% on the prior quarter.

INVESTMENT ACTIVITY

During the quarter there were no new positioned added, and none removed.

MARKET COMMENTARY

In September, markets echoed 2022's challenges when fixed income didn't shield investors. While 2023's economic indicators hint at a shift from last year's inflation-driven concerns, bond yields reflect fears of sustained high central bank rates. Although commodity prices, especially oil, showed promise, they also introduced risks like potential short-term inflation. With the U.S. economy's trajectory uncertain, active investors find opportunities in the current global growth and valuation divergences.

In the US, despite the optimism that the Federal Reserve had orchestrated an economic soft landing, US equities faced a challenging Q3. Enthusiasm over the end of the policy tightening rates waned as the reality of a prolonged period of higher rates set in. The US labour market showed strength, rising incrementally to 3.8%, while the manufacturing indicators highlighted a cooling US economy. The S&P500 posted -3.7%, while the Nasdaq posted -4.1% over the quarter.

In Europe, Eurozone equities navigated rough waters in Q3, primarily due to concerns about the adverse effects of interest rate hikes on economic growth. However, late-quarter data brought a silver lining, revealing a drop in Eurozone inflation to a two-year low of 4.3%. Contrary to the trends seen in the US and Eurozone, UK equities experienced a positive trajectory in Q3 aided by the falling currency. Further, signs of heightened UK consumer confidence and speculation around peak base interest rates contributed to this revival. The FTSE increased by +1.0%, the CAC by -3.6%, and the DAX by -4.7%.

In Asia, Japan's equity market demonstrated resilience, buoyed by a weakened yen and robust domestic demand. However, a clear split emerged between growth and value stock performances, signaling a significant market shift. Meanwhile, broader Asian markets struggled in Q3, with heightened concerns over China's economic stability and broader global growth uncertainties. The Shanghai Composite posted -2.9%, the Hang Seng -5.9%, and the Nikkei -4.0%.

In Australia, equities outperformed several global indices. Australia's inflation rose to 5.2% (year on year) in August, influenced by surging energy and food prices, though core inflation, excluding these volatile categories, dipped to 5.5%. The unemployment rate remained at 3.7%, with an impressive addition of 65,000 jobs and a slightly higher participation rate of 67.0%. House prices surged by 6.6% since January 2023, nearing their peak.

The ASX All Ordinaries posted -2.0% for the quarter, ASX 200 -2.1%, and the Small Ordinaries -2.9%, respectively. The AUD struggled during the quarter, posting -3.5 % against the US Dollar (64.3 US cents), +0.5% against the Pound (52.7 pence), and -0.4% against the Euro (60.9 cents).

PORTFOLIO CHARACTERISTICS (as at 30 September 2023)

NTA (Before tax on unrealised gains) – Total	\$26,347.987
NTA (Before tax on unrealised gains) – Per Share	143.7 cents
Concentration of the Top 20 Holdings	89.8%
Number of Portfolio Positions	21

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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

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.

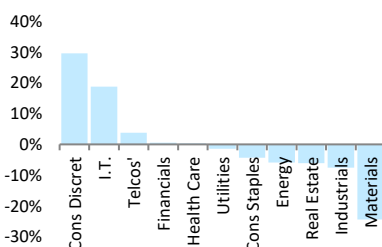
4

High Conviction

A concentrated portfolio of high-quality stocks.

PORTFOLIO BREAKDOWN

SECTOR ALLOCATION	
Consumer Discretionary	30.4%
Financials	24.8%
Information Technology	20.0%
Cash	8.9%
Health Care	8.2%
Telecommunications	7.7%
Consumer Staples	0.0%
Industrials	0.0%

ACTIVE SECTOR WEIGHTS vs.
ALL ORDINARIES

TOP HOLDINGS

GQG Partners	7.4%
IDP Education Ltd	7.4%
HUB24 Ltd	7.3%
Domino Pizza Enterprises	6.4%
Carsales.Com Ltd	5.6%
Wisetech Global Ltd	5.4%
Netwealth Group	5.4%
Corporate Travel Limited	5.3%

QUARTERLY
PORTFOLIO CHANGES

ADDITIONS

Nil

REMOVALS

Nil

INVESTMENT MANAGER PROMOTES INVESTOR EDUCATION THROUGH
INSIGHTS AND ARTICLES

During the quarter, the Company's Investment Manager ('IM') featured in several prominent financial services industry publications including Money Magazine, the Australian Financial Review and a video appearance on Ausbiz. In these features, the IM discussed a number of portfolio companies and the current risks and opportunities in the market. The IM also launched a new initiative in collaboration with UNSW, inviting a select number of students to participate in an 8 week long intensive program introducing them to the funds management industry with a focus on equity research and analysis. The Program garnered wide interest from students and finance professionals alike as the IM documented the sessions on LinkedIn.

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	1.43%
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

