

SHAREHOLDERS'
QUARTERLY REPORT

JUNE 2024

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)

2.30 cps on 15 March 2024
2.90 cps on 12 September 2023
2.20 cps on 9 March 2023
2.75 cps on 14 September 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 [^]	-1.7%	32.2%	3.5%	15.4%	14.6%
ASX Small Ordinaries Index	-4.8%	6.4%	-4.2%	1.0%	2.9%
ASX All Ordinaries Index	-1.7%	8.3%	1.9%	3.6%	3.6%

[^] 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 2024 (before estimated tax on unrealised gains) closed at 171.5 cents per share, this represents a decrease of 4.1% on the prior quarter.

INVESTMENT ACTIVITY

During the quarter Chrysoscorp Ltd (ASX: C79), a company specialising in advanced assay technology for the mining industry, and Guzman Y Gomez Ltd (ASX: GYG), a fast-casual Mexican restaurant chain, have been added to the portfolio. In contrast, Altium Limited (ASX: ALU), Serko (ASX: SKO), and Wisetech Global Ltd (ASX: WTC) have been removed from the portfolio.

MARKET COMMENTARY

Global equities saw varied performances across different regions. While the US and certain European sectors showed resilience, other areas, particularly in Asia, faced challenges. Central banks' policies and political events significantly impacted market sentiments and investor behaviour. Importantly, this year's returns have been largely driven by the equity market re-rating, where the US trades at a forward P/E of 21.0x, while Australia is at 16.8x, and Japanese and European equities are trading in line with their long-term averages. These rising valuations highlight the importance of an active approach to finding value.

In the US, share gains in Q2 were led by the information technology and communication services sectors. Ongoing enthusiasm around AI continued to boost related companies amid strong earnings and outlook statements, while weaker sectors included materials and industrials. The likely timing and extent of interest rate cuts remained a key focus for markets, with worries the US economy may be overheating, and strong economic data was greeted negatively by the market. The S&P 500 posted +3.9%, while the Nasdaq posted +8.3% over the quarter.

In Europe, Eurozone shares declined in Q2 due to uncertainty from France's parliamentary election announcement and reduced expectations for significant interest rate cuts. The IT sector, particularly semiconductor stocks, saw gains. The European Central Bank cut interest rates by 25 bps in early June, but persistent inflation might constrain further cuts. In the UK, equities rose, and the FTSE 100 reached new highs. Despite slowing growth and favourable inflation trends, the Bank of England kept base rates at 5.25%. The FTSE increased by +2.7%, the CAC by -8.9%, and the DAX by -1.4%.

In Australia, equities were under pressure by quarter-end, with financials performing strongly. Economic data presented a mixed picture in Q2, where inflation surged in May to 4.0% year-on-year, well above expectations. This was followed by a higher April monthly figure suggesting the quarter will be above the Reserve Bank of Australia's (RBA) inflation forecast, putting pressure on them to raise rates in August. The RBA kept the cash rate steady at 4.35% in June, and the commentary shifted in a hawkish direction. The housing market has remained resilient, rising in June, with tight supply underpinning price growth.

The ASX All Ordinaries posted -1.7% for the quarter, ASX 200 -1.6%, and the Small Ordinaries -4.8%, respectively. The AUD appreciated during the quarter, posting +2.4% against the US Dollar (66.7 US cents), +2.2% against the Pound (52.7 pence), and +3.2% against the Euro (62.3 cents).

PORTFOLIO CHARACTERISTICS (as at 30 June 2024)

NTA (Before tax on unrealised gains) – Total	\$31,443,197
NTA (Before tax on unrealised gains) – Per Share	171.5 cents
Concentration of the Top 20 Holdings	94.7%
Number of Portfolio Positions	20

SHAREHOLDERS'
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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.

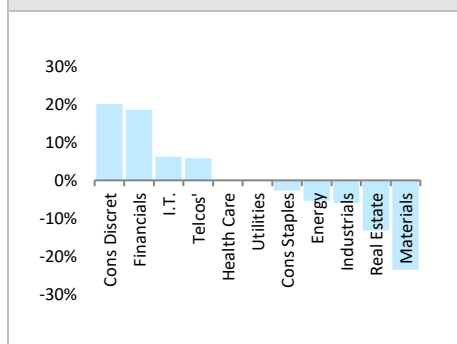
4

High Conviction

A concentrated portfolio of high-quality stocks.

PORTFOLIO BREAKDOWN

SECTOR ALLOCATION	
Consumer Discretionary	34.4%
Financials	28.0%
Information Technology	12.2%
Telecommunications	10.7%
Health Care	7.4%
Cash	5.3%
Industrials	2.0%
Consumer Staples	0.0%

ACTIVE SECTOR WEIGHTS vs.
SMALL ORDINARIES

TOP HOLDINGS

GQG Partners	9.5%
HUB24 Ltd	8.3%
IDP Education Ltd	7.2%
Lovisa Holdings Ltd	7.2%
Domino Pizza Enterprises	6.7%
CAR Group Limited	5.7%
Corporate Travel Limited	5.6%
Netwealth Group	5.2%

QUARTERLY
PORTFOLIO CHANGES

ADDITIONS

Chrysoscorp Ltd	C79
Guzman Y Gomez Ltd	GYG

REMOVALS

Altium Limited	ALU
Serko	SKO
Wisetech Global Ltd	WTC

INVESTMENT MANAGER RELEASES ANNUAL SUSTAINABILITY REPORT

The Company's Investment Manager ('IM') recently released its annual sustainability report. In addition to an exploration of the IM's ongoing commitments to collective initiatives, climate and community, highlights from this year's report include insights from our portfolio wide engagement efforts, a discussion of our recent Sustainability Materiality Risk Assessment, recognition of team member milestones, and company case studies. The 2023 report is available for viewing and downloading on the IM's website. www.ecpam.com/sustainability

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	1.30%
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	Augmented Audit Co 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 2024

