

SHAREHOLDERS'
QUARTERLY REPORT

SEPTEMBER 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)

3.10 cps on 11 September 2024
2.30 cps on 15 March 2024
2.90 cps on 12 September 2023
2.20 cps on 9 March 2023

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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AUSTRALIA

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PORTFOLIO PERFORMANCE

	3 m	1 Y	3 Y	5 Y	INCEPTION
ECP Portfolio [^]	10.8%	34.1%	3.9%	15.5%	15.4%
ASX Small Ordinaries Index	5.5%	15.7%	-3.3%	1.6%	3.4%
ASX All Ordinaries Index	6.6%	17.8%	3.8%	4.7%	4.2%

[^] 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 2024 (before estimated tax on unrealised gains) closed at 186.3 cents per share, this represents an increase of 8.6% on the prior quarter.

INVESTMENT ACTIVITY

During the quarter no new companies were added to the portfolio and none were removed.

MARKET COMMENTARY

Global equities gained in the third quarter despite periods of increased volatility. Emerging markets outperformed, driven by China's announcement of new stimulus measures. Meanwhile, interest rate movements remained a central theme throughout the quarter. Major central banks, including the US Federal Reserve (Fed) and the European Central Bank (ECB), shifted their monetary policies by cutting interest rates, signalling a more accommodative stance in response to softening economic data. Despite these gains, market volatility persisted, with concerns over inflation, slowing growth, and the future path of interest rates leading to notable swings in investor sentiment.

In the US, shares advanced during the quarter, though sector performance varied. The utilities and real estate sectors were among the top performers, while information technology posted only a small advance, reflecting mixed sentiment. Shifting expectations regarding US interest rates drove market volatility, particularly in August. Early in the quarter, the Fed held rates at a 23-year high. However, weaker-than-expected jobs data raised concerns about a potential economic slowdown, which prompted speculation about significant rate cuts. Ultimately, the Fed announced a 50-basis point cut to interest rates in September, settling some market jitters. The S&P 500 posted +5.5%, while the Nasdaq posted +2.6% over the quarter.

In Europe, the real estate, utilities, and healthcare sectors benefited from expectations of further rate cuts, while energy and information technology lagged behind. The ECB cut interest rates by 25 basis points in September, following a period of softening inflation, which fell from 2.6% in July to 1.8% in September. Despite these positive developments, economic activity showed signs of weakening. Political changes in France added further uncertainty, while the UK saw equity gains driven by the Labour Party's landslide victory and the Bank of England's first rate cut in four years. The FTSE increased by +0.9%, the CAC by +2.1%, and the DAX by +6.0%.

In Australia, equities recorded solid gains, outperforming many developed markets. The ASX All Ordinaries posted +6.6% for the quarter, the ASX 200 +6.5% with the real estate and IT sectors posting strong performance of +13.8% and +16.1%, respectively, while the materials sector surged by +8.5. The Reserve Bank of Australia (RBA) maintained the cash rate at 4.35%, though it did not rule out future hikes. Inflation data showed a moderate decline, while the labour market remained strong, with unemployment steady at 4.2%. The AUD appreciated during the quarter, posting +3.6% against the US Dollar (69.1 US cents), -2.0% against the Pound (51.7 pence), and -0.3% against the Euro (62.1 cents).

PORTFOLIO CHARACTERISTICS (as at 30 September 2024)

NTA (Before tax on unrealised gains) – Total	\$34,218,235
NTA (Before tax on unrealised gains) – Per Share	186.3 cents
Concentration of the Top 20 Holdings	97.9%
Number of Portfolio Positions	20

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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.

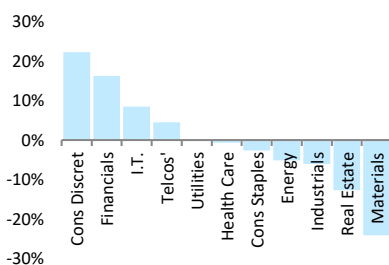
4

High Conviction

A concentrated portfolio of high-quality stocks.

PORTFOLIO BREAKDOWN

SECTOR ALLOCATION	
Consumer Discretionary	38.0%
Financials	27.0%
Information Technology	15.7%
Telecommunications	9.7%
Health Care	5.7%
Cash	2.1%
Industrials	1.8%
Consumer Staples	0.0%

ACTIVE SECTOR WEIGHTS vs.
SMALL ORDINARIES

TOP HOLDINGS

GQG Partners	8.9%
IDP Education Ltd	8.2%
Nuix Limited	7.3%
HUB24 Ltd	7.2%
Domino Pizza Enterprises	6.8%
Lovisa Holdings Ltd	6.3%
Corporate Travel Limited	5.9%
Judo Cap Holdings	5.6%

QUARTERLY
PORTFOLIO CHANGES

ADDITIONS

No additions during the quarter

REMOVALS

No removals during the quarter

INVESTMENT MANAGER RELEASES ANNUAL SUSTAINABILITY REPORT

The Company's Investment Manager ('IM') was featured in multiple industry publications over the period, discussing key drivers of performance through reporting season, the merits of valuation discipline and a long-term approach to investing. The IM was again recognised as a top performer in the Mercer survey to June 2024, commenting on this in The Australian. Coinciding with his thirty years in Australia, Dr Manny Pohl AM shared insights from his investment career in a conversation with Australian Financial Review's Monday Fundie column.

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

