



Chairman's Address – Annual General Meeting

Thursday 21 November 2024

Fellow Shareholders, Ladies and Gentlemen, it gives me great pleasure to present the Annual Chairman's Report of ECP Emerging Growth Limited.

THE YEAR IN REVIEW

First up, I would like to give a brief recap of the performance from FY2024, as shared in our Annual Report. The ECP portfolio performed very well during the financial year and delivered a positive return of 32.2%. In doing so, ECP outperformed the ASX Small Ordinaries Index by 25.8 percentage points. This adds to ECP's sustained long-term performance, which is 14.6% since inception, compared to the ASX Small Ordinaries Index which has returned 2.9% per annum over the same period.

One of the key objectives of ECP is to provide Shareholders with a fully franked dividend that will grow at a rate more than the rate of inflation and provide income for our Shareholders as a reward for their investment.

The portfolio performance achieved in FY2024 allowed the Board to increase the interim dividend by 4.5% to 2.3 cps, and to increase the final dividend to 3.1 cps. This makes the total FY24 dividend 5.4 cps, a 5.9% increase on the prior year and a 4.2% yield on the closing share price at 30 June 2024. Additionally, ECP is able to maintain this dividend level for many years, given the existing retained earnings and franking account balance.

OUTLOOK

In the current financial year, the ASX continues to achieve new highs, while our portfolio continues to deliver outperformance. As at the end of October 2024, portfolio performance is positive 10.9% compared to the ASX Small ordinaries Index of positive 6.3%.

In Australia, the RBA in its November meeting left the cash rate unchanged at 4.35% and provided its latest economic forecasts that confirmed that an interest rate cut is a mid-2025 possibility but, it will likely be a shallow rate cutting cycle. Resilient domestic demand and wage growth in a tight labour market is making the interest rate decision a difficult one.

ECP

The recent win of President Trump in the United States has generally produced a positive reaction from the market, however the long-term economic outlook for the US is uncertain and depends greatly on the economic policies of the new president and the opportunities for the Federal Reserve to cut rates given the high inflation outlook. The degree of unknowns in these macro-economic factors make short-term forecasts unreliable and is why a long-term view can allow for greater conviction.


The ECP portfolio contains quality growth companies that have a fundamental sustainable competitive advantage that allows them to thrive in challenging times compared to their peers. Given the economic back-drop, including a tight labour market, inflation driven cost pressures and sustained high interest rates, it is these companies that are able to maintain earnings and profit margins to deliver superior investment performance over the long-term.

THANK YOU

I wish to congratulate our investment manager, ECP Asset Management, who won the Golden Bull Award at the 2024 Australian Fund Manager Awards. The expertise and dedication of the team ECP Asset Management is the driver of our investment performance and it is apt that they are recognised in this way. On behalf of our Shareholders, I would like to thank the team at ECP Asset Management for all of their efforts.

I would also like to record my appreciation for my fellow Board members for their support and input throughout the past year. The commitment from our Board ensures the best interests of Shareholders are managed and protected as we continue to grow ECP for the benefit of all Shareholders.

In conclusion, I sincerely thank our Shareholders and Noteholders for their on-going support.



Murray d'Almeida

Chairman

21 November 2024