

## SHAREHOLDERS' QUARTERLY REPORT

DECEMBER 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 – Recommended<sup>†</sup>

### 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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Sydney NSW 2000  
AUSTRALIA

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Email: info@ecpam.com

ecpam.com/emerging

## PORTFOLIO PERFORMANCE

	3 m	1 Y	3 Y	5 Y	INCEPTION
ECP Portfolio <sup>^</sup>	7.9%	23.9%	3.5%	17.8%	14.0%
ASX Small Ordinaries Index	8.0%	4.7%	-1.8%	3.6%	2.9%
ASX All Ordinaries Index	8.0%	8.4%	4.6%	6.5%	3.6%

<sup>^</sup> 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 31 December 2023 (before estimated tax on unrealised gains) closed at 156.2 cents per share, this represents an increase of 8.7% on the prior quarter.

## INVESTMENT ACTIVITY

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

## MARKET COMMENTARY

In the last quarter, global equity markets experienced a resurgence, largely fueled by expectations that major central banks are nearing the end of their rate hiking cycles. This sentiment was buoyed by a dovish stance from the Federal Reserve (Fed) in December, prompting a reassessment of monetary policies worldwide. The changing backdrop led to a robust performance in developed market equities, overshadowing other market movements. Additionally, the quarter was marked by falling crude oil prices, which played a role in shaping the overall market climate.

In the US, the equity market witnessed notable gains, with the S&P 500 nearing its record high from early 2022, due to expectations of forthcoming interest rate cuts following easing inflation rates. Consequently, sectors most sensitive to interest rates, such as IT, real estate, and consumer discretionary, saw significant gains, while the energy sector's performance was dampened by falling crude oil prices. The S&P500 posted +11.2%, while the Nasdaq posted +13.6% over the quarter.

In Europe, the final quarter marked a period of strength for equities, which benefited from the softened inflation figures and the prospect of halted interest rate hikes. The UK market saw an upward trend, with small and mid-cap indices outperforming the broader market. This was partly due to a stronger sterling against the US dollar and moderated UK inflation rates, which fed into expectations of a halt in the Bank of England's interest rate hikes. The FTSE increased by +1.7%, the CAC by +5.7%, and the DAX by +8.9%.

In Asia, Japanese equities had a varied quarter, with equities being influenced by shifts in local politics, US economic data, and the Japanese yen's appreciation. Corporate earnings in Japan were generally strong, and the Bank of Japan indicated a move towards normalising its monetary policy, impacting the market outlook. More broadly, most Asian markets enjoyed gains, while China was an exception due to economic growth concerns and the real estate crisis. The Shanghai Composite posted -4.4%, the Hang Seng -4.3%, and the Nikkei +5.0%.

In Australia, equities performed well with gains in all sectors, particularly real estate, healthcare, materials, and IT. The Reserve Bank of Australia (RBA) kept the interest rate at 4.35%, differing from the more dovish trends of other central banks. Australia's economic growth was slow, affected by changes in consumer spending and investment, as well as a lower savings rate. The RBA maintained its interest rate due to ongoing inflation worries, even as business conditions weakened and unemployment rates rose slightly.

The ASX All Ordinaries posted +8.0% for the quarter, ASX 200 +7.7%, and the Small Ordinaries +8.0%, respectively. The AUD appreciated during the quarter, posting +5.9% against the US Dollar (68.1 US cents), +1.5% against the Pound (53.5 pence), and +1.4% against the Euro (61.7 cents).

## PORTFOLIO CHARACTERISTICS (as at 31 December 2023)

NTA (Before tax on unrealised gains) – Total	\$28,646,969
NTA (Before tax on unrealised gains) – Per Share	156.2 cents
Concentration of the Top 20 Holdings	91.2%
Number of Portfolio Positions	21

### SHAREHOLDERS' QUARTERLY REPORT

#### MANAGER:

ECP ASSET MANAGEMENT

ABN 68 158 827 582

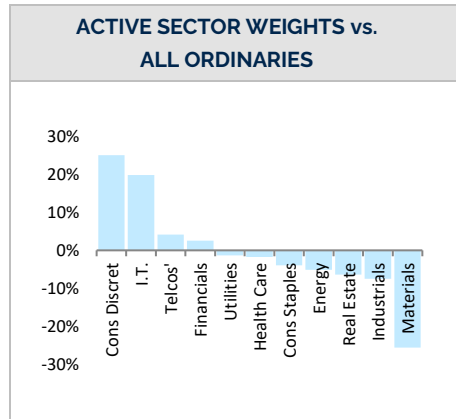
Our Investment Philosophy is based on the belief the economics of a business drives long-term investment returns. This is expressed through our investment process.

- ✓ Valuing potential, not just performance
- ✓ Choosing high-quality growing businesses
- ✓ Ignoring temporary market turbulence

### PORTFOLIO BREAKDOWN

SECTOR ALLOCATION	
Consumer Discretionary	29.6%
Financials	26.6%
Information Technology	21.2%
Telecommunications	8.1%
Cash	7.7%
Health Care	6.8%
Consumer Staples	0.0%
Industrials	0.0%

TOP HOLDINGS	
GQG Partners	9.6%
HUB24 Ltd	7.5%
Domino Pizza Enterprises	6.6%
IDP Education Ltd	6.4%
Lovisa Holdings Ltd	5.9%
Wisetech Global Ltd	5.8%
CAR Group Limited	5.8%
Netwealth Group	5.1%



QUARTERLY PORTFOLIO CHANGES	
<b>ADDITIONS</b>	
Nil	
<b>REMOVALS</b>	
Nil	

### INVESTMENT MANAGER PROMOTES INVESTOR EDUCATION THROUGH INSIGHTS AND ARTICLES

During the quarter, the Company's Investment Manager ('IM') continued to engage and be featured in several financial services industry publications including the Australian Financial Review and Professional Wealth Management. In addition to these, the IM posted thought leadership pieces on its own website, including a summary from a recent research trip and year-end letter from the Chairman and CIO discussing various events that transpired over the course of 2023 and some thoughts on the outlook ahead. As we arrive in 2024, the IM looks forward to continuing to produce new content across various mediums and travelling to meet with investors, consultants and capital allocators alike.

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](mailto:info@ecpam.com) or visit our website [www.ecpam.com/emerging](http://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 <sup>2</sup>	1.43%
Reporting and Correspondence	Monthly Net Tangible Asset Values <a href="http://www.asx.com.au">www.asx.com.au</a> and Quarterly Reports, Half-Yearly and Annual Reports at <a href="http://www.ecpam.com/emerging">www.ecpam.com/emerging</a>
Auditor	Connect National Audit Pty Ltd
Registry	Automic Pty Ltd - <b>1300 288 664</b> OR <a href="mailto:hello@automicgroup.com.au">hello@automicgroup.com.au</a>
Share price and NTA	<a href="http://www.asx.com.au">www.asx.com.au</a> and <a href="http://www.ecpam.com/emerging">www.ecpam.com/emerging</a>

<sup>1</sup> 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.

<sup>2</sup> 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.

