EMERGING GROWTH LIMITED

SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 2020

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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)

2.25 cps on 18 September 2020
1.75 cps on 20 March 2020
2.25 cps on 13 September 2019
1.50 cps on 20 March 2019

COUNTRY WHERE LISTED

Australian Securities Exchange: Inception 14 August 2014

STOCK EXCHANGE CODE

ASX: ECP

RATINGS

• Independent Investment Research – Recommended[1]

DIRECTORS

Murray d'Almeida
Non-Executive Chairman

David Crombie AM
Non-Executive

Jared Pohl
Executive

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

ECP Emerging Growth Limited
ACN 167 689 821

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AUSTRALIA

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ecpam.com/emerging

PORTFOLIO PERFORMANCE

	3 m	*1 Y*	*3 Y*	*5 Y*	*INCEPTION*
ECP Portfolio^	20.9%	34.5%	27.3%	19.7%	18.2%
ASX All Ordinaries Index	0.1%	-11.6%	1.5%	3.5%	1.1%

^ Source: ECP Asset Management.
Gross performance before impact of fees, taxes and charges. Past performance no predictor of future returns.

During the quarter, the portfolio performed extremely well (+20.9%) as shown above with the Company's Net Tangible Asset Value (NTA), as at 30 September 2020 (before estimated tax on unrealised gains) closing at 160.3 cents per share, up by 17.1% on the prior quarter. This compares with a 0.1% increase in the ASX All Ordinaries Index over the quarter.

INVESTMENT ACTIVITY

During the quarter, we added Lovisa (ASX: LOV) which is an ultra-niche, vertically integrated fast fashion jewellery retailer that has a strong business model driving its competitiveness. Lovisa develops, designs, sources, and merchandises 100% of its Lovisa branded products and has a strong outlook for international growth.

MARKET COMMENTARY

The COVID-19 saga continues, with uncertainty and volatility reigning supreme. The pandemic continues to weigh heavily on economic activity as government intervention continues to place considerable restrictions through lockdown measures. While the previous quarter saw investors return to equities, the resurgence of COVID-19 in some regions and the upcoming US Presidential election in November has raised the level of uncertainty in these markets.

The US has seen early signs of an economic recovery, while the Eurozone and the UK continue to battle the pandemic. In Asia, countries such as Singapore, Thailand and Malaysia continue with hard lockdowns, with reductions in tourism being critical to their poor performance.

US equity markets maintained the previous quarter's positive trend, with the Federal Reserve being accommodative through stimulus measures. Unemployment declined to 8.4%, with better performance across manufacturing and retail. Notably, the Fed announced changes to inflation targets where they adopted an average inflation target - lengthening the equity market expansion.

In Australia, we have been one of the lucky countries in terms of infection rates from COVID-19 and the flow-on economic impact. While our relatively strong performance and management of the pandemic has positioned us well, we have not escaped the effects as we have entered our first recession since 1991. We note, despite entering a recession, that Australia has performed materially better than many other Western countries. Despite this overall success, Victoria re-entered into strict lockdown procedures as infection rates spiralled out of control. The Australian Governments' JobKeeper and JobSeeker programs, as well as mortgage relief programs for households and small businesses, have provided robust support for the economy. The focus now as we head into the end of the calendar year, is how the Australian Government will attempt to manage the economy.

Many Australian companies reported their year-end financial results during August, with most providing earnings guidance earlier on the implications of COVID-19, which helped reduce the element of (negative) surprise. Accordingly, most results were above expectations with the Australian All Ordinaries up by 0.1% for the quarter, and the Small Ordinaries up +4.9%, respectively. The AUD remained relatively stable against all major currencies during the quarter, posting +3.8% against the US Dollar (71.7 US cents), -0.4% against the Pound (55.5 pence), and -0.6% against the Euro (61.1 cents).

PORTFOLIO CHARACTERISTICS (as at 30 September 2020)

NTA (Before tax on unrealised gains) – Total	$29,362,129
NTA (Before tax on unrealised gains) – Per Share	160.3 cents
Concentration of the Top 20 Holdings	77.88%
Number of Portfolio Positions	27

EMERGING GROWTH LIMITED

SEPTEMBER 2020

SHAREHOLDERS QUARTERLY REPORT

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.

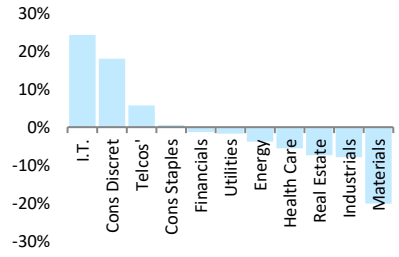


PORTFOLIO BREAKDOWN

SECTOR ALLOCATION	
Information Technology	26.0%
Consumer Discretionary	22.5%
Financials	19.5%
Cash	11.7%
Telecommunications	9.5%
Consumer Staples	5.6%
Health Care	5.2%
Industrials	0.0%

TOP HOLDINGS	
HUB24 Limited	7.2%
Altium Limited	5.4%
ResMed Inc	5.1%
Corporate Travel Limited	5.0%
Magellan Fin Group Ltd	4.9%
IDP Education Limited	4.5%
SEEK Limited	4.4%
Costa Group Holdings	3.9%

ACTIVE SECTOR WEIGHTS vs. ALL ORDINARIES



QUARTERLY PORTFOLIO CHANGES	
ADDITIONS	
Lovisa Holdings Ltd	LOV
REMOVALS	

ECP QUARTERLY REPORT - UPDATE:

ACTIVE COMMUNICATION DURING COVID

During the quarter, the Company's Investment Manager has continued to publish articles and thought pieces on its website and social media including: Four Pillars and a Pandemic (July); Weighing Network-based Competitive Advantages (September); and Xero, a Beautiful Business Model (October). At a time where physical movement and contact is more restricted due to COVID-19, there is a continued focus on content communications to help inform and educate investors on a range of topics.

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**

VISIT THE WEBSITE

The Company has a website which has additional information about ECP Emerging Growth Limited and links to Announcements and Reports at www.ecpam.com/emerging. Shareholders and interested observers may also wish to visit the website of the Investment Manager at www.ecpam.com for information regarding the investment team, process and other insights.

Subscribe here to our latest updates

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]	1.07%
Reporting and Correspondence	Monthly Net Tangible Asset Values www.asx.com.au and Quarterly Reports, Half-Yearly and Annual Reports on www.ecpam.com/emerging
Auditor	WPIAS Pty Ltd
Registry	Boardroom Pty Limited - **1300 737 760** OR **enquiries@boardroomlimited.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 2020

Proprietary and Confidential