

Global Positive Peace Growth Fund

DECEMBER 2022

PORTFOLIO NAV UNIT PRICE

31 December 2022	\$0.9342
30 September 2022	\$0.9539

PORTFOLIO PERFORMANCE

	3 m	6 m	1 Y	2 Y	INCEPTION
GPPGF Portfolio [^]	-1.9%	-0.7%	-30.0%	-5.0%	-1.7%
MSCI World Index in AUD	4.9%	4.1%	-13.8%	4.8%	6.5%

[^] Source: ECP Asset Management.

Gross performance before impact of fees, taxes and charges. Past performance no predictor of future returns.

MARKET COMMENTARY

By year end, equity markets closed off a tough year with some gains posted in Q4. Growth stocks continued to be under pressure and the relaxation of China's zero-Covid policy saw regional markets improve, while Europe and the US advanced more strongly.

In the US, big tech continued to be sold down while other sectors showed some improvement on the back of strong corporate earnings. Investors continued to balance the Federal Reserve's (Fed) cautious stance with the expectation that the pace of interest rate tightening would slow. Inflation for the year remained elevated at 7.1%, however, some expect that inflation may be cooling. The Fed raised the funds rate by 50bps to 4.25%-4.5% during its last monetary policy meeting of 2022, pushing borrowing costs to the highest level since 2007. The Nasdaq posted -1.0% over the quarter, while the S&P500 increased by 7.1%.

In Europe, equities performed strongly driven by energy, financials, industrials, and consumer discretionary sectors. In the Eurozone, inflation averaged 8.4% in 2022, however, falling gas prices due to unusually mild weather helped alleviate some cost pressures by year end. The European Central Bank (ECB) raised interest rates by 50 bps, taking the deposit facility to 2%, and the refinancing rate to 2.5%, a level not seen in fourteen years. The FTSE increased by 8.1%, the CAC 12.4%, and the DAX by 14.9%.

In Asia, the relaxation of China's zero-Covid policy saw China, Hong Kong and Taiwan all posting strong growth. Additionally, the meeting between US President Biden and Chinese leader Xi Jinping paved the way for improving US-China relations. In Japan, corporate earnings were strong following the Yen's weakness, with many companies pursuing share buybacks indicating optimistic business confidence. The Shanghai Composite posted 2.1%, the Hang Seng 14.9%, and the Nikkei was 0.6%.

In Australia, even though the market declined by -3.5% in December, it remained in positive territory over the quarter. The Reserve Bank of Australia (RBA) hiked interest rates by 25bps to 3.1% as widely expected at their December meeting. The unemployment rate remained stable at 3.4% while the participation rate moved higher to 66.8%. While the savings rate has dropped from 8.3% to 6.9%, it remains above long-term averages meaning there remains some support against expected higher living costs.

The ASX All Ordinaries posted +8.1% for the quarter, ASX 200 +8.7%, the Midcap 50 +6.7%, and the Small Ordinaries was +7.0%, respectively. The AUD performed well during the quarter, posting a 6.5% against the US Dollar (68.0 US cents), -1.7% against the Pound (56.3 pence), and -2.5% against the Euro (63.7 cents).

PORTFOLIO BREAKDOWN

COUNTRY ALLOCATION	
America	66.0%
United Kingdom	13.6%
Australia	12.3%
Belgium	2.6%
Canada	2.4%
Netherlands	2.1%
Germany	1.0%

TOP HOLDINGS	
Microsoft Corporation	7.4%
Interactive Brokers Group, Inc	6.4%
Apple Inc	6.0%
Alphabet Inc	5.3%
Amazon.com Inc	4.5%
Adobe Inc	4.3%
Taiwan Semiconductor Manufacturing Company Ltd	3.8%

OBJECTIVE

To outperform the MSCI World Index in AUD by 2-4% over a rolling 5-year time frame.

STRATEGY

High-conviction portfolio of quality growth companies sourced globally where peaceful microeconomic foundations provide the optimal conditions for the economics of business to drive superior, long-term investment returns.

BENCHMARK

MSCI World Index in AUD

MANAGER

ECP Asset Management Ltd

INCEPTION DATE

3 September 2020

MANAGEMENT FEE

1.0% p.a.

PERFORMANCE FEE

20.0% of the Outperformance of the benchmark.

INVESTOR ENQUIRIES

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INSIGHTS AND RESEARCH PARTNER

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