

Global Positive Peace Growth Fund

JUNE 2023

PORTFOLIO NAV UNIT PRICE

30 June 2023	\$1.1834
31 March 2023	\$1.1056

PORTFOLIO PERFORMANCE

	3 m	6 m	1 Y	2 Y	INCEPTION
GPPGF Portfolio [^]	10.6%	30.8%	29.9%	1.8%	8.7%
MSCI World Index in AUD	6.6%	16.5%	20.3%	5.2%	11.1%

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

MARKET COMMENTARY

Global shares experienced gains in the second quarter, with developed markets, particularly the US, leading the way while emerging markets lagged. Technology stocks were boosted by enthusiasm over Artificial Intelligence (AI). Central banks adopted a more hawkish stance, causing market expectations to fluctuate between rate cuts and potential rate hikes in 2023, with most banks raising interest rates during the period. Inflation and employment rates varied across regions. Government bond yields rose, resulting in falling prices.

In the US, the quarter started with concerns about fragility in the U.S. banking system and contagion risk. These worries subsided as the banking fallout was contained, but there are ongoing concerns about the impact of commercial real estate valuations. Equities ended the quarter higher, with most gains occurring in June. The economy showed resilience despite higher interest rates, with Q1 GDP growth revised to 2%. The Federal Reserve raised rates by 25 bps in May and predicted two further rate rises in 2023. The S&P500 increased by 8.3%, while the Nasdaq posted +12.8% over the quarter.

In Europe, equities saw gains in Q2, led by the financials and IT sectors. Semiconductor stocks were boosted by higher-than-expected sales projections and the growth potential of AI. Both the European Central Bank and the Bank of England raised interest rates twice during the quarter. UK equities fell over the quarter, with energy and basic materials groups being the main detractors due to weak commodity prices and concerns about the Chinese economy. The FTSE posted -1.3%, the CAC +1.1%, and the DAX by +3.3%.

In Australia, the Reserve Bank of Australia (RBA) raised the cash rate by 25 bps in June, to 4.1%, which saw a total increase of 375 bps over the year. While the RBA's intention to continue raising rates is clear, the impact on consumers is yet to be fully felt. Consumer spending continues to perform well, despite consumer confidence being significantly weaker since 2021. Despite mixed consumer sentiment, the labour market and wage growth are showing resilience. In May, 76,000 jobs were added, leading to a drop in the unemployment rate to 3.6%. Interestingly, the housing market is showing early signs of a turnaround, despite expectations for further rate hikes.

The ASX All Ordinaries posted +0.4% for the quarter, ASX 200 +0.4%, the Midcap 50 +4.2%, and the Small Ordinaries was -1.0%, respectively. The AUD struggled during the quarter, posting a -0.3% against the US Dollar (66.6 US cents), -3.2% against the Pound (52.5 pence), and -1.0% against the Euro (61.1 cents).

PORTFOLIO BREAKDOWN

COUNTRY ALLOCATION	
America	57.2%
United Kingdom	10.6%
Australia	22.1%
Canada	5.3%
Netherlands	2.3%
Germany	1.3%
Japan	1.2%

TOP HOLDINGS	
Interactive Brokers Group, Inc	6.4%
Block	5.6%
Meta Platforms Inc	4.6%
Constellation Software Inc	4.6%
Salesforce Inc	4.5%
Visa Inc	4.4%
Alphabet Inc	4.1%

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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