

Global Positive Peace Growth Fund

September 2023

PORTFOLIO NAV UNIT PRICE

30 September 2023	\$1.2041
30 June 2023	\$1.1834

PORTFOLIO PERFORMANCE

	3 m	6 m	1 Y	2 Y	INCEPTION
GPPGF Portfolio [^]	2.6%	14.0%	33.1%	-0.4%	8.7%
MSCI World Index in AUD	-0.4%	6.2%	19.3%	3.2%	10.3%

[^] Source: ECP Asset Management.

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

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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& PEACE**

MARKET COMMENTARY

In September, markets echoed 2022's challenges when fixed income didn't shield investors. While 2023's economic indicators hint at a shift from last year's inflation-driven concerns, bond yields reflect fears of sustained high central bank rates. Although commodity prices, especially oil, showed promise, they also introduced risks like potential short-term inflation. With the U.S. economy's trajectory uncertain, active investors find opportunities in the current global growth and valuation divergences.

In the US, despite the optimism that the Federal Reserve had orchestrated an economic soft landing, US equities faced a challenging Q3. Enthusiasm over the end of the policy tightening rates waned as the reality of a prolonged period of higher rates set in. The US labour market showed strength, rising incrementally to 3.8%, while the manufacturing indicators highlighted a cooling US economy. The S&P500 posted -3.7%, while the Nasdaq posted -4.1% over the quarter.

In Europe, Eurozone equities navigated rough waters in Q3, primarily due to concerns about the adverse effects of interest rate hikes on economic growth. However, late-quarter data brought a silver lining, revealing a drop in Eurozone inflation to a two-year low of 4.3%. Contrary to the trends seen in the US and Eurozone, UK equities experienced a positive trajectory in Q3 aided by the falling currency. Further, signs of heightened UK consumer confidence and speculation around peak base interest rates contributed to this revival. The FTSE increased by +1.0%, the CAC by -3.6%, and the DAX by -4.7%.

In Asia, Japan's equity market demonstrated resilience, buoyed by a weakened yen and robust domestic demand. However, a clear split emerged between growth and value stock performances, signaling a significant market shift. Meanwhile, broader Asian markets struggled in Q3, with heightened concerns over China's economic stability and broader global growth uncertainties. The Shanghai Composite posted -2.9%, the Hang Seng -5.9%, and the Nikkei -4.0%.

In Australia, equities outperformed several global indices. Australia's inflation rose to 5.2% (year on year) in August, influenced by surging energy and food prices, though core inflation, excluding these volatile categories, dipped to 5.5%. The unemployment rate remained at 3.7%, with an impressive addition of 65,000 jobs and a slightly higher participation rate of 67.0%. House prices surged by 6.6% since January 2023, nearing their peak.

The ASX All Ordinaries posted -2.0% for the quarter, ASX 200 -2.1%, and the Small Ordinaries -2.9%, respectively. The AUD struggled during the quarter, posting -3.5% against the US Dollar (64.3 US cents), +0.5% against the Pound (52.7 pence), and -0.4% against the Euro (60.9 cents).

PORTFOLIO BREAKDOWN

COUNTRY ALLOCATION	
America	48.2%
Australia	25.2%
United Kingdom	10.7%
Netherlands	6.1%
Japan	5.5%
Canada	3.2%
Germany	1.0%

TOP HOLDINGS	
IDP Education Ltd	6.3%
ADYEN	6.1%
Interactive Brokers Group Inc	6.0%
Games Workshop	5.6%
Block	5.2%
Meta Platforms Inc	5.0%
Monotaro Co Ltd	4.6%