Fact Sheet

ECP Growth Companies Fund

A high conviction, all cap Australian equity portfolio designed to deliver alpha.

In partnership with

COPIA INVESTMENT PARTNERS

ECP

Redefining active investing

- A highly rated Australian equity investment capability now available to Australian investors through Copia
- Fund investment strategy is one of Australia's top performers in its category over the past decade[1]
- Fund aims to boost portfolio performance by capturing the alpha of selected Australian companies as they grow
- High conviction, all cap approach may blend well with other highly diversified investment strategies such as passive funds or ETFs

Key facts

Investment strategy
An Australian all-cap equity portfolio with a high conviction, growth style approach.

Investment objective
Outperform index by over 2-4% p.a. over 5 years

Benchmark index
S&P/ASX 300 Accumulation Index

Fund Manager
ECP Asset Management

Inception date
January 2020 (strategy commenced 2012)

Management fee
0.90% p.a. (inclusive of GST net of RITC)

Performance fee
15.375% of benchmark outperformance

Ratings
Lonsec Highly Recommended
Zenith Recommended

Previously only accessible to Australia's largest institutional investors, ECP Asset Management's All Cap Growth portfolio is now available to Australian investors through the ECP Growth Companies Fund. With a $20,000 minimum amount, investors can now directly access an Australian equity investment strategy that's highly-rated institutionally and managed by a team with professionals that have previously been behind one of Australia's greatest fund manager success stories.

The ECP Growth Companies Fund is offered through an exclusive partnership between ECP Asset Management, and specialist fund distributor Copia Investment Partners.

About the Fund

The ECP Growth Companies Fund is a high conviction Australian equities portfolio that is highly concentrated, holding between 25 and 30 stocks at any time. The Fund will seek to invest in ASX-listed companies that have strong earnings growth potential. As an 'All Cap' strategy, the Fund can invest across the market capitalisation spectrum. There is expected to be a higher concentration (approx. 50%) to companies listed within the top 50-100 (mid-caps).

What type of companies does the Fund invest in?

The Fund seeks to identify and invest in high-quality growth businesses that can generate predictable, above-average economic returns, both in terms of their price appreciation and earnings potential. These companies are typically in the growth stage of their life cycle, and as they grow, are expected to deliver superior investment performance and wealth creation benefits back to the Fund's investors. Some of the key holdings include the following brands.

Macquarie | Domino's Pizza | CSL | Rio Tinto

Performance focused on picking the best stocks

Different Australian equity funds aim to deliver performance in different ways. Some aim to perform in line with an index such as the S&P/ASX 300, while others aim to outperform, but within a close range. The ECP Growth Companies Fund is in a high conviction category. Performance is sought mainly through active stock selection, rather than just market performance. This is precisely where ECP believes it has the greatest capability and expertise.

> “Without a high conviction growth strategy such as ECP, an investor may be missing out on a major source of potential active return from the ASX”
>
> Jared Pohl, ECP Asset Management

Investment approach

Building a best ideas portfolio of up to 30 stocks from a universe that includes hundreds of stocks is not a simple task. The process that ECP employs in its quest to isolate the best opportunities from the rest, is based on a repeatable set of steps. Every stock is considered on a consistent set of key factors, and assessed using the skills and judgement of the investment team. The four main stages in the investment process are shown below.

1 Asset selection

ECP looks for high quality businesses, in the growth stage of their lifecycle, that are are capable of generating above average returns on their invested capital through time.

2 Portfolio construction

ECP allocates capital based on the relevant expected rate of return in order to maximise return over the investment time horizon. Weights are adjusted to account for medium term risks including predictability of earnings, and liquidity.

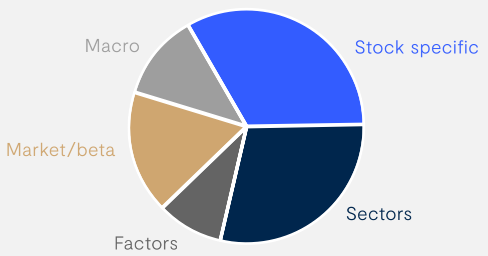
3 Implementation

This is the process for matching the actual portfolio to the theoretical portfolio. The goal is to ensure transaction costs are minimised through time, but maintain a portfolio that is reflective of the model.

4 Review

Review what worked and what didn’t. Look at ways to incrementally improve the process, prove concepts work and implement them.

Figure 1. Sources of return from the ASX300[2]



Market inefficiencies we exploit

Sustainable opportunity

Quality growth	Longterm
Growth anomoly The market undervalues extremely high-quality, capital efficient, organic growth businesses	**Time arbitrage** The market tends to overemphasize temporary themes and short-term factors

The case for active stock selection

The primary reason active stock selection is relevant for investors is that when the performance of the ASX 300 is deconstructed to its constituent levels, active stock specific alpha explains one third of overall performance – with market-related return (known as beta) representing just 17% (see Figure 1).

By not having an active stock selection strategy in a portfolio, an investor may be missing out on a major source of potential return that is available in the asset class.

Suitable investors

The Fund is designed to be used as an alpha generation strategy within the Australian equity allocation of an investor’s portfolio. The Fund employs a highly active, growth-based investment style and this may offer complementary benefits with other more index-based investments in an investor’s portfolio, such as passive equity funds or Exchange Traded Funds.

The specific allocation of the Fund in the portfolio will depend on an investor’s own objective and risk tolerances, which can be determined with the help of a qualified financial adviser.

Who is ECP?

ECP Asset Management is a high conviction Australian equities fund manager established in 2013. The investment team includes six investment professionals and the business has built a successful well-rated institutional business with $1.7 billion under management.

The founder of ECP Dr Manny Pohl was also a founder of another successful investment manager, Hyperion Asset Management. Many of those same success factors and principles have been brought across to ECP.

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5 Highly Recommended Lonsec Research

Zenith RECOMMENDED

CERTIFIED RESPONSIBLE INVESTMENT

CERTIFIED BY RIAA

ECP is committed to Responsible Investment and is a signatory to the UN-backed PRI.

PRI Principles for Responsible Investment

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[1] Based on industry performance surveys for the ten years ending January 2020. For further information on fund performance or industry surveys used as reference in this document, please contact Copia. [2] Source: UBS Quant Research