

Fund Update

ALL CAP

30 Jun 2020

Portfolio Performance

%	1 m	3 m	6 m	1 Y	2 Y	3 Y	5 Y	10 Y	INCEPTION**
ECP ACAP	1.89	26.73	3.28	11.96	13.54	15.70	13.59	13.10	12.62
BENCHMARK*	2.34	17.75	-10.42	-7.21	1.51	5.41	6.21	7.77	7.97
ALPHA	-0.45	8.98	13.70	19.17	12.03	10.29	7.38	5.33	4.65

* S&P ASX All Ordinaries Accum ** May-98

At ECP, we think the only way to grow wealth that is resilient and sustainable, is to invest money in a careful, considered and committed way - we call this 'active' investing.

Investment Philosophy

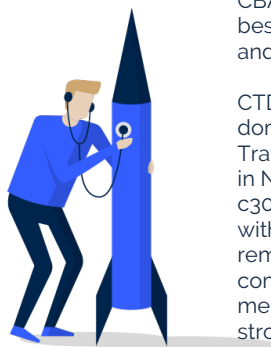
Our philosophy is based on the belief that the economics of a business drives long-term investment returns.

When assessing companies, we focus on

- 1) Valuing potential, not just performance;
- 2) Choosing high-quality, growing businesses; and
- 3) Ignoring temporary market turbulence.

Our portfolio companies have

- ✓ Organic growth with predictable earnings
- ✓ A sustainable competitive advantage
- ✓ High returns on invested capital
- ✓ A Strong financial position
- ✓ An experienced management team



Monthly Comment

APT was the top contributor in June as investors increasingly appreciate its market position in eCommerce payments and solid business momentum. During the month it disclosed it reached 1 million UK customers within its first year of launch, validating our global growth thesis.

Impacted by COVID-19, the Australian banking sector has underperformed the market this calendar year. A cut in dividends, and concerns around the unemployment rate and its impact on bad and doubtful debts has weighed on the sector. More recently however, the market has started to focus on the difference to previous cycles. The Australian banks are well positioned to manage the current crisis, while the support from the Australian Government and Regulators has also been unprecedented. Pleasingly CBA has been the best performing and in our view, is the best positioned with a superior brand, strong funding model and capital structure.

CTD was our largest detractor. The outlook for both domestic and international travel globally looks uncertain. Travel peers reported consistent conditions; Domestic travel in NZ is up to c50% of pre COVID volumes, Australia is up to c30% while international is non-existent. CTD has responded with a drastically reduced cost base. The balance sheet remains well funded and we are confident that the company will emerge stronger in the more normalised medium-term. We believe CTD is well positioned with strong customer relationships and technology to leverage an earnings recovery in FY22 and beyond.

Recent Publications

Pillars of a Quality Franchise

Undertaking an annual investment process review is a critical part of our process. This year Jason Pohl focuses on portfolio sustainability through our "Pillars of a Quality Franchise" Framework. Go to ecpam.com for the full article.

Fact Sheet

ALL CAP

30 Jun 2020

Characteristics

Dividend Yield	2.52
Price / Earnings Ratio (P/E)	29.96
Price to Cash Flow Ratio (P/CF)	11.66
Price to Book Ratio (P/B)	3.86
Portfolio IRR	8.99

Top 10 Holdings

	Weight %
RIO TINTO	6.12
MACQUARIE GROUP	5.98
COMMONWEALTH BANK OF AUSTRALIA	5.95
DOMINO'S PIZZA ENTERPRISES	5.00
SEEK	4.74
CSL LTD	4.57
AFTERPAY	4.52
A2 MILK CO	4.39
PENDAL GROUP	3.89
IDP EDUCATION	3.72

Sector Allocation

	Weight %
Communication Services	10.83
Consumer Discretionary	15.05
Consumer Staples	8.68
Energy	3.64
Financials	23.71
Health Care	10.04
Industrials	0.00
Information Technology	15.02
Materials	6.12
Utilities	0.00
Cash	6.91

Contact Us

DISTRIBUTION PARTNER

Charles Kiefel charleskiefel@principalsfunds.com
 Shannon Leake shannon@principalsfunds.com
 Kenny Bingham kenny@principalsfunds.com

The Principals Funds Management Pty Ltd
 Level 32, 360 Collins Street Melbourne
 VIC AUSTRALIA 3000

Statistics

	5 Y
Beta	0.95
Stdev (annualised)	14.87
Tracking error (annualised)	6.21
R Squared	0.83
Upside Capture	1.14
Downside Capture	0.89

Attribution

	3Y	5Y
Allocation	6.27	4.34
Selection	2.63	2.08
Interaction	1.39	0.96
Residual	0.00	0.00
Total	10.29	7.38

Contributors

	Weight %	CTR
AFTERPAY	4.52	1.13
COMMONWEALTH BANK OF AU	5.95	0.48
DOMINO'S PIZZA ENTERPRISES	5.00	0.46

Detractors

	Weight %	CTR
CORPORATE TRAVEL MANAGEM	3.46	-0.82
ALTIUM	3.70	-0.56
HUB24	2.99	-0.42

General Information

Firm FUM	AUD \$1.9 Bn
Remaining Capacity (ACAP) OPEN	AUD \$2.0 Bn
Investment Horizon	3+ Years
Style Bias	Quality, Growth
Strategy	Long only, High Conviction
Market Cap Bias	Large, Mid & Small
Number of Stocks	15-35

INVESTMENT CONTACTS

Dr Manny Pohl AM manny.pohl@ecpam.com
 Jared Pohl jared.pohl@ecpam.com

ECP Asset Management Pty Ltd
 Suite 5 Level 3, 343 George Street Sydney
 NSW AUSTRALIA 2000