

Investment Update

As at 31 January 2018



Spheria Emerging Companies Limited
ACN 621 402 588

Pre-tax net tangible assets⁴
\$2.133

Portfolio⁸ performance
(since inception⁶)
6.6%

Company Facts

Investment Manager	Spheria Asset Management Pty Limited
ASX Code	SEC
Share price	\$2.06
Inception date	30 November 2017
Listing date	5 December 2017
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Management Fee	1.00% (plus GST) per annum ¹
Performance Fee	20% (plus GST) of the Portfolio's outperformance ²
Market Capitalisation	\$136m

¹ calculated daily and paid at the end of each month in arrears

² against the Benchmark over each 6-month period subject to a high water mark mechanism

Investment Objectives

- To deliver total returns in excess of the Benchmark over each full investment cycle
- To provide capital growth over each full investment cycle
- Aim to pay fully franked dividends (at least annually)

Company Overview

Spheria Emerging Companies Limited is a listed company that provides investors with access to an actively managed, Australian and New Zealand small and micro companies portfolio, designed for investors seeking capital growth and portfolio diversification.

It is a confined capacity investment strategy that identifies smaller companies where the present value of cash flows can be reasonably determined and they are assessed to be trading at a discount to their intrinsic value.

The smaller companies universe is more volatile and higher risk. An experienced investment manager in the small company end of the market is paramount to success, for this reason there are only a small number of listed investment companies offering access to a diversified small companies investment portfolio.

Spheria Asset Management Pty Ltd, is the appointed investment manager and is a specialist team with a track record of navigating the higher risk opportunities at the small end of the market.

Commentary

The investment portfolio had a strong month in January rising by 4.9% and outperforming the Small Ordinaries Accumulation Index by 5.5% both on a gross basis. The Portfolio owned AWE limited which received an additional bid from Mitsui and Co at 95c up from Mineral Resources previous bid of 83c per share. We see this as more fully recognising the value in the Waitsia asset. In addition the Portfolio's largest holding, Sirtex Medical (SRX.ASX), received a bid from Varian Medical Systems at a 49% premium to its closing price in late January. SRX had already rising substantially during January on the back of a strong trading update. We continue to focus on the basics looking for lowly geared, highly cash generative companies which we can invest in at reasonable valuations. We also hold the view that there are speculative forces in the small 'concept stock' space where companies have unjustifiably valuations based on reasonable assessments of their prospects.

Net Tangible Assets (NTA)³

Pre-tax NTA⁴	\$2.133
Post-tax NTA⁵	\$2.086

³ NTA calculations exclude Deferred Tax Assets relating to capitalised issue cost related balances and carried forward tax losses of \$0.001 per share

⁴ Pre-tax NTA includes tax on realised gains and other earnings, but excludes any provisions for tax on unrealised gains

⁵ Post-tax NTA includes tax on realised and unrealised gains and other earnings

Performance as at 31st January 2018

	1m	Inception⁶
Company⁷	3.3%	6.6%
Portfolio⁸	4.9%	8.7%
Benchmark⁹	-0.5%	2.4%

Past performance is not a reliable indicator of future performance.

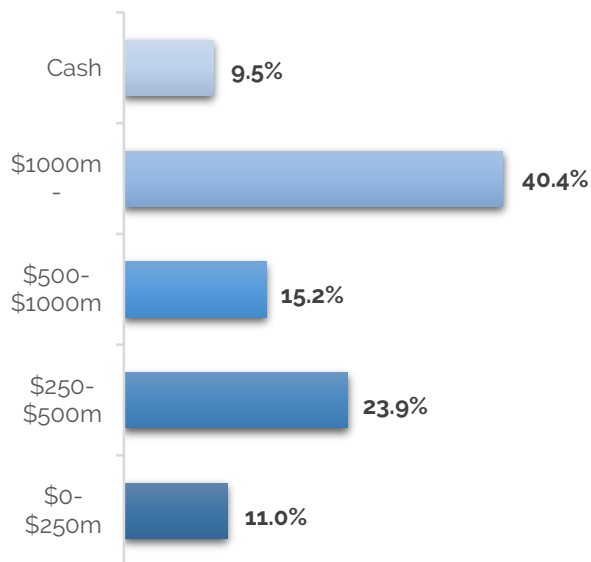
⁶ Inception date is 30th November 2017

⁷ Calculated as movement in Company's pre-tax NTA

⁸ Performance is quoted net of portfolio related fees, costs and taxes

⁹ Benchmark is the S&P/ASX Small Ordinaries Accumulation Index

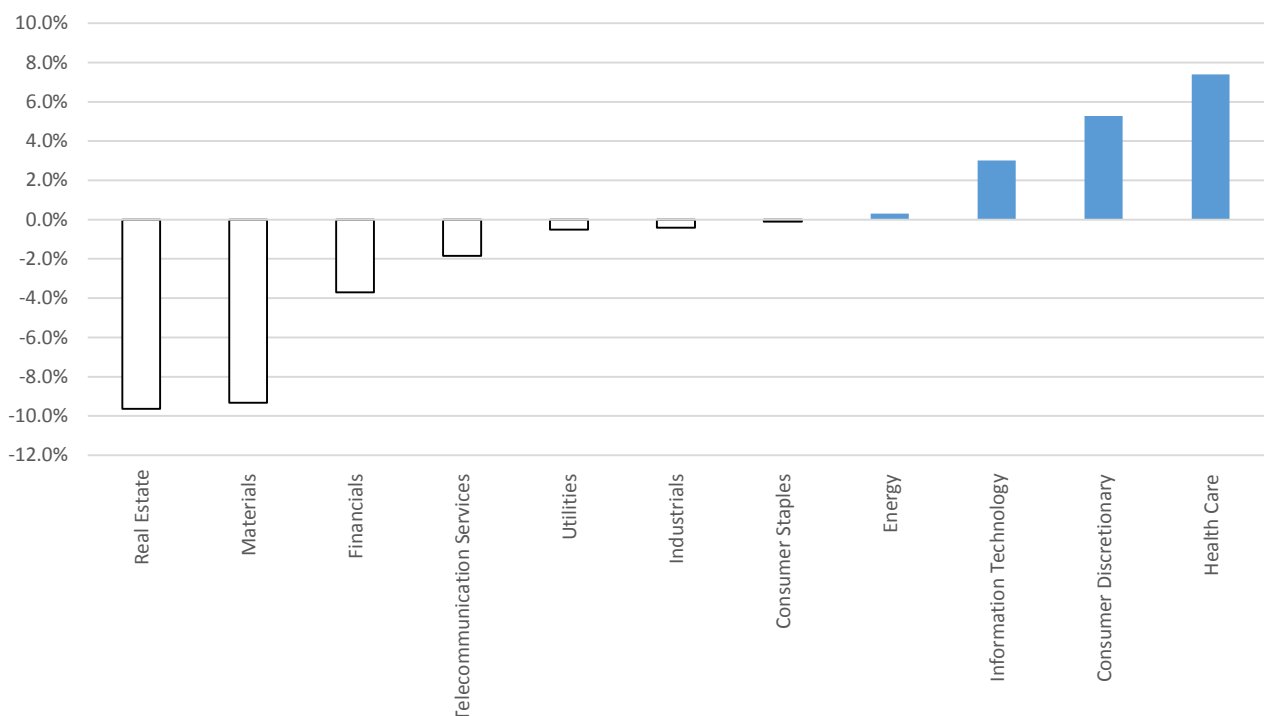
Market Cap Bands



Top 5 Holdings

Company Name	% Portfolio
Sirtex Medical	10.9
AWE Limited	8.0
Class Limited	4.2
Bega Cheese Ltd	3.7
Platinum Asset	3.6
Top 5	30.4

Active Sector Exposure



Disclaimer

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