



Spheria Emerging Companies Limited
Level 35, 60 Margaret Street
Sydney NSW 2000

Telephone: 1300 010 311
Email: invest@pinnacleinvestment.com
ACN 621 402 588

9 March 2020

By Electronic Lodgement

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Shareholder,

Shareholder webinar reminder and presentation on half-year results

Please join us this morning from 10.30am to 11.00am (Sydney time) for a shareholder webinar to hear an update on the Company's results and investment portfolio from Director of the Company, Adrian Whittingham and Portfolio Managers of Spheria Asset Management (the Manager), Matthew Booker and Marcus Burns.

Shareholders are invited to register for the webinar at the following link:

https://pinnacleinvestment.zoom.us/webinar/register/WN_XpcSUEQqS3mQmnrN5_mGw

The presentation slides are available below.

Authorised by:

Calvin Kwok
Company Secretary

Spheria Emerging Companies Limited

ACN 621 402 588



Spheria Emerging Companies Limited

ASX: SEC

Half-year FY2020 Results & Portfolio Update

Agenda

1. SEC Company update
2. Portfolio update
3. Questions

Half-year FY2020 Highlights

Spheria Emerging Companies (ASX: SEC)

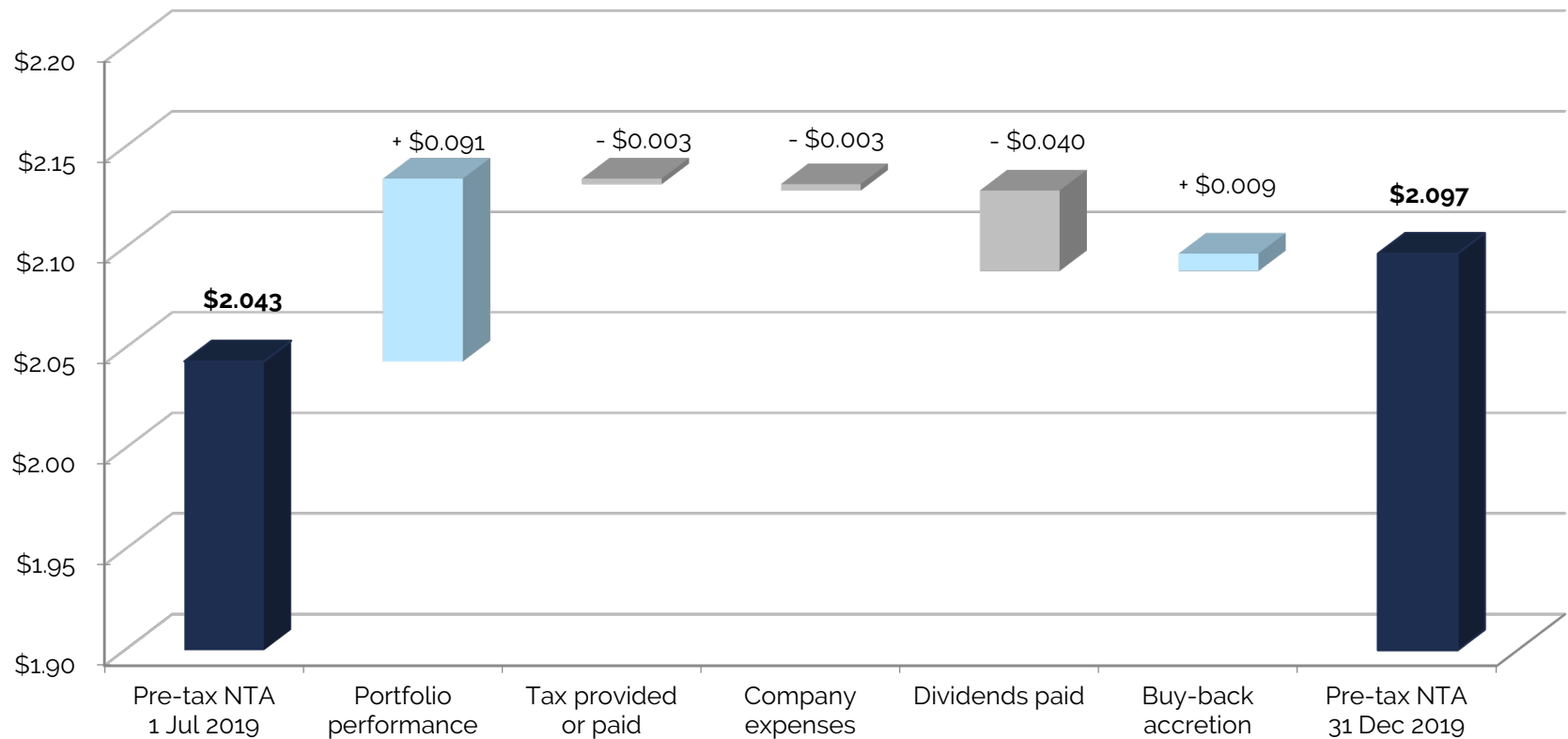
1HFY20 profit	Company performance ¹	Interim dividend	Yield ²
\$4.6m	+4.7%	3.0c	3.9%

- 1H2020 net profit after tax of \$4.6m
- Interim dividend of 3.0 cents per share (fully franked), an increase of 50% on prior corresponding period
- Company NTA performance of +4.7%
- On-market share buy-back continues
- Company well poised to act as consolidator and/or raise additional capital to improve scale

¹ Calculated as movement in Company's pre-tax NTA, which includes tax on realised gains/losses and other earnings, but excludes any provision for tax on unrealised gains/losses, adjusted for dividends paid by the Company.

² Annualised dividend yield when combined with FY19 final dividend of 4.0 cents per share, calculated on share price as at 31 December 2019 of \$1.79

NTA breakdown for 1HFY20

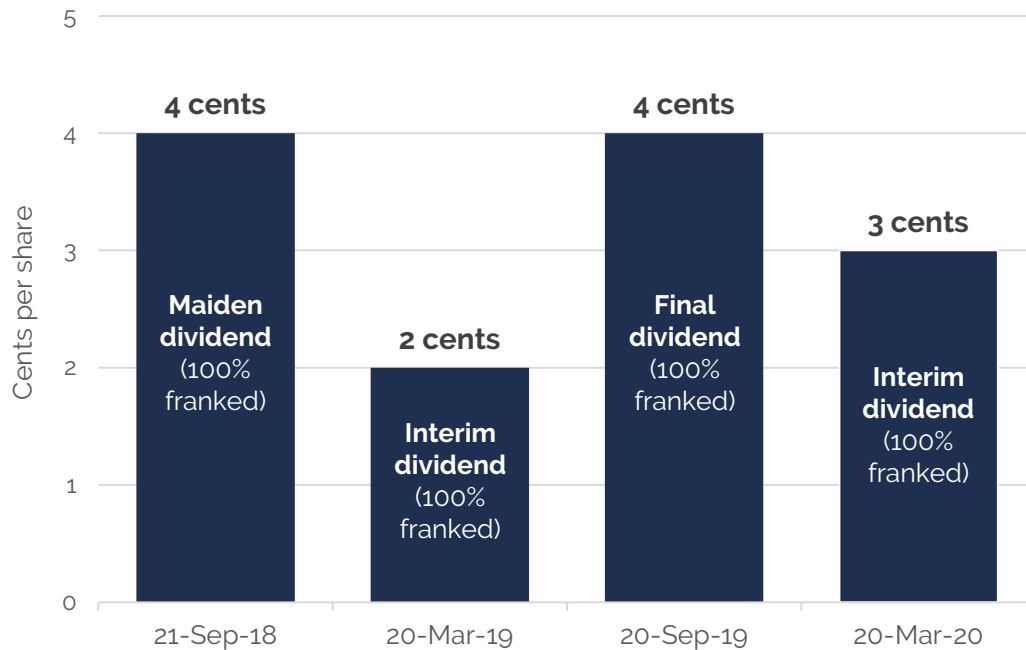


Source: Spheria Emerging Companies

Dividends

Interim dividend of 3 cents per share (50% increase on the previous half-year)

Dividend History



1HFY20 Interim Dividend

Amount	3.0 cents per share
Ex-dividend Date	5 March 2020
Dividend Record Date	6 March 2020
Dividend Payment Date	20 March 2020

Source: Spheria Emerging Companies

Performance History

SEC Portfolio performance

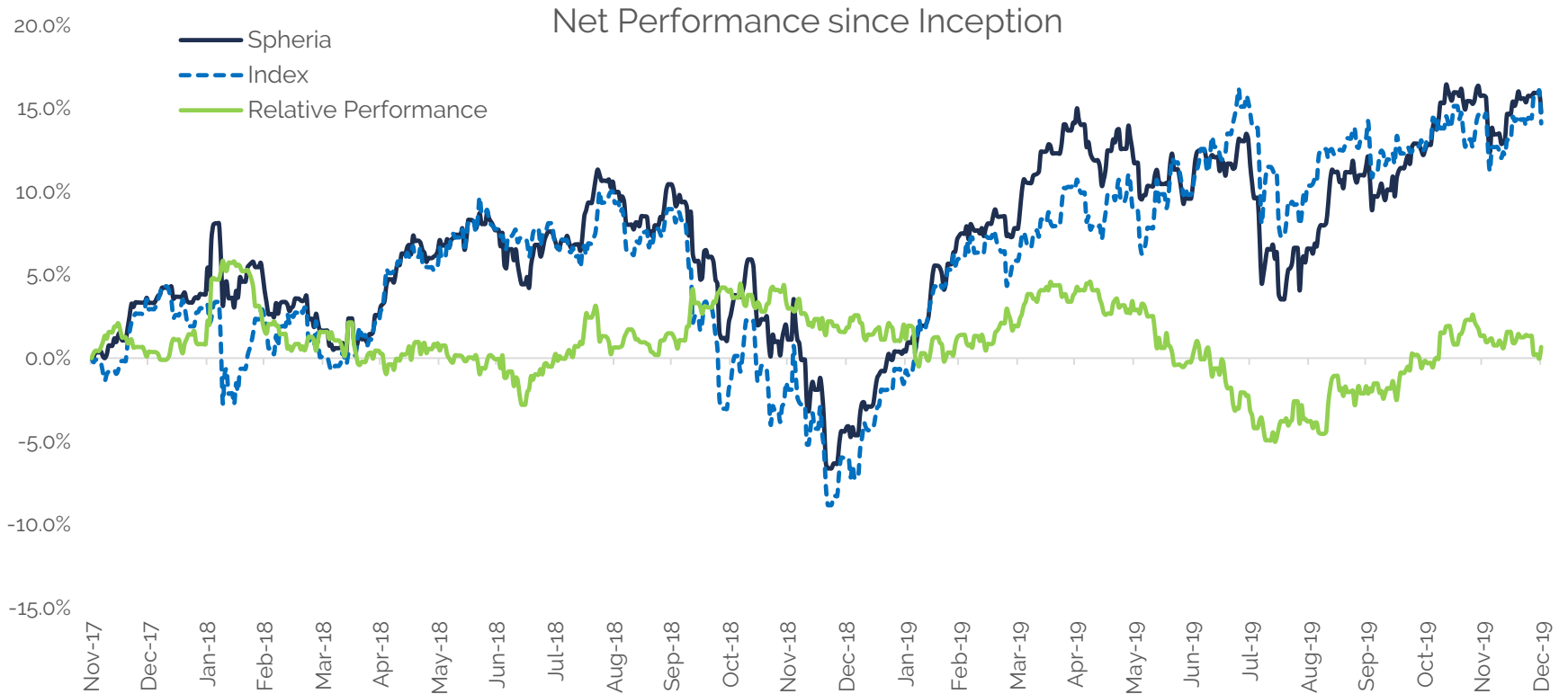
<i>Net Portfolio Performance as at 31st Dec 2019</i>							
Period	1 month	3 month	6 month	1 year	2 year (pa)	Since Inception (pa)	Inception Date
SEC Mandate	-0.9%	2.9%	4.7%	19.7%	5.4%	6.8%	30/11/2017
S&P/ASX Small Ordinaries Accumulation Index	-0.3%	0.8%	3.9%	21.4%	5.3%	6.5%	
Outperformance	-0.6%	2.1%	0.8%	-1.6%	0.1%	0.3%	

SEC NTA performance

<i>SEC Limited Performance 31st Dec 2019</i>							
Period	1 month	3 month	6 month	1 year	2 year (pa)	Since Inception (pa)	Inception Date
Company's Performance	-0.5%	2.9%	4.7%	17.3%	3.3%	4.7%	30/11/2017
Benchmark	-0.3%	0.8%	3.9%	21.4%	5.3%	6.5%	

Net portfolio performance are net of management fees. Company's performance is calculated as movement in Company's pre-tax NTA, which includes tax on realised gains/losses and other earnings, but excludes any provisions for tax on unrealised gains/losses, adjusted for dividends paid by the Company. The Benchmark is pre-tax, S&P/ASX Small Ordinaries Accumulation Index

SEC portfolio performance



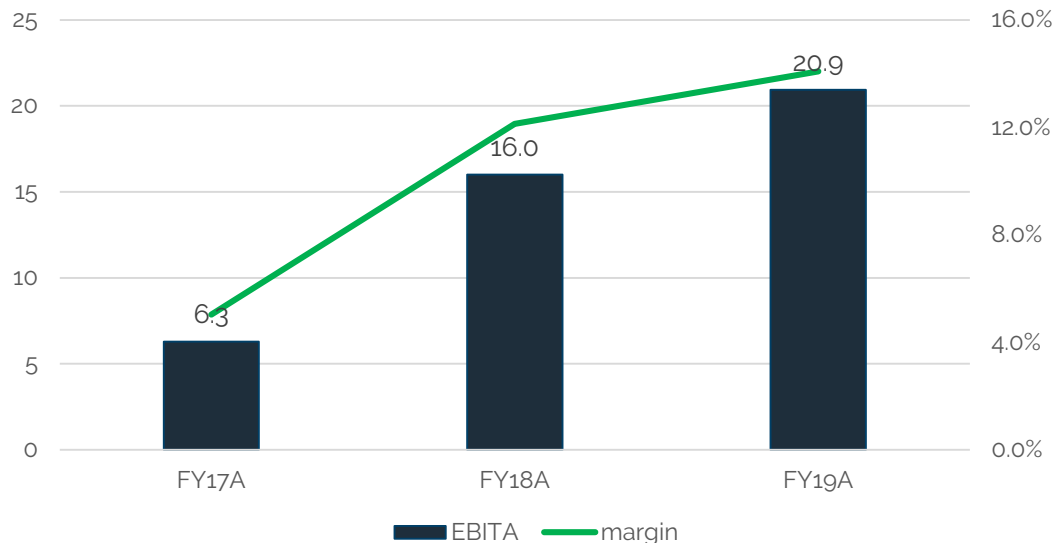
Net Portfolio performance = investment performance of mandate after investment management fees but before taxes.

Source: Spheria Asset Management

City Chic (CCX)

High growth with large addressable market

Cash Flow Trends

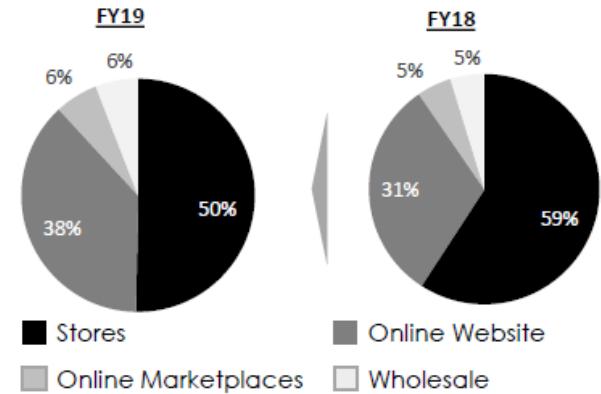


Source: Company Reports, Spheria.

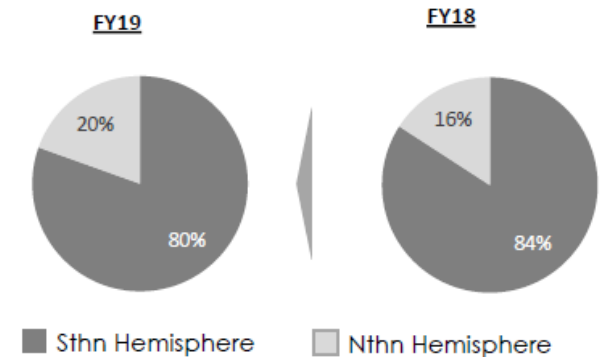
Australasia's leading premium plus size fashion retailer

Profitable US online operations – the acquisition of Avenue provides significant scale.

Channel: Contribution



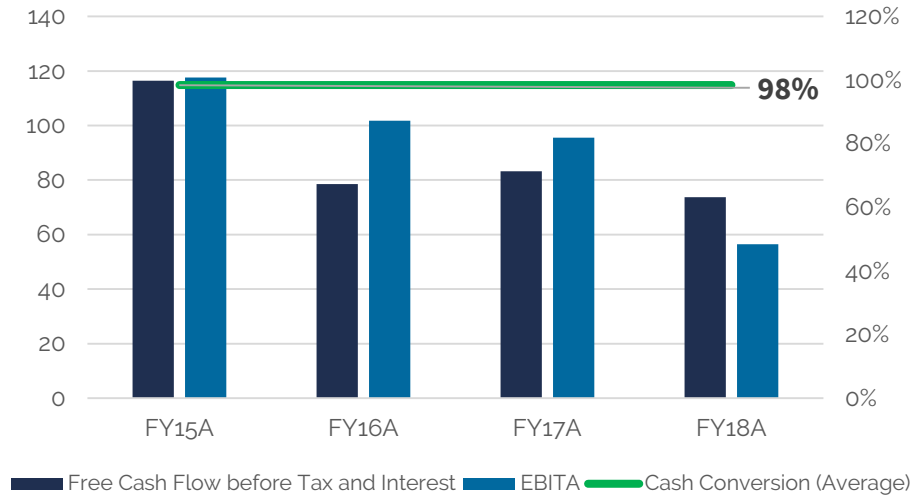
Region: Contribution



Asaleo Care (AHY)

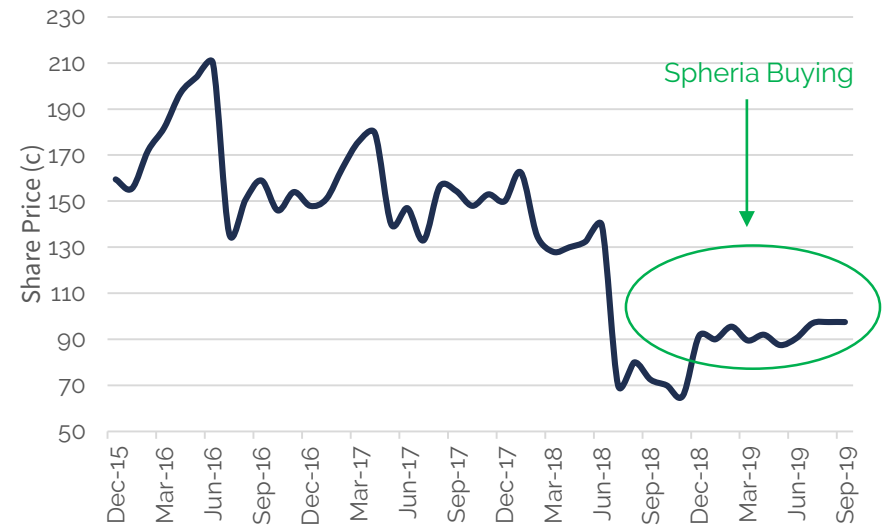
High growth with large addressable market

Cash Flow Dynamics



Source : Morningstar, Spheria.

Asaleo Care - Share Price History



- A very defensive product set in Libra, Tena and Tork.
- Tena (incontinence solutions) has strong growth prospects given an ageing population.
- Trades <10x EV/EBITA, a 33% discount to it's global parent (Essity).



Company Positions

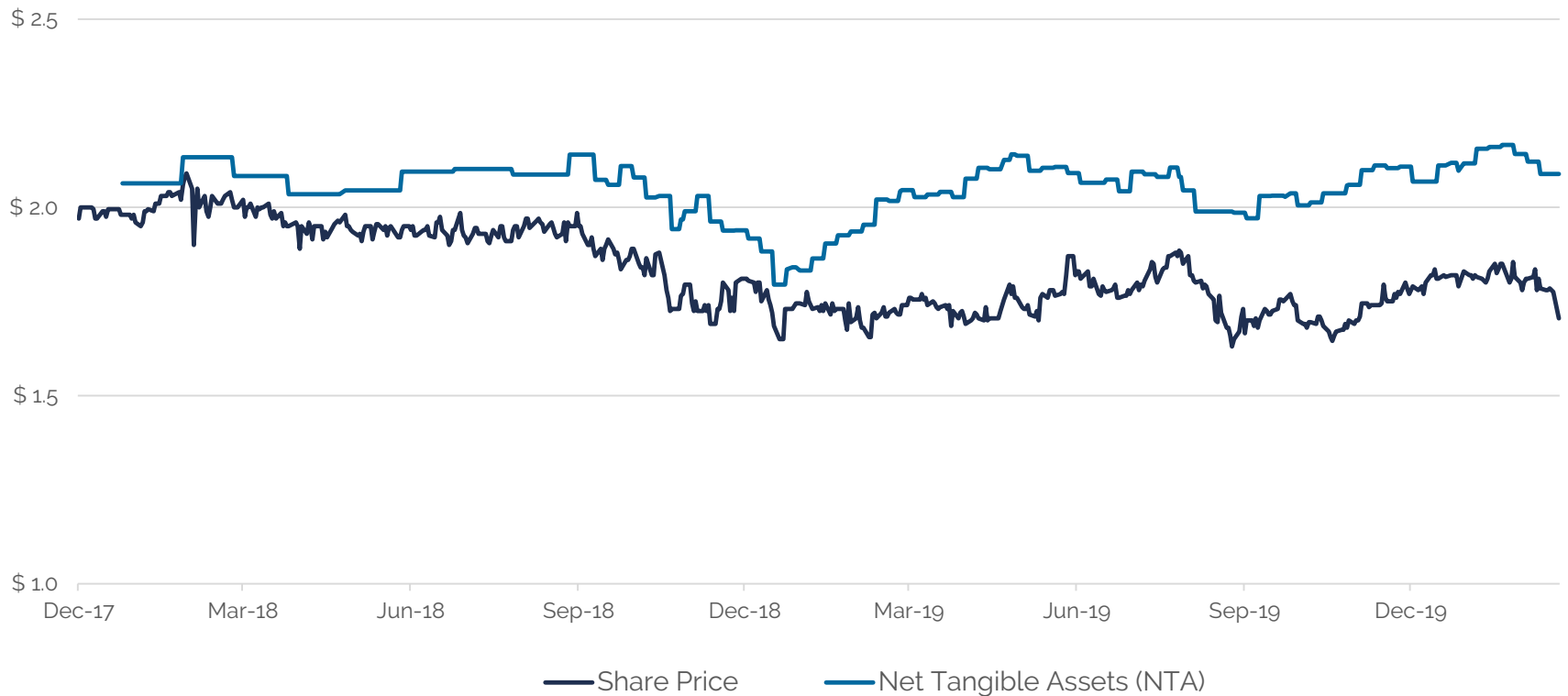
Spheria Emerging Companies as at 31 December 2019

Ticker	Name	% Portfolio
CL1	Class Limited	5.1%
BKL	Blackmores Limited	4.6%
ABC	Adelaide Brighton	4.5%
FBU	Fletcher Building	4.5%
PTM	Platinum Asset	4.5%
HT1	Ht&E Limited	4.3%
SGM	Sims Limited	4.2%
BGA	Bega Cheese Ltd	4.1%
MOC	Mortgage Choice Ltd	3.7%
MND	Monadelphous Group	3.6%
Top 10		43.1%

Source: IRESS

Discount to NTA

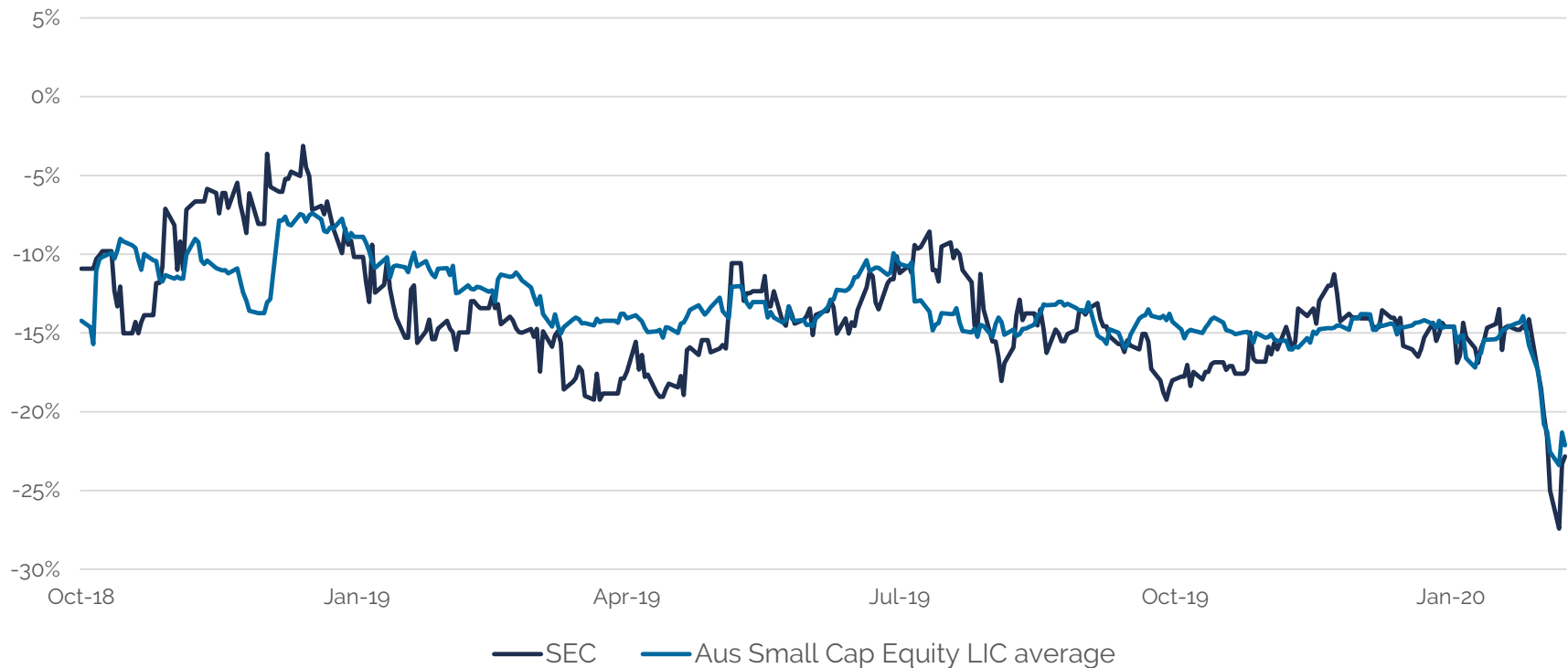
SEC NTA and Share Price performance



Source: Spheria Emerging Companies, Bloomberg.

Discount to NTA

SEC vs Small Cap Aus Equity LIC average discount to NTA



Source: Bloomberg. Small Cap Aus Equity LICs include: 8EC, ACQ, BEL, BST, BTI, ECL, GC1, NAC, NCC, NSC, OZG, QVE, RYD, SNC, WAX, WMI

Initiatives to close the discount to NTA

The Board acknowledges the current discount to NTA and is concerned about this unsatisfactory position and remains committed to addressing the discount to NTA.

On-market share buy-back	<ul style="list-style-type: none"> • Up to \$5m (4% of shares) starting 1 July 2019 • As at 25 February 2020, 2.4m shares had been acquired, valued at \$4.2m • Buy-back has been accretive to NTA, adding approx. \$0.01 per share to the NTA
Improve scale	<ul style="list-style-type: none"> • Company well poised to act as consolidator and/or raise capital to improve scale
Shareholder engagement	<ul style="list-style-type: none"> • Investor communication – more regular insights and updates, Pinnacle listed products investor relations team • Investor events – Pinnacle Listed Investments Summit, manager roadshow, industry events • Transparency – Weekly NTA, NTA history chart on website
Alignment of interest with shareholders	<ul style="list-style-type: none"> • Ownership – Spheria Asset Management and staff own 750k shares

Questions



Disclaimer

Spheria Emerging Companies Limited ACN 621 402 588 (SEC)

Spheria Asset Management Pty Ltd (ABN 42 611 081 326, Corporate Authorised Representative No. 1240979) ('Spheria') is the investment manager of Spheria Emerging Companies Limited ABN 84 621 402 588 ('SEC or the 'Company'). This communication is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this communication nor anything contained in it forms the basis of any contract or commitment. Any offer or sale of securities are made pursuant to definitive documentation, which describes the terms of the offer ('Offer Document') available at www.spheria.com.au. Prospective investors should consider the Offer Document in deciding whether to acquire securities under the offer. Spheria Emerging Companies Limited (ACN 621 402 588) is the issuer of the shares under the Offer Document. Prospective investors who want to acquire under the offer will need to complete an application form that is in or accompanies the Offer Document. The Offer Document is an important document that should be read in its entirety before deciding whether to participate in the offer. Prospective investors should rely only on information in the Offer Document and any supplementary or replacement document. Prospective investors should contact their professional advisers with any queries after reading the Offer Document.

While SEC and Spheria believe the information contained in this communication is based on reliable information, no warranty is given as to its accuracy and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Spheria and SEC disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. Any opinions and forecasts reflect the judgment and assumptions of Spheria and its representatives on the basis of information at the date of publication and may later change without notice. Disclosure contained in this communication is for general information only and was prepared for multiple distribution. The information is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. The information in this communication has been prepared without taking account of any person's objectives, financial situation or needs. Persons considering action on the basis of information in this communication are to contact their financial adviser for individual advice in the light of their particular circumstances. Past performance is not a reliable indicator of future performance. Unless otherwise specified, all amounts are in Australian Dollars (AUD). Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from SEC and Spheria.