



Spheria Emerging Companies Limited
(Company)
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ACN 621 402 588

8 September 2021

By Electronic Lodgement

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Shareholder,

Shareholder webinar reminder and presentation on full year results

The Board invites you to the upcoming shareholder webinar on 8 September 2021 at 10.30am (Sydney time AEST). The webinar will provide an update on the Company's full year financials and investments from the Company's Chairman, Jonathan Trollip and Spheria Asset Management's Portfolio Manager, Marcus Burns.

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

<https://event.on24.com/wcc/r/3378519/E86625B8579735ED7A0823647F39C80C>

The presentation slides are available below.

Authorised by:

Calvin Kwok
Company Secretary

Spheria Emerging Companies Limited

ASX: SEC

Full-year FY2021 Results & Portfolio Update

Agenda

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

Full-year FY2021 Highlights

Strong results with Company performance up 55.5%

FY21 profit	Company performance ¹	Interim dividend	Yield	Yield (including franking)
\$40.2m	+55.5%	5.0c	3.5%²	4.8%³

- FY21 net profit after tax of \$40.2m, a material turnaround from the net loss in FY20.
- Company NTA performance of +55.5%
- Final dividend of 5.0 cents per share (fully franked). Annual dividend yield equal to 3.5%² (4.8%³ including franking).
- FY21 annual dividend of 8.5 cents is an increase of 55% on the FY20 annual dividend of 5.5 cents, in recognition of the strong profit for the year.
- New target dividend yield of 4% of NTA p.a. (5.4% including franking), paid quarterly, for FY22, beginning in the September 2021 quarter.
- On-market share buy-back of \$9.9m to date, (\$3.1m during FY21), adding 2.8 cents of NTA per share.

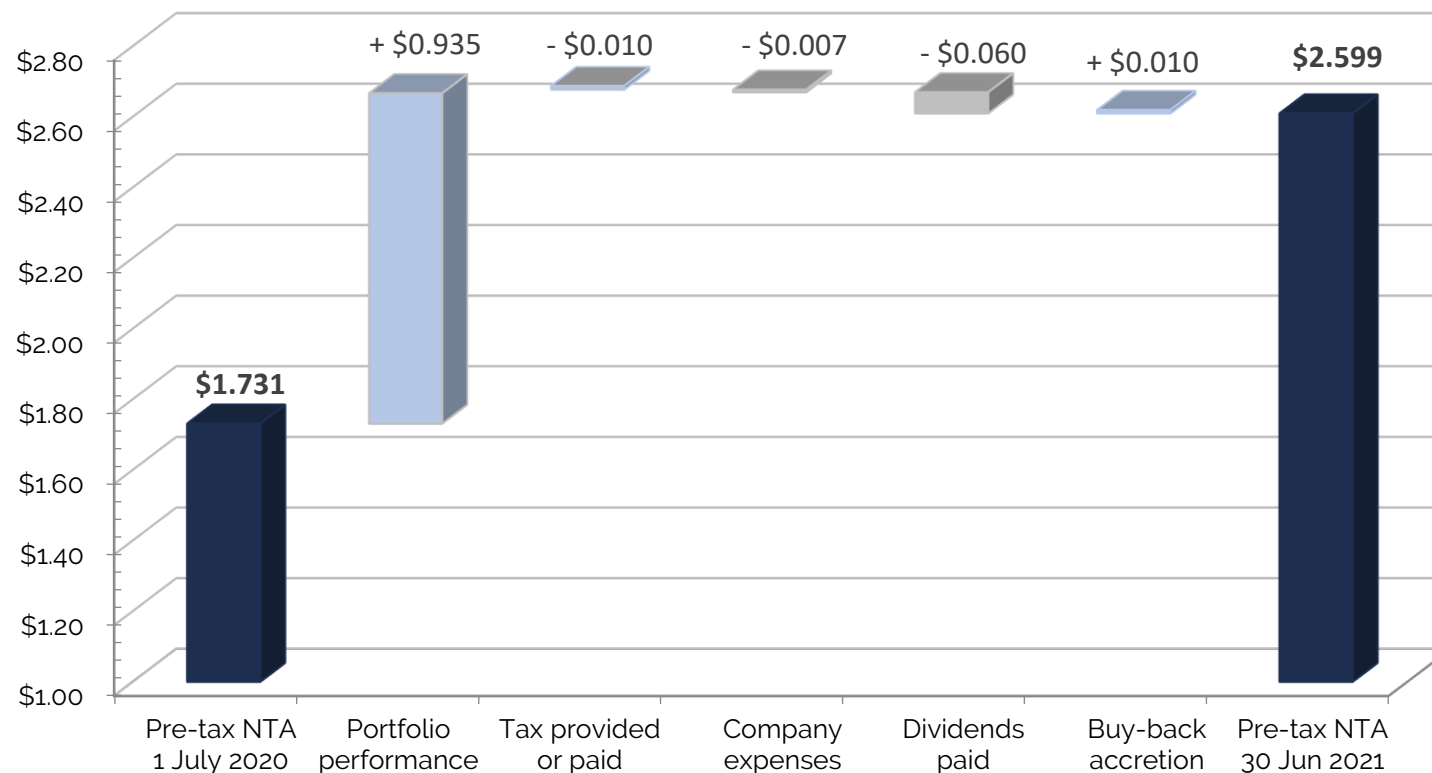
¹ Calculated as movement in Company's pre-tax NTA, which includes tax on realised gains/losses and other earnings, but excludes any provision for tax on unrealised gains/losses, adjusted for dividends paid by the Company.

² Annualised dividend yield when combined with FY21 interim dividend of 3.5 cents per share, calculated on share price as at 30 June 2021 of \$2.40

³ Annualised dividend yield when combined with FY21 interim dividend of 3.5 cents per share, calculated on share price as at 30 June 2021 of \$2.40 using 26% tax rate

NTA breakdown for FY21

30 June 2021 NTA 30% higher than IPO price of \$2.00



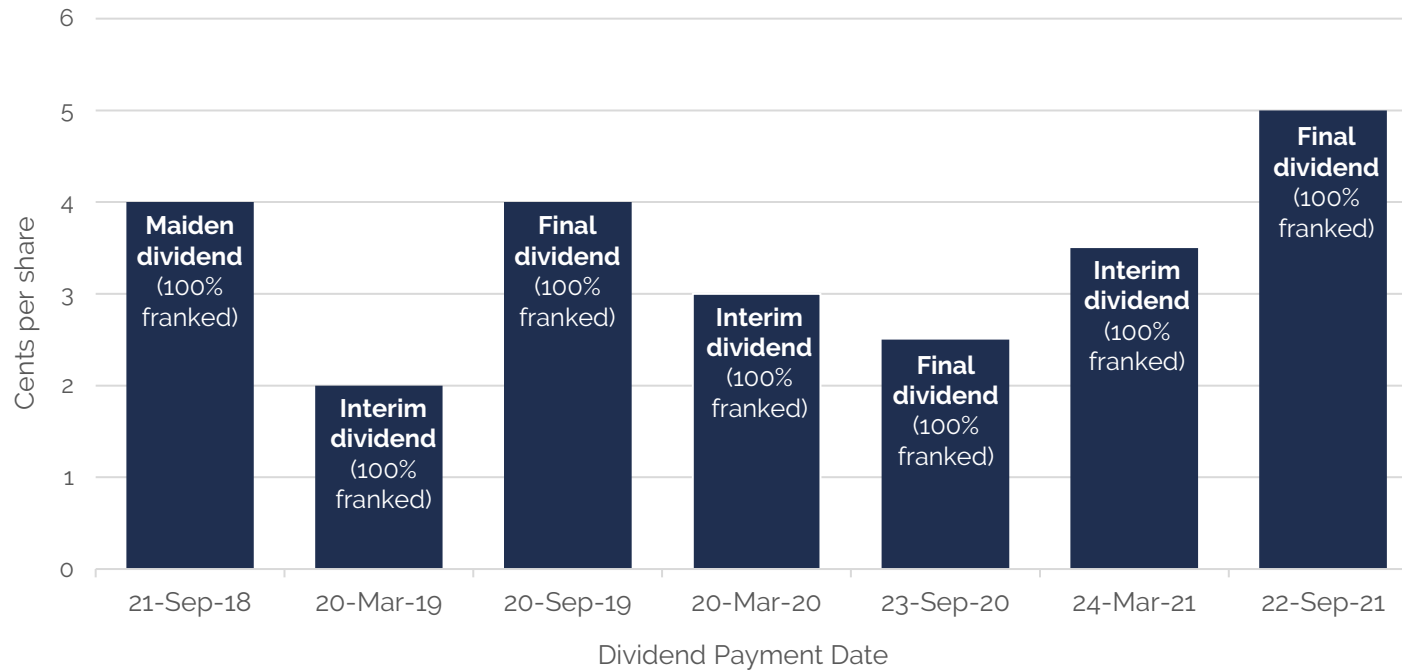
Source: Spheria Emerging Companies

Dividends

FY21 final dividend of 5c, up 100% on FY20

- Final dividend of 5.0 c per share. Full year dividends of 8.5 c, a dividend yield equal of 3.5% (4.8% including franking).
- Total dividends since IPO of 24.0 cents per share

Dividend History



FY21 Final Dividend	
Amount	5.0 cents per share
Ex-dividend Date	7 Sept 2021
Dividend Record Date	8 Sept 2021
Dividend Payment Date	22 Sept 2021

Source: Spheria Emerging Companies

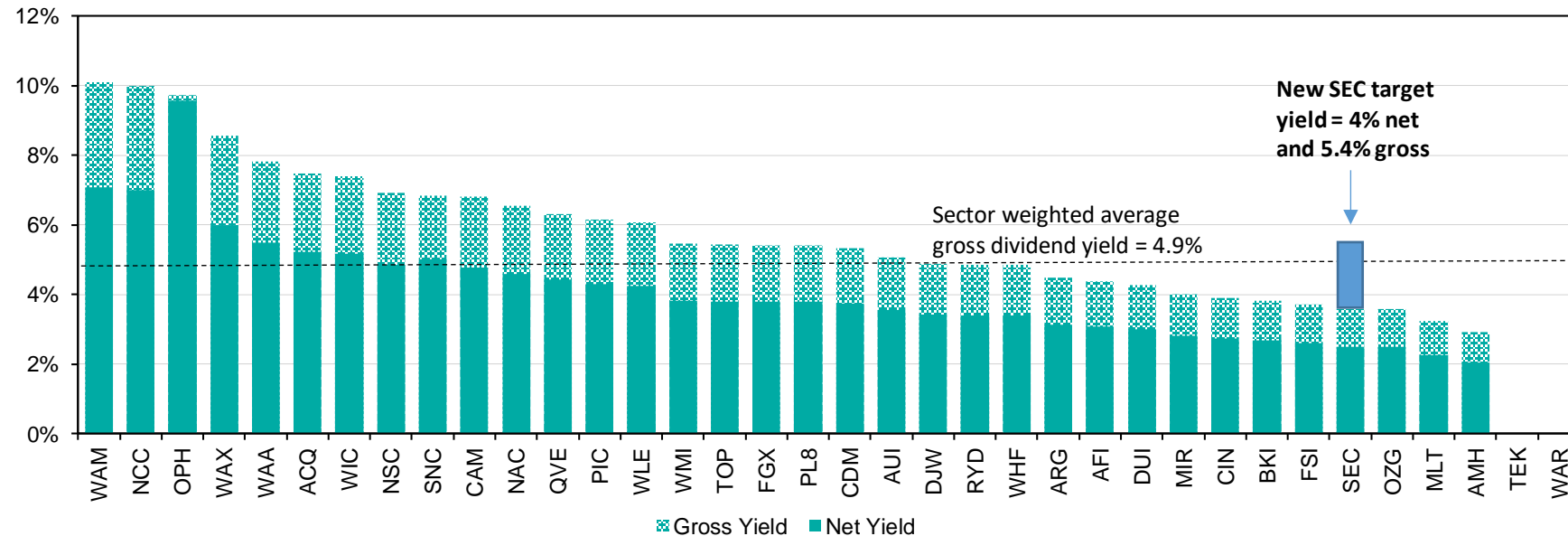
www.spheria.com.au

Dividends

New 4% dividend target, paid quarterly

- **Higher dividend:** New target dividend yield of 4% of NTA p.a. (5.4% including franking) puts SEC in top half of Australian Equity LIC income payers
- **More regular dividend:** Paid quarterly, for FY22, beginning in the September 2021 quarter

Domestic Equity LIC/LIT Dividend Yield (Net and Gross)



SOURCE: COMPANY DATA, IRESS, BELL POTTER. BASED ON LAST 12 MONTH DIVIDENDS/DISTRIBUTIONS PAID. AS AT 30 JUNE 2021.

Source: Spheria Emerging Companies, Bell Potter

Performance History

FY21 Company performance up 55.5%

SEC Company performance

Performance as at 31st July 2021

Period	6 month	1 year	3 year (pa)	Since Inception (pa)	Inception Date
Company	15.4%	54.3%	11.4%	11.2%	30/11/2017
S&P/ASX Small Ordinaries Accumulation Index	11.8%	32.3%	9.2%	9.4%	
Outperformance	3.6%	22.0%	2.2%	1.8%	

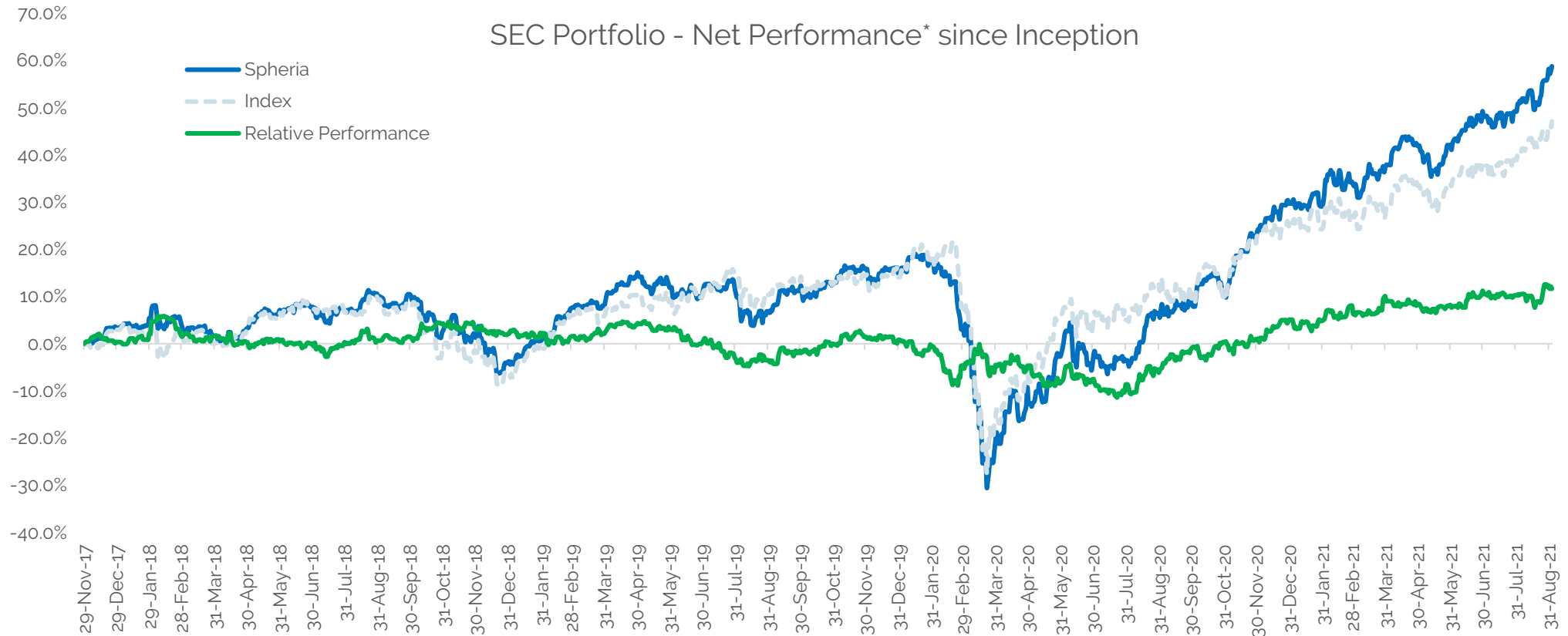
Past performance is not a reliable indicator of future performance.

Company's performance is calculated as the Company's investment portfolio performance after fees excluding tax on realised and unrealised gains/losses and other earnings, and after company expenses

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

All p.a. returns are annualised

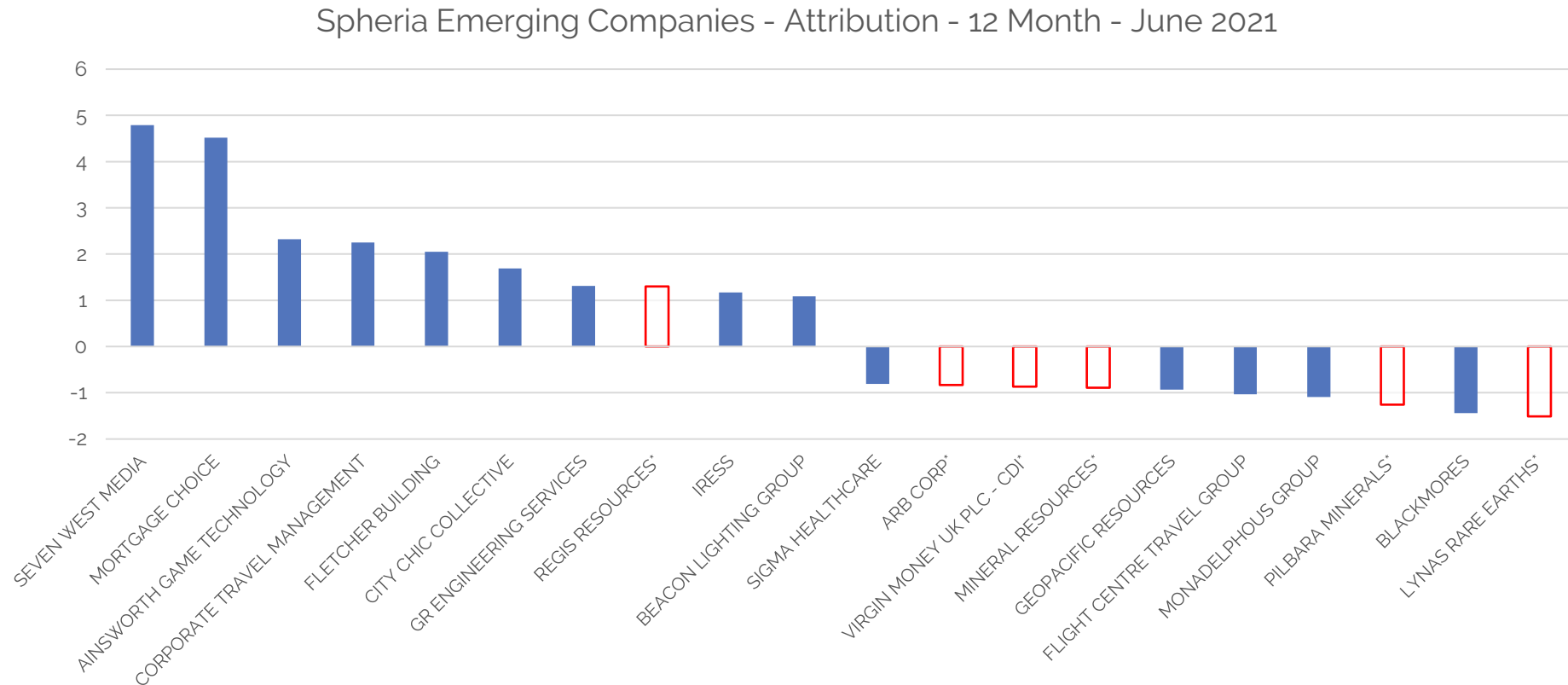
SEC Portfolio Performance



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

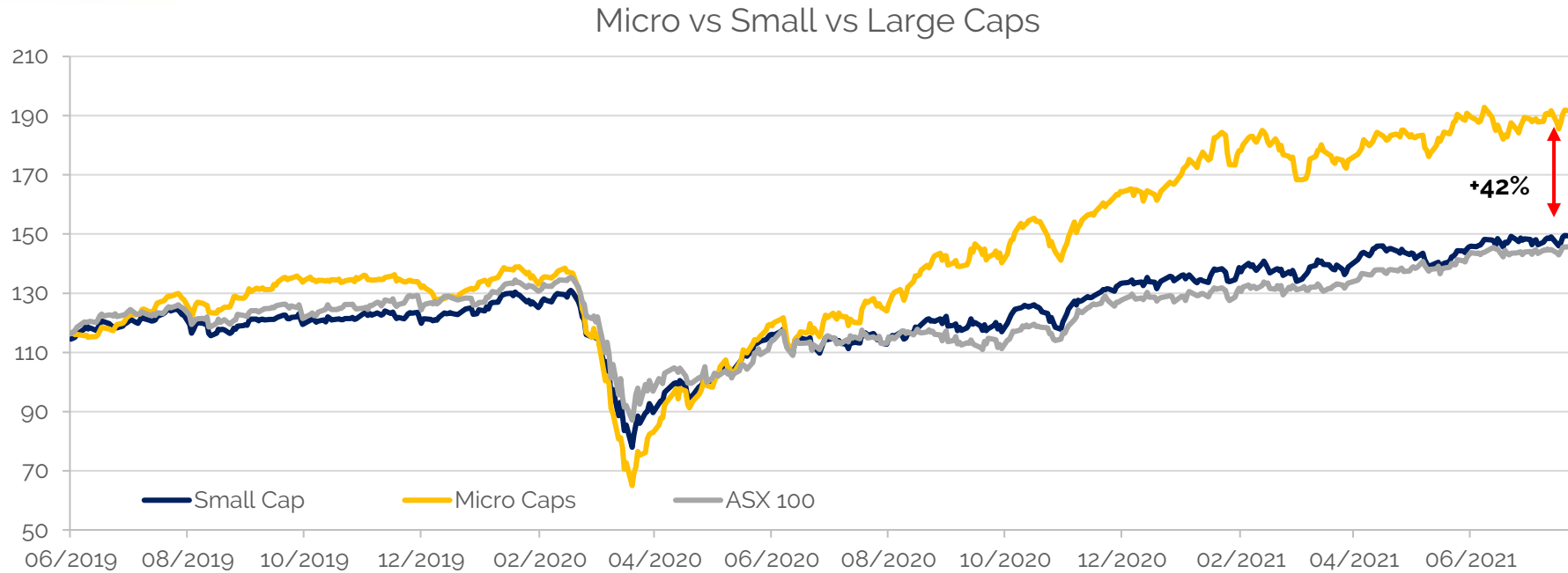
Source: Spheria Asset Management

SEC attribution over past 12m



Source : Bloomberg Data as at June 30 2021

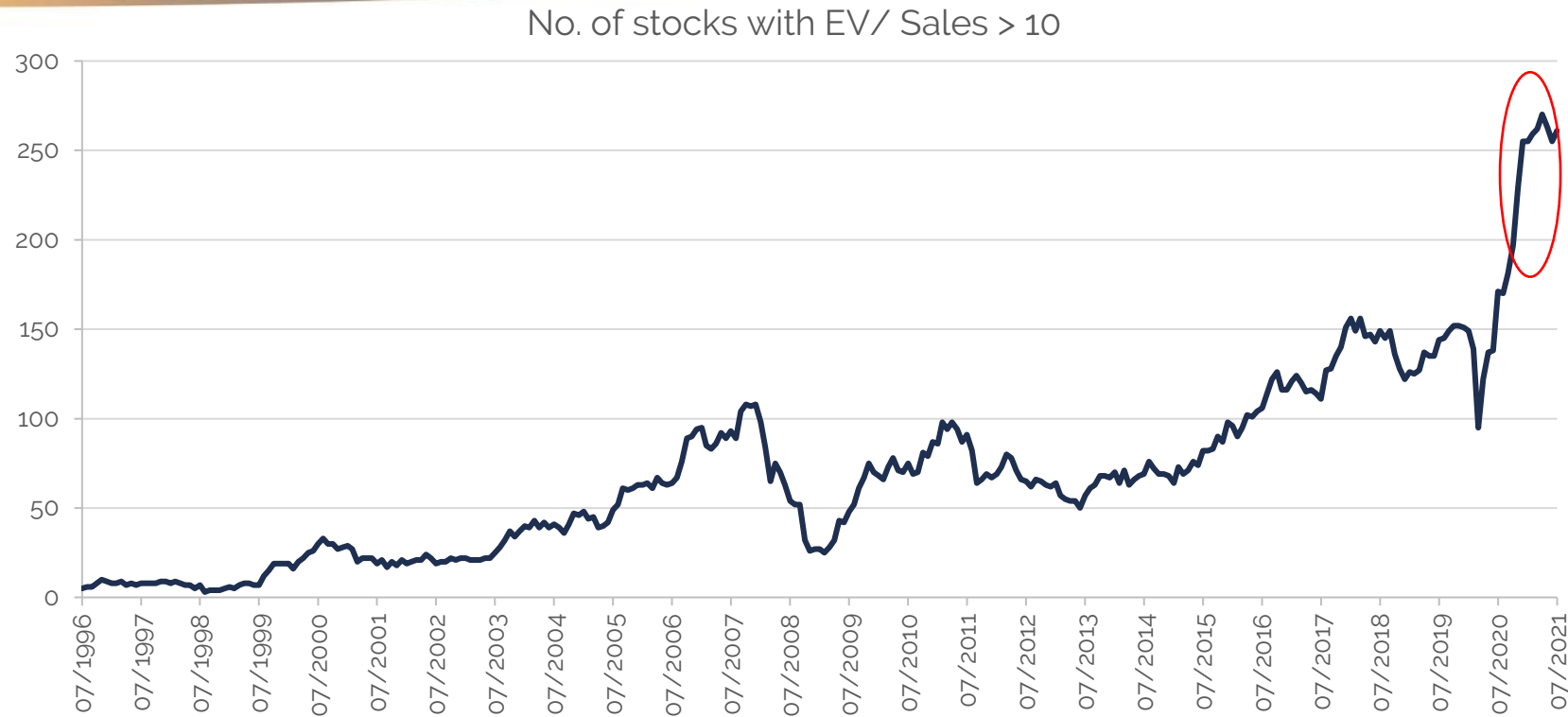
Performance by Market Cap Sector



- Microcaps and small caps have outperformed large caps since beginning of 2019
- Microcaps have outperformed small caps by 52% since March of last year
- **Feb 2021 represents greatest rolling 12m period of micros outperformance**

Chart Source: Bloomberg data. Micro/small/large accumulation indices. As at 31/07/2021

Bifurcation in the market creates opportunities



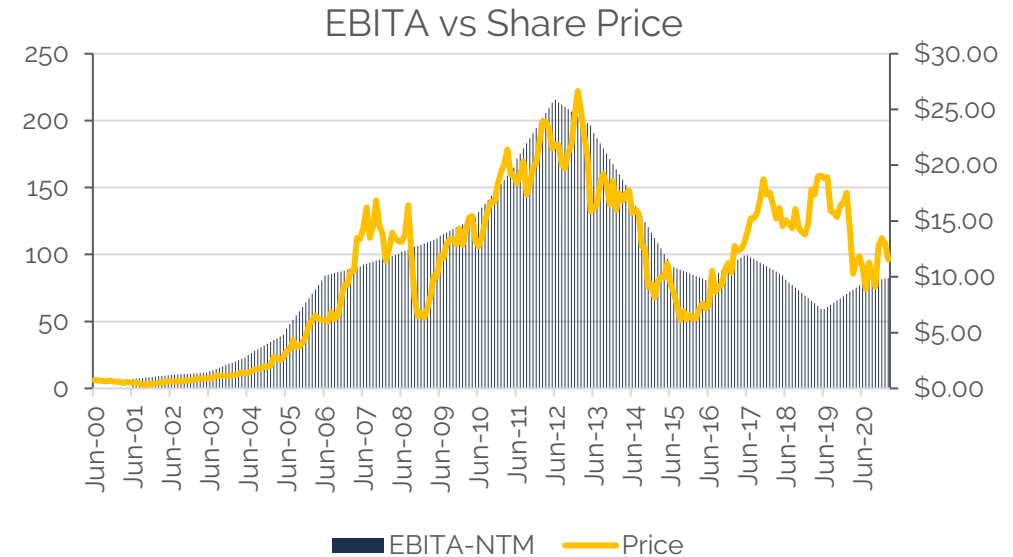
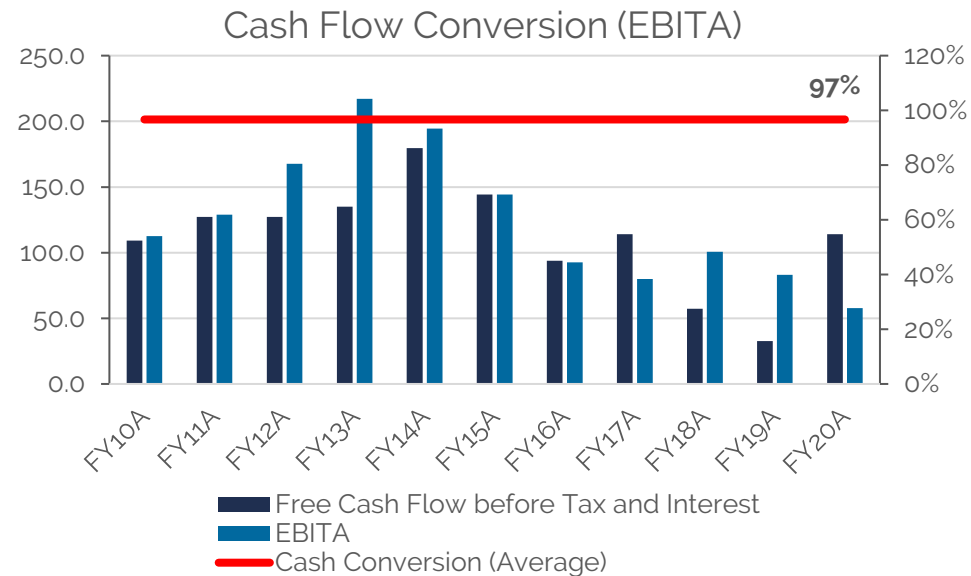
- EV/Sales > 10 is expensive in historical context
- The number of highly rated stocks has hugely expanded since Sept last year

Chart Source: Bloomberg data, ASX stocks with market cap > \$50m, < \$3.0bn and EV/trailing sales multiple over 10x

Monadelphous (ASX:MND)

Resources recovery not priced in.

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- MND has one of the best sector performance histories – executional excellence, good cash flow, conservative management.
- Market concerned about next 12m margins – resource companies looking to re-invest with record commodity prices
- Net cash balance sheet, trading on EV/EBIT of 8.8x FY 22
- Revenue mix has shifted substantially over past 5 years to maintenance revenue, margins will recover with recovery of Eng Construction

Source : Morningstar, IRESS, Spheria.

Company Positions

Spheria Emerging Companies as at 31st July 2021

Company Name	% Portfolio
Adbri Limited	4.8
Fletcher Building	4.5
Healius	4.0
City Chic Collective	3.6
Seven West Media Ltd	3.5
Flight Centre Travel	3.4
IRESS Limited	3.4
Monadelphous Group	3.4
Blackmores Limited	3.4
Breville Group Ltd	3.3
Top 10	37.3

Source: IRESS

A wide-angle photograph of the Aurora Borealis (Northern Lights) over a calm body of water at night. The aurora displays vibrant green and purple ribbons of light against a starry sky. The horizon shows a dark, silhouetted landscape with a few distant lights. The water in the foreground reflects the colors of the aurora and the starry sky.

Questions

Spheria Emerging Companies Limited ACN 621 402 588 (SEC)

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