



Spheria Emerging Companies Limited (Company)
Level 25
Australia Square Tower
264 George Street
Sydney NSW 2000

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

15 November 2024

By Electronic Lodgement

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Spheria Emerging Companies Limited (ASX:SEC) – Monthly Investment Update

Please find attached a copy of the investment update for the month ending 31 October 2024.

For further information, please contact 1300 010 311.

Authorised by:

Calvin Kwok
Company Secretary

Overall Commentary

The Company performance for the month of October was 1.0% (after fees), outperforming the S&P/ASX Small Ordinaries Accumulation Index by 0.2%.

Small caps continued to march higher in October, outperforming larger companies. General sentiment continues to improve with markets increasingly believing that central bankers are navigating a soft landing with inflation falling and interest rates beginning to be cut across most markets. Australia has been the exception so far on this front and is increasingly looking like an isolated case – although against this we didn't tighten anywhere nearly as far as the US, UK or NZ. This backdrop is viewed as supportive for consumer spending and growth more generally. Despite ongoing geopolitical and election uncertainty the small-cap index is up over 26% in the last year.

Insignia Financial (IFL.ASX, +66bps), not owning WEB Travel Group (WEB.ASX, +49bps), and Michael Hill International (MHJ.ASX, +27bps) were positive contributors for the month. The largest detractors from performance included not owning Arcadium Lithium (LTM.ASX, -54bps), Sigma Healthcare (SIG.ASX, -27bps) and Life360 (360.ASX, -24bps).

Company Facts

Investment Manager	Spheria Asset Management Pty Limited
ASX Code	SEC
Share Price	\$2.330
Inception Date	30 November 2017
Listing Date	5 December 2017
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Dividends Paid	Quarterly
Management Fee	1.00% (plus GST) per annum ¹
Performance Fee	20% (plus GST) of the Portfolio's outperformance ²
Market Capitalisation	\$139.3m

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

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

Performance as at 31 October 2024

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a. ³
Company ¹	1.0%	3.7%	33.2%	1.0%	7.9%	7.4%
Benchmark ²	0.8%	3.8%	26.6%	-0.6%	4.7%	5.2%
Difference	0.2%	-0.1%	6.6%	1.6%	3.3%	2.2%

¹ 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

² Benchmark is the S&P/ASX Small Ordinaries Accumulation Index.

³ Inception date is 30 November 2017. Past performance is not a reliable indicator of future performance. All p.a. returns are annualised.

Net Tangible Assets (NTA)¹

Pre-Tax NTA²

2.395

Post-Tax NTA³

2.339

The NTA values shown above are after the dividend of 3.5 cents per share paid on 12 November 2024. The ex-date of the dividend was 22 October 2024.

¹ NTA calculations exclude Deferred Tax Assets relating to capitalised issue related balance and income tax losses.

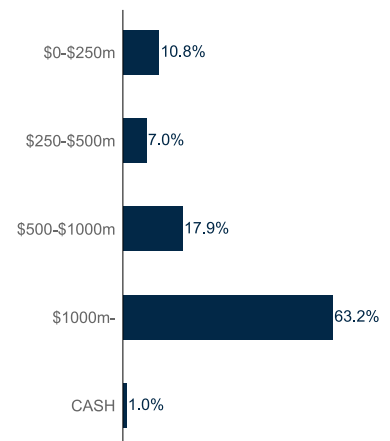
² Pre-tax NTA includes tax on realised gains/losses and other earnings, but excludes any provisions for tax on unrealised gains/losses.

³ Post-tax NTA includes tax on realised and unrealised gains/losses and other earnings.

Top 10 Holdings

Company Name	% Portfolio
Supply Network Limited	5.5
Fletcher Building Limited	4.9
Insignia Financial Limited	4.4
IRESS Limited	4.2
Healius Limited	3.8
Bega Cheese Limited	3.6
Universal Store Holdings Limited	3.2
Sims Limited	3.0
Technology One Limited	2.9
Deterra Royalties Limited	2.7
Top 10	38.2

Market Cap Bands



Source: Spheria Asset Management

Fund Ratings



Disclaimer

Spheria Emerging Companies Limited (the Company, ASX: SEC) is a listed investment company (LIC) 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 (the Manager, Spheria), 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.

Zenith Disclaimer: The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned February 2024) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <https://www.zenithpartners.com.au/our-solutions/investment-research/regulatory-guidelines/>.

Lonsec Disclaimer: The rating issued (Spheria Emerging Companies Limited rating issued October 2024) is published by Lonsec Research Pty Ltd ('Lonsec') (ABN 11 151 658 561, AFSL 421 445). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.

Contact Us

For more information, please contact Pinnacle Investment Management Limited on 1300 010 311 or email distribution@pinnacleinvestment.com