



**Spheria Emerging Companies Limited (Company)**  
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20 August 2025

*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 July 2025.

For further information, please contact 1300 010 311.

Authorised by:

Calvin Kwok  
Company Secretary

## Overall Commentary

The Company performance for the month of July was 6.1% (after fees), outperforming the S&P/ASX Small Ordinaries Accumulation Index by 3.3%.

## Company Facts

Investment Manager	Sphera Asset Management Pty Limited
ASX Code	SEC
Share Price	\$2.635
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 <sup>1</sup>
Performance Fee	20% (plus GST) of the Portfolio's outperformance <sup>2</sup>
Market Capitalisation	\$157.7m

<sup>1</sup>Calculated daily and paid at the end of each month in arrears.

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

## Performance as at 31 July 2025

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a. <sup>3</sup>
Company <sup>1</sup>	6.1%	7.5%	15.7%	10.7%	13.9%	8.2%
Benchmark <sup>2</sup>	2.8%	9.7%	11.5%	7.1%	7.7%	5.6%
Difference	3.3%	-2.2%	4.2%	3.6%	6.2%	2.6%

<sup>1</sup>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

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

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

## NTA Tangible Assets (NTA)<sup>1</sup>

Pre-Tax NTA<sup>2</sup>

2.525

Post-Tax NTA<sup>3</sup>

2.440

The NTA values shown above are after the dividend of 3.6 cents per share payable on 15 August 2025. The ex-date of the dividend was 28 July 2025.

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

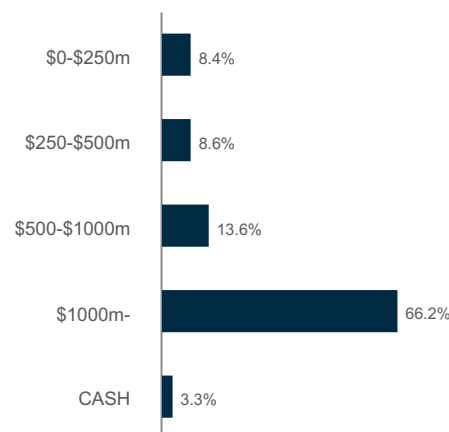
<sup>2</sup>Pre-tax NTA includes tax on realised gains/losses and other earnings, but excludes any provisions for tax on unrealised gains/losses.

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

## Top 10 Holdings

Company Name	% Portfolio
Supply Network Limited	5.6
IRESS Limited	4.7
Deterra Royalties Limited	4.6
Sims Limited	4.0
Perpetual Limited	3.7
Cromwell Property Group	3.3
Fletcher Building Limited	3.2
Universal Store Holdings Limited	3.2
Insignia Financial Limited	3.0
Technology One Limited	2.9
<b>Top 10</b>	<b>38.1</b>

## Market Cap Bands



Source: Sphera Asset Management

## Markets

Global share markets rallied in July predominantly due to easing trade tensions, improved economic data (especially from the US and China) and rising expectations for central bank rate cuts as inflation showed signs of cooling. Australian equities followed suit with small and mid-caps outperforming large caps (ASX 50) during the month.

### Major Contributors to Performance

Over the month the largest contributors were an overweight position in Cromwell Property Group (CMW.ASX, +22%), an overweight position in Insignia Financial (IFL.ASX, +24%), and not owning Boss Energy (BOE.ASX, -63%).

**Cromwell Property Group (CMW.ASX)** returned +22% during the month after Brookfield advised it had signed a binding sale and purchase agreement – which is subject to FIRB approval – to acquire all ESR's remaining 19.9% stake in Cromwell. The ESR stake was seen as a share overhang and Brookfield is unlikely to stand pat. Gearing is sub 30% of gross assets having completed its simplification program (disposed of European platform) and is now sensibly focused on local growth opportunities. The business has a high-quality tenant profile with almost half of gross rental income coming from government tenants. Cromwell's NTA is currently about 57cps, and whilst it has rallied since the announcement it remains at a steep discount to tangible assets and fundamental value, in our view.

### Major Detractors from Performance

The largest detractors from performance included not owning DroneShield (DRO.ASX, +64%), not owning Mesoblast (MSB.ASX, +44%), and not owning Iluka Resources (ILU.ASX, +36%).

As would be expected when the market rallies a lot, so do many of the speculative names in the small cap market. Dronesield and Mesoblast are now valued in excess of A\$3bn each in terms of market capitalisation. Whilst there are positive signs of revenue growth and in the case of Dronesield positive operating cash flow, there is a strong likelihood the market has become overly enthusiastic in respect of valuation. Our preference is to avoid such situations which can affect our short-term performance.

### Outlook & Strategy

We look forward to the June year end reporting season which kicks off in early August. We believe these datapoints are very important in driving valuation rather than the noise which occurs intra-period. We continue to see significant pockets of undervaluation at the smaller end of the market.

### Fund Ratings



### Contact Us

For more information, please contact Pinnacle Investment Management Limited on 1300 010 311 or email [distribution@pinnacleinvestment.com](mailto:distribution@pinnacleinvestment.com)

### 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.

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