

The background of the slide is a photograph of the Aurora Borealis (Northern Lights) over a calm lake at night. The lights are green and purple, reflecting on the water. A person is visible on a small wooden pier on the right side of the image.

Spheria Emerging Companies Limited

ASX : SEC

Annual General Meeting

6 November 2019



Agenda

1. Chairman's Address
2. Formal Business
3. Investment Update and Q&A (from 11:15am)

Chairman's Address

Mr Jonathan Trollip

Chairman's Address

Overview

The Company

Spheria Emerging Companies Limited (ASX: SEC)

- SEC offers investors access to an actively managed Australian and New Zealand small cap equities portfolio
- IPO raised \$132 million and listed on the ASX on 5 December 2017

The Manager

Spheria Asset Management Limited

- Believes free cash flow drives valuations in the medium to long term with risk assessment a critical overlay
- Identifies smaller companies where the future value of cash flows can be reasonably ascertained and the companies are assessed to be trading at a discount to their intrinsic value

Chairman's Address

Investment Objective

The Company's investment objectives are to:

- outperform the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, over each full investment cycle (which the Manager considers to be a period of typically 3 to 5 years); and
- provide capital growth (over each investment cycle) and income.

The Company aims to maximise total Shareholder return via a combination of capital growth and income, with the aim of regularly paying fully franked dividends to Shareholders.

Chairman's Address

Company Details

Manager

Spheria Asset Management

Board of Directors

- Jonathan Trollip (Chairman)
- Lorraine Berends
- Adrian Whittingham
- Alex Ihlenfeldt (Alternate)

Shares ¹	
<i>Outstanding</i>	65,051,651
<i>Price</i>	\$1.67
<i>Market capitalisation</i>	\$108.6m
NTA ²	
Which includes tax provided for on realised gains	\$2.060
Which includes tax provided for on realised and unrealised gains	\$2.107

¹ As at 25 October 2019

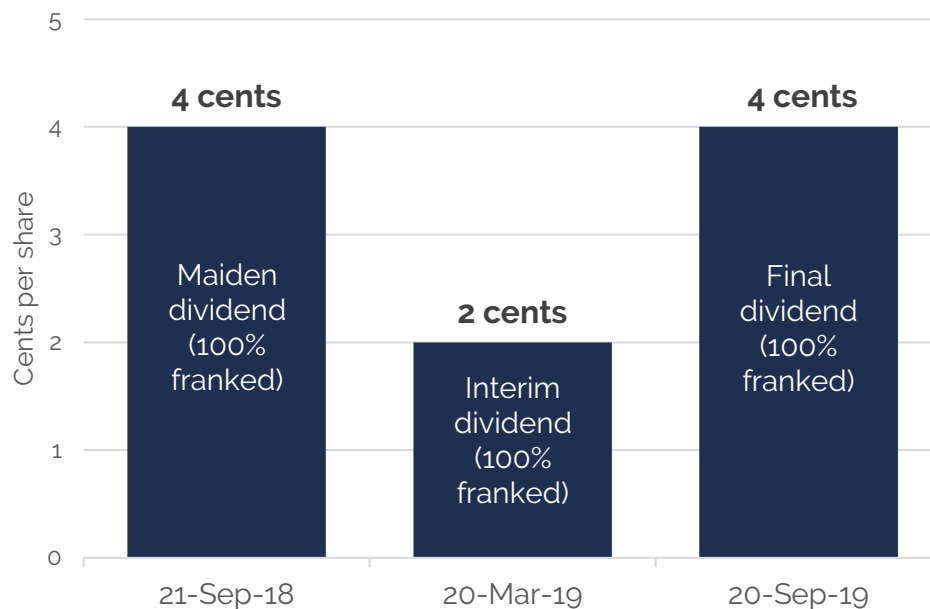
² As at 25 October 2019, excluding deferred tax assets relating to capitalised issue cost related balances and income tax losses.

Chairman's Address

Dividends

The Company aims to pay fully franked dividends from the portfolio income at least annually, subject to available profits, cash flow and franking credits.

Dividend History



FY2019 Final Dividend

Amount	4.0 cents per share
Ex-dividend Date	5 Sept 2019
Dividend Record Date	6 Sept 2019
Dividend Payment Date	20 Sept 2019

Chairman's Address

Company Performance

NTA Performance¹

- 3.7% annualised from listing date to 30 September 2019 (from \$2.00 at inception to \$2.037, with dividends paid of \$0.10 during the period).

	6 months	1 year	Inception p.a.
Company	2.5%	-0.6%	3.7%
Benchmark ²	7.0%	3.9%	7.0%

TSR Performance³

- -3.6% annualised from listing date to 30 September 2019 (share price of \$1.77 compared to an issue price of \$2.00, with dividends paid of \$0.10 during the period)
- Share price of \$1.77 a 13.1% discount to pre-tax NTA⁴

¹ Calculated as movement in Company's pre-tax NTA (which includes tax on realised gains and other earnings, but excludes any provision for tax on unrealised gains), adjusted for dividends paid by the Company. ² S&P/ASX Small Ordinaries Accumulation Index ³ Measured as movement in share price adjusted for dividends paid during the period ⁴ As at 30 September 2019. Inception date 30 November 2017.

Chairman's Address

Initiatives to close the discount to NTA

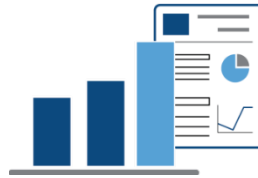
Shareholder engagement	<ul style="list-style-type: none">• Investor communication – more regular insights and video updates, Pinnacle listed products investor relations team• Investor events - Pinnacle Listed Investments Summit, manager roadshow, industry events• Transparency - Weekly NTA, NTA history chart on website
On-market buyback	<ul style="list-style-type: none">• Up to \$5m (~4% of shares) starting 1 July 2019• ~\$2.5m purchased to date
Alignment of interest with shareholders	<ul style="list-style-type: none">• Ownership by the Manager – Spheria Asset Management and executives own 558k shares

Chairman's Address

Shareholder Engagement



Regular shareholder
email updates



Weekly NTA
announcement and
monthly updates



Half & full year
financial results



Website
spheria.com.au



Media



Conference
presentations

Formal Business

Mr Jonathan Trollip

Formal Business

Financial Statements

- Financial Statements of the Company for the year ended 30 June 2019, together with the Directors' Report and the Auditor's Report as set out in the 2019 Annual Report.

Formal Business

Resolution 1

1. Adoption of the Remuneration Report

- To consider and, if thought fit, to pass the following resolution:

“That the Remuneration Report of the Company for the financial year ended 30 June 2019 be adopted.”

Formal Business

Resolution 1 - Proxies

Shares Voted

For	528,683	69.52%
Open	87,757	11.54%
Against	144,081	18.94%
Abstain	944,164	

Formal Business

Resolution 2

1. Re-election of Jonathan Trollip as Director

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Jonathan Trollip, who retires by rotation in accordance with rule 6.7 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”

Formal Business

Resolution 2 - Proxies

Shares Voted

For	1,573,700	93.80%
Open	82,757	4.93%
Against	21,200	1.26%
Abstain	77,028	

A photograph of the Aurora Borealis (Northern Lights) over a body of water. The aurora displays vibrant green and purple hues against a dark, starry night sky. The lights reflect on the calm water below. In the distance, a range of mountains is visible under the twilight sky.

Thank you for joining us

SEC Shareholder Enquiries

For general information and investment enquiries please contact the Share Registry.

T: 1300 288 664

E: hello@automic.com.au

Disclaimer

Note: Past performance is not a reliable indicator of future performance.

Spheria Asset Management Pty Ltd ("Spheria") ABN 42 611 081 326, a corporate authorised representative (No. 1240979) of Pinnacle Investment Management Limited ("PIML") ABN 66 109 659 109, AFSL 322140, is the investment manager of Spheria Emerging Companies Limited ABN 84 621 402 588 ('SEC or the 'Company'). 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, SEC and Spheria 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 SEC, Spheria and their 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.

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.