



Spheria Emerging Companies Limited
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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

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)

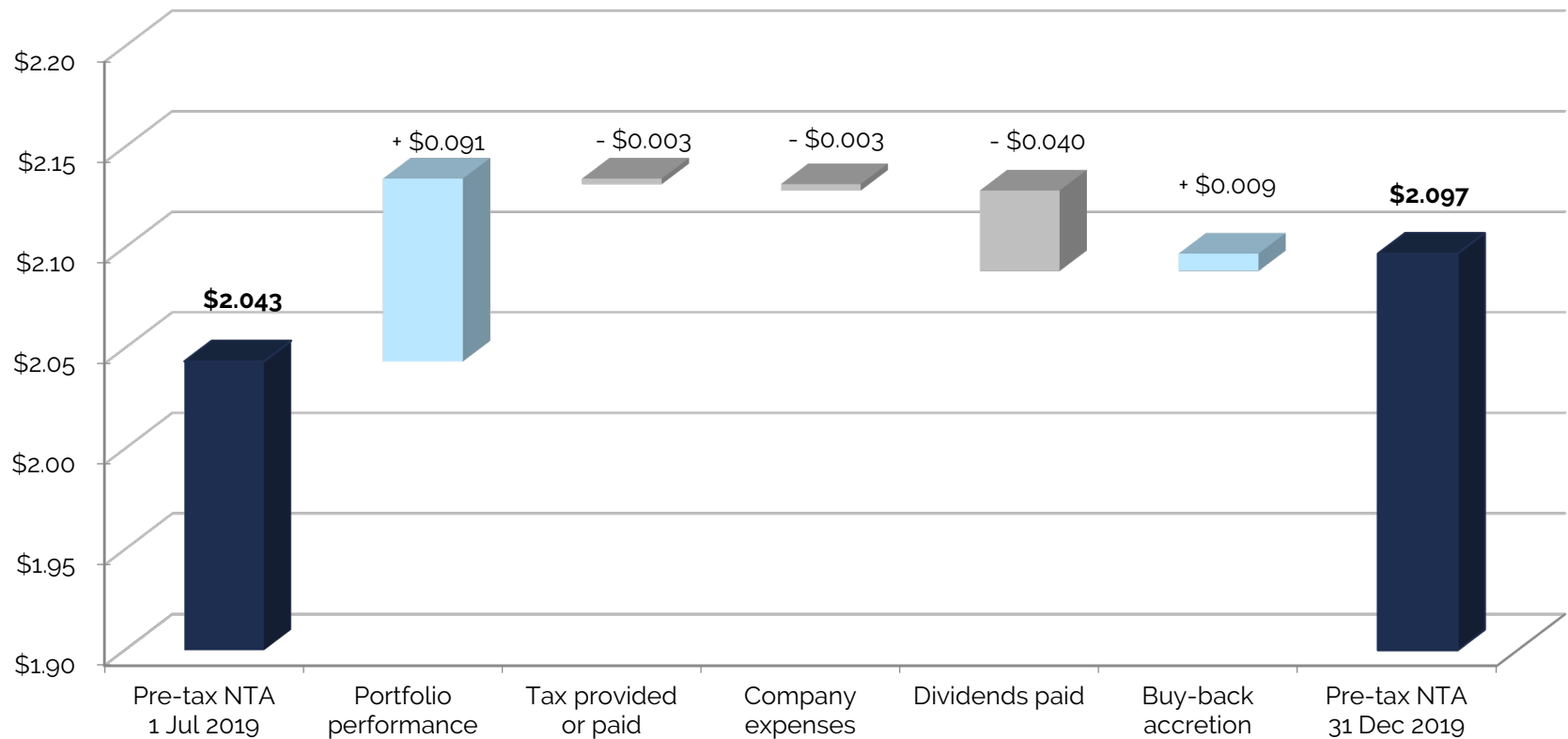
1H FY20 profit	Company performance ¹	Interim dividend	Yield ²
\$4.6m	+4.7%	3.0c	3.9%

- 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

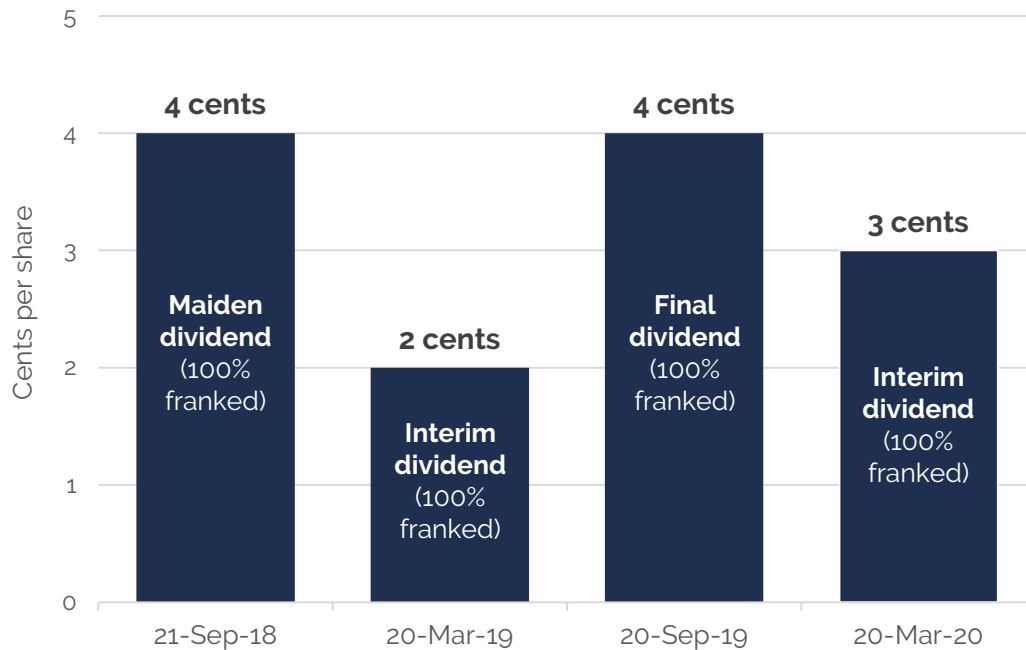


Source: Spheria Emerging Companies

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

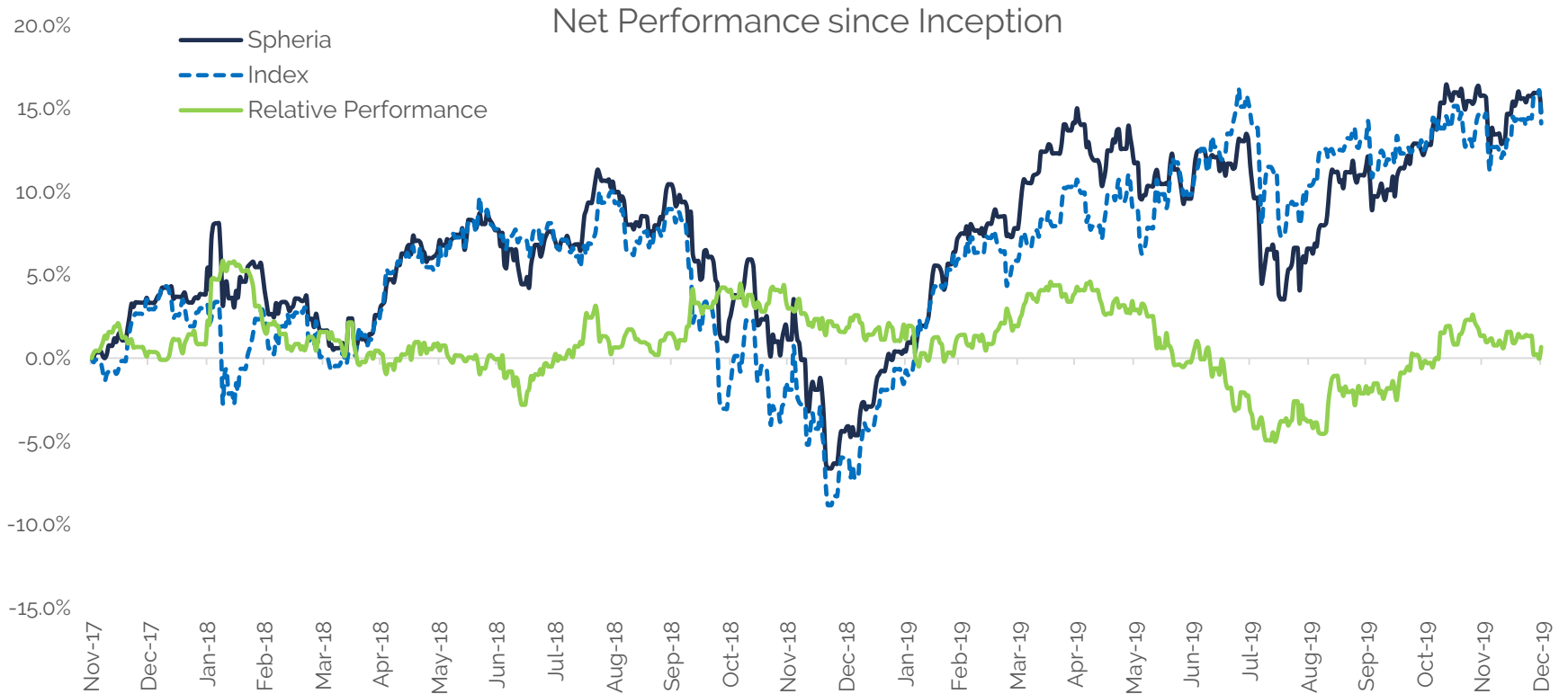
<i>Net Portfolio Performance as at 31st Dec 2019</i>							
Period	1 month	3 month	6 month	1 year	2 year (pa)	Since Inception (pa)	Inception Date
SEC Mandate	-0.9%	2.9%	4.7%	19.7%	5.4%	6.8%	30/11/2017
S&P/ASX Small Ordinaries Accumulation Index	-0.3%	0.8%	3.9%	21.4%	5.3%	6.5%	
Outperformance	-0.6%	2.1%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



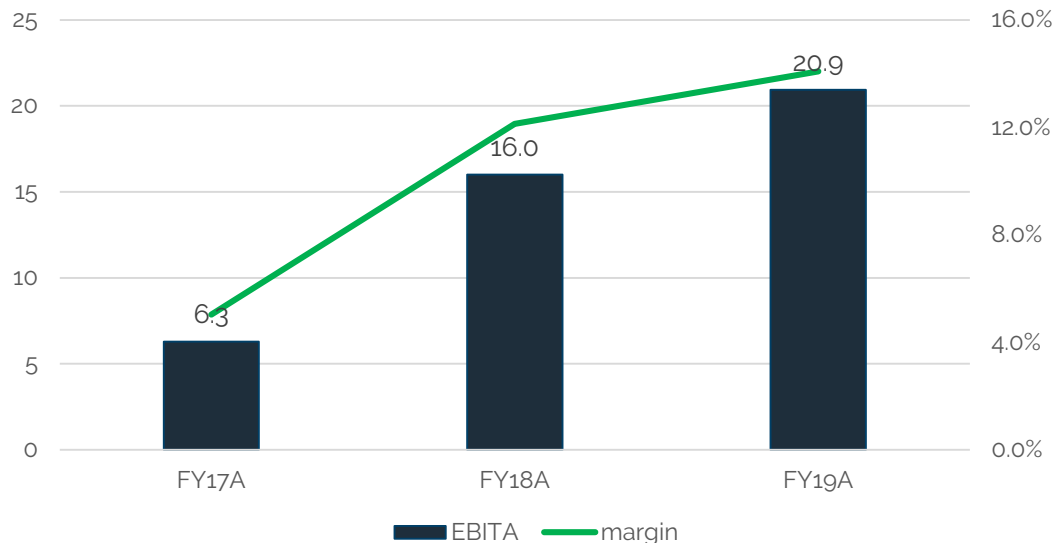
Net Portfolio performance = investment performance of mandate after investment management fees but before taxes.

Source: Spheria Asset Management

City Chic (CCX)

High growth with large addressable market

Cash Flow Trends

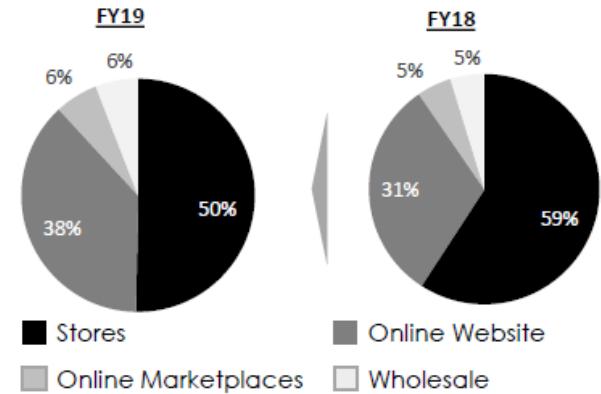


Source: Company Reports, Spheria.

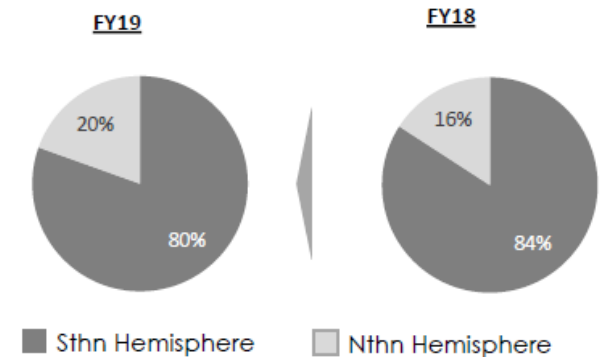
Australasia's leading premium plus size fashion retailer

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

Channel: Contribution



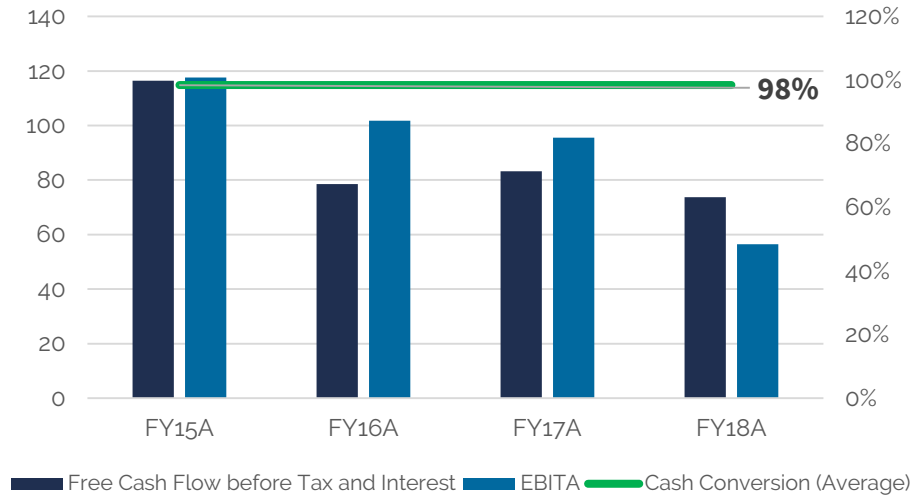
Region: Contribution



Asaleo Care (AHY)

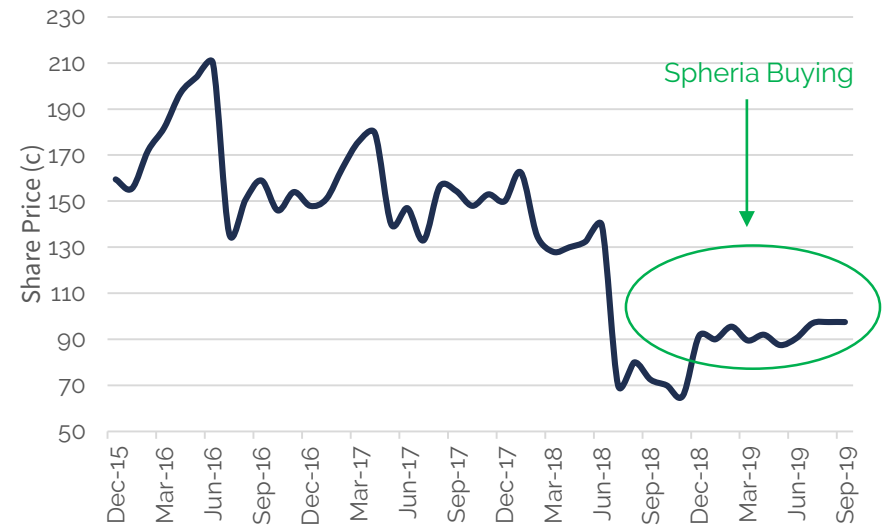
High growth with large addressable market

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

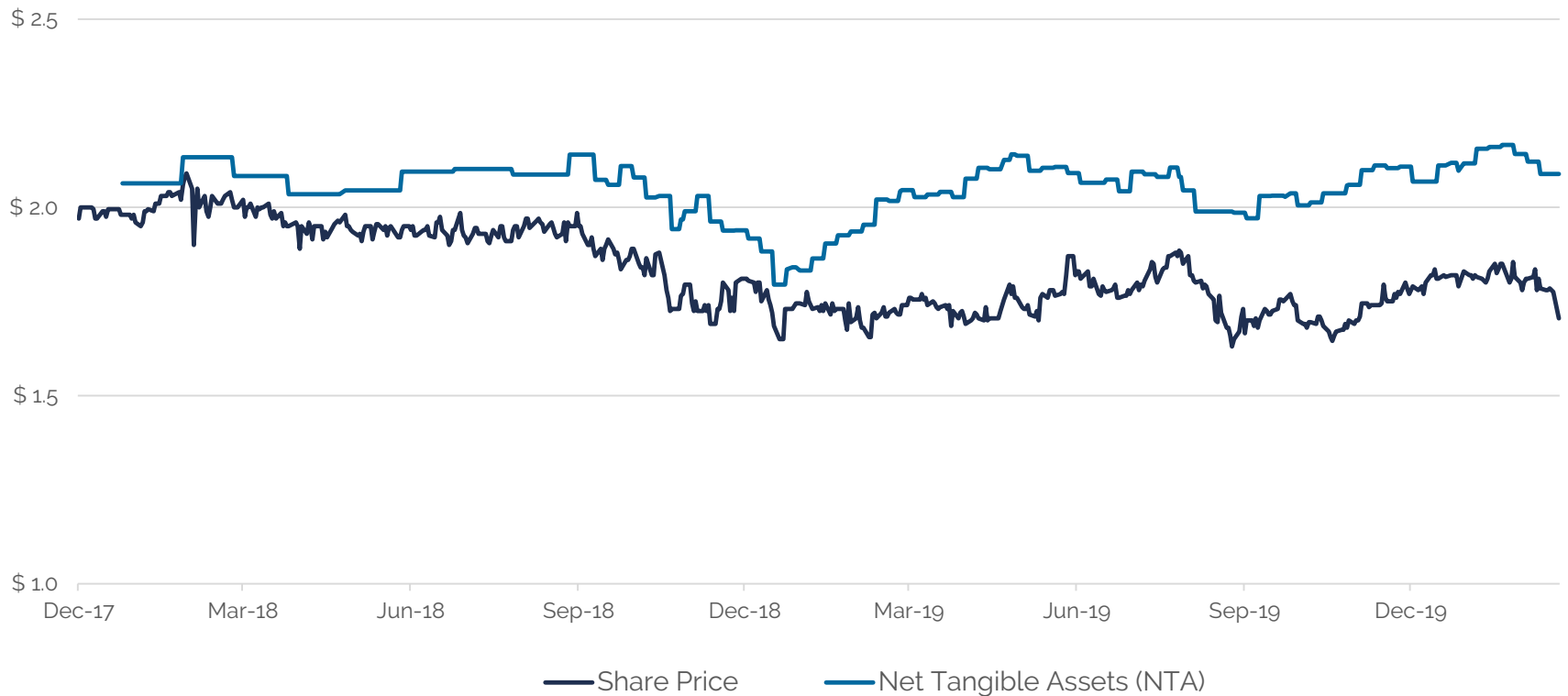
Spheria Emerging Companies as at 31 December 2019

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

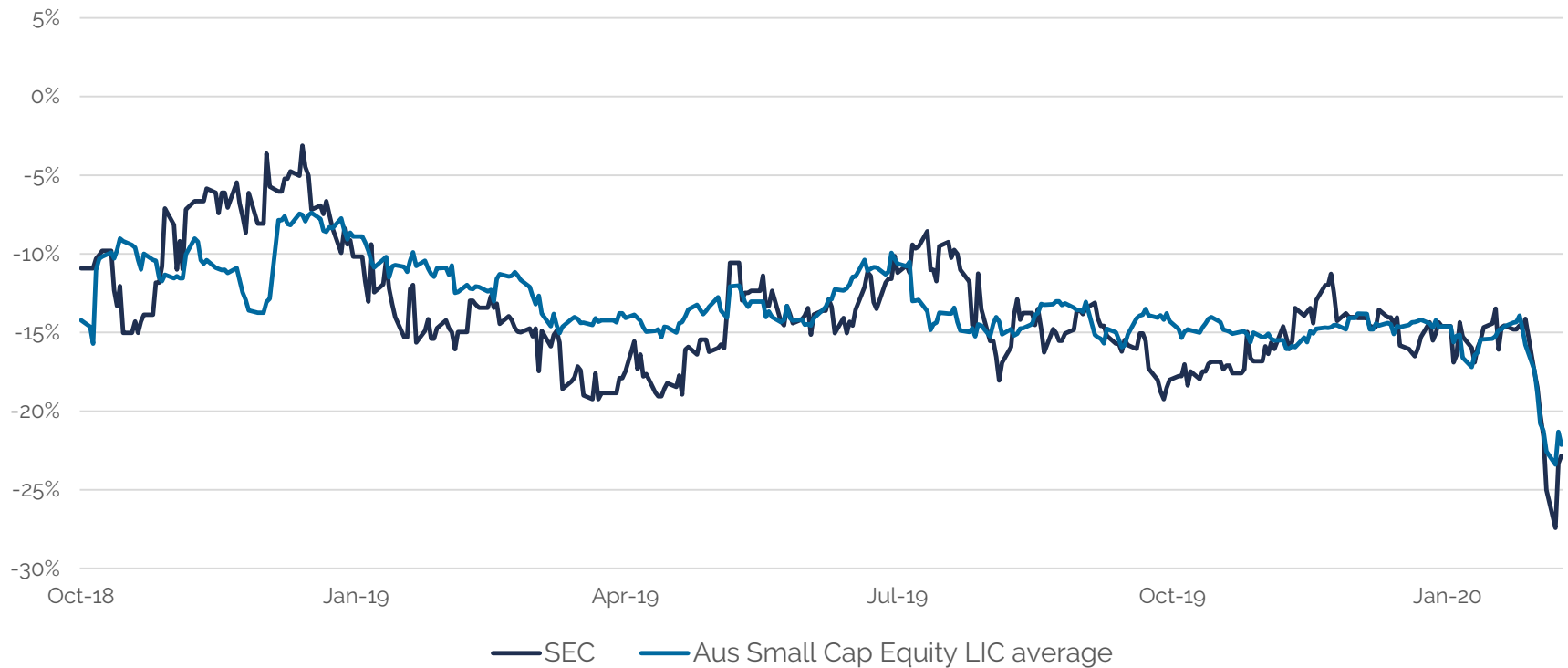
SEC NTA and Share Price performance



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)

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