



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

14 February 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 January 2024.

For further information, please contact 1300 010 311.

Authorised by:

Calvin Kwok
Company Secretary

Overall Commentary

The Company performance for the month of January was 0.3% (after fees), underperforming the S&P/ASX Small Ordinaries Accumulation Index by 0.6%.

Equity markets continued to drift higher in January after a strong finish to the year, with general positive sentiment that rates have peaked, and we are through the worst of inflation.

Bega Cheese (BGA.ASX), Smartgroup (SIQ.ASX) and **not owning** Gold Road Resources (GOR.ASX) drove the relative outperformance. Healius (HLS.ASX), Appen (APX.ASX) and **not owning** Paladin Energy (PDN.ASX) were notable detractors.

On 16 January 2024 the Company announced that the Board of SEC, together with the investment manager Spheria Asset Management Pty Limited, have agreed on a conditional proposal to address the discount of the Company's share price to its NTA per share. Under the proposal the Company will pursue avenues available to enable exchange of shares in the Company for units in Spheria Australian Smaller Companies Fund, should the average discount of the Company's share price to pre-tax NTA during the period 1 October 2024 to 31 December 2024 exceed 5%. In essence, the proposal provides a period of time for the market to determine if shareholders' investment in the Company remains in a listed investment company (LIC) or is converted to an interest in an active ETF or managed fund.

Company Facts

Investment Manager	Spheria Asset Management Pty Limited
ASX Code	SEC
Share Price	\$2.130
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	\$127.4m

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 January 2024

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a. ³
Company ¹	0.3%	23.2%	7.7%	5.9%	8.6%	7.0%
Benchmark ²	0.9%	15.8%	2.1%	1.3%	5.4%	4.3%
Difference	-0.6%	7.4%	5.6%	4.6%	3.2%	2.7%

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

2.318

Post-Tax NTA³

2.288

The NTA values shown above are after the dividend of 2.9 cents per share payable on 6 February 2024. The ex-date of the dividend was 18 January 2024.

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

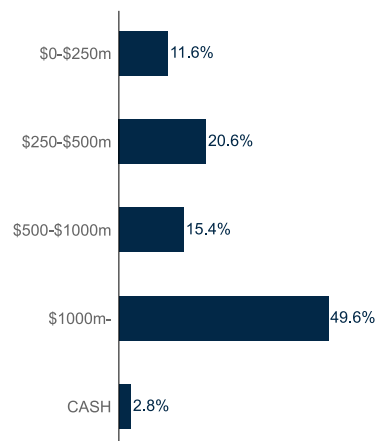
² Pre-tax NTA includes tax on realised gains/losses and other earnings, but excludes any provisions for tax on unrealised gains/losses.

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

Top 10 Holdings

Company Name	% Portfolio
IRESS Limited	5.3
Adbri Limited	4.9
Bega Cheese Limited	4.6
Supply Network Limited	3.8
Link Administration Holdings Limited	3.6
Vista Group International Limited	3.6
The Star Entertainment Group Limited	3.5
Ainsworth Game Technology Limited	3.0
Deterra Royalties Limited	3.0
Breville Group Limited	2.8
Top 10	38.2

Market Cap Bands



Source: Spheria Asset Management

Fund Ratings



Contact Us

For more information, please contact Pinnacle Investment Management Limited on 1300 010 311 or email 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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