



Spheria Emerging Companies Limited (Company)
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23 July 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 30 June 2025.

For further information, please contact 1300 010 311.

Authorised by:

Calvin Kwok
Company Secretary

Overall Commentary

The Company performance for the month of June was -1.5% (after fees), underperforming the S&P/ASX Small Ordinaries Accumulation Index by 2.3%.

Company Facts

Investment Manager	Spheria Asset Management Pty Limited
ASX Code	SEC
Share Price	\$2.430
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	\$145.4m

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

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

Performance as at 30 June 2025

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a. ³
Company ¹	-1.5%	2.4%	16.3%	10.9%	12.7%	7.5%
Benchmark ²	0.8%	8.6%	12.3%	10.0%	7.4%	5.3%
Difference	-2.3%	-6.2%	4.0%	0.9%	5.3%	2.2%

¹Calculated as the Company's investment portfolio performance after fees excluding tax on realised and unrealised gains/losses and other earnings and after company expenses

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

³Inception 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)¹

Pre-Tax NTA²

2.411

Post-Tax NTA³

2.375

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

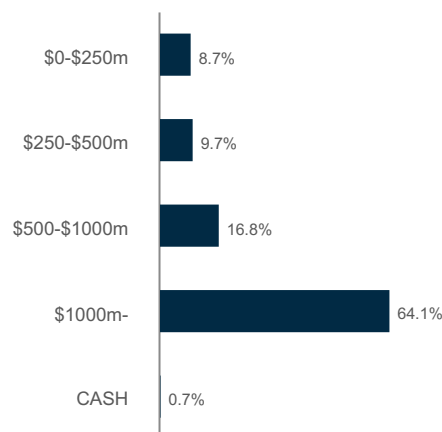
²Pre-tax NTA includes tax on realised gains/losses and other earnings, but excludes any provisions for tax on unrealised gains/losses.

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

Top 10 Holdings

Company Name	% Portfolio
Supply Network Limited	6.0
IRESS Limited	5.0
Deterra Royalties Limited	4.5
Sims Limited	4.3
Cromwell Property Group	3.5
Perpetual Limited	3.4
Fletcher Building Limited	3.3
Insignia Financial Limited	3.2
Universal Store Holdings Limited	3.1
Technology One Limited	3.1
Top 10	39.4

Market Cap Bands



Source: Spheria Asset Management

Markets

Equity markets finished June close to all-time highs with ongoing momentum pushing markets higher. The belief that tariff threats have mostly abated, economic data remaining broadly resilient and the prospect of rate cuts to fuel growth has seen sentiment turn optimistic. In Australia despite the risk-on sentiment small caps continue to be out of favour underperforming over the month and for the 2025 financial year. Higher rates and the general economic uncertainty, coupled with the ongoing flows of passive money have seen smalls and micros largely forgotten. Gold, which has outperformed over the last quarter has been a headwind to relative performance as our cashflow bias has meant we have tended not to own small-cap gold companies. It was only 6-12 months ago that many of these companies were barely making cash, however with gold prices at all-time highs this equation has changed. We own and continue to gain indirect leverage through industrial exposures, including Mader (MAD.ASX) and Imdex (IMD.ASX).

Major Contributors to Performance

Over the month the largest contributors were not owning West African Resources (WAF.ASX, -20%), owning Horizon Oil (HZN.ASX, +15%), and an overweight position in Superloop (SLC.ASX, +11%).

Superloop (SLC.ASX) share price rose 11% in June as investors continued to appreciate SLC's growing business strength and earnings potential. On the final day of the month, they released an updated earnings guidance with EBITDA now expected to be above \$91m vs initial guidance of \$83-88m. This represents a 67% increase on FY24 underlying EBITDA. The business has done an impressive job over the last two years, growing their customer base and taking significant market share from the incumbents (Telstra, TPG and Optus). As of March 2025, they had 6.7% NBN market share increasing from 3.8% in March 2024, part of which was driven by 180,000 wholesale Origin subscribers migrating from Aussie Broadband in late 2024. SLC continues to deploy capital wisely (so far) with attractively priced bolt-on M&A deals and the fact that it owns rather than leases a decent portion of its network provides a low-cost base to continue to win NBN market share. SLC has materially re-rated since our initial investment however, it has become strongly cash generative, has a conservative balance sheet and we believe its earnings potential still supports our investment case despite SLC now trading on around 19x EV/EBIT on a forward-looking basis.

Major Detractors from Performance

The largest detractors from performance included an overweight position in Supply Network (SNL.ASX, -8%), not owning Zip Co (ZIP.ASX, +55%), and owning Southern Cross Media Group (SXL.ASX, -21%).

Supply Network (SNL.ASX) share price declined 8% in June on no company specific news. Supply Network has provided the portfolio with exceptional performance over the last 12 months, with the share price up almost 67% for the financial year. This has been driven by the businesses' ongoing delivery of impressive revenue and earnings growth. In 1H25 the business grew revenue almost 18% and NPAT 32%, with most other competitors experiencing muted growth due to macroeconomic headwinds. Meanwhile SNL continues to execute expanding sites and delivering exceptional service driving ongoing market share gains. This share has been taken from other bus and truck distributors (Bapcor being the largest) as well as Original Truck suppliers. We believe SNL has around 15% market share today across Australia and New Zealand and envisage they can continue to drive market share further in the coming years. Whilst the business no longer trades on extremely low multiples, it arguably has one of the best delivery track records in the Australian small cap landscape with a compelling market position and highly capable management. Given its high incremental return on capital, cash flow and growth prospects we continue to view this as a solid holding for the portfolio.

Outlook & Strategy

What a difference a few months can make. Back in late March the markets had sold off aggressively on Trumps' tariff machinations, today they are touching new highs with investor confidence back with a vengeance. Over time, markets tend to grow as capitalism seeks both growth and returns. We challenge ourselves to remain disciplined with our clients and our money (much of which is invested alongside our clients in our funds). Anchoring ourselves to our fundamental principles helps the team see through the market noise and focus on seeking the best outcomes for longer term investing. Sometimes this means our funds will miss short-term momentum trades that others manage to latch onto, but we believe this style of investing often leads to worse longer-term outcomes and is a far less predictable way to deploy capital. Several of our holdings remain under active bids including Johns Lyng Group (JLG.ASX), Abacus Storage King (ASK.ASX) and Insignia Financial (IFL.ASX) and our sense is that with rates dropping and valuations rising we will see more of these over the remainder of the year.

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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