



Spheria Emerging Companies Limited (Company)
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22 December 2025

By Electronic Lodgement

Market Announcements Office
ASX Limited
39 Martin Place
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 November 2025.

For further information, please contact 1300 010 311.

Authorised by:

Terence Kwong
Company Secretary

Overall Commentary

In the month ended 30 November 2025, the Company returned -1.3% (after fees), outperforming the S&P/ASX Small Ordinaries Accumulation Index by 0.2%.

Company Facts

Investment Manager	Sphera Asset Management Pty Limited
ASX Code	SEC
Share Price	\$2.680
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	\$160.5m

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 November 2025

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a. ³
Company ¹	-1.3%	1.6%	19.9%	13.2%	10.2%	8.8%
Benchmark ²	-1.5%	3.8%	19.4%	11.5%	7.1%	6.9%
Difference	0.2%	-2.2%	0.5%	1.7%	3.0%	1.9%

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

2.653

Post-Tax NTA³

2.547

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

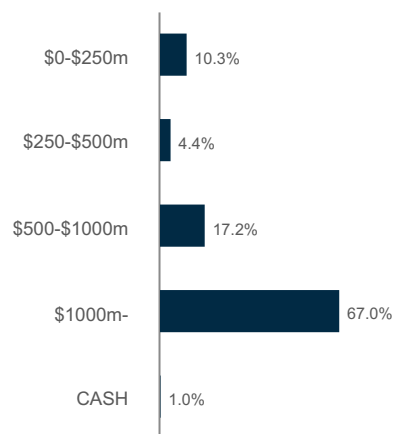
²Pre-tax NTA includes tax on realised gains/losses and other earnings, but excludes any provisions for tax on unrealised gains/losses.

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

Top 10 Holdings

Company Name	% Portfolio
IRESS Limited	5.5
Supply Network Limited	4.7
Sims Limited	4.7
Perpetual Limited	4.3
Fletcher Building Limited	3.6
Cromwell Property Group	3.2
Universal Store Holdings Limited	3.1
Imdex Limited	3.1
Healius Limited	3.1
Deterra Royalties Limited	2.8
Top 10	38.2

Market Cap Bands



Source: Sphera Asset Management

Markets

In November, global and Australian equities diverged with a late-month rally lifting the U.S. market, leaving the S&P 500 slightly higher for the month. By contrast, most segments of the domestic market declined, pressured by stronger-than-expected economic data - particularly the October CPI, which rose 3.8% year-on-year and above market forecasts. With inflation now running hotter for two consecutive months the market has significantly pushed back expectations for RBA rate cuts, now anticipating the first easing no earlier than mid-to-late 2026.

Over the month the largest contributors were not owning DroneShield (DRO.ASX, -48%), an overweight position in IRESS Limited (IRE.ASX, +5%), and an overweight position in Sims (SGM.ASX, +7%). The largest detractors from performance included an overweight position in Corporate Travel Management (CTD.ASX, -56%), owning Technology One (TNE.ASX, -18%), and not owning Westgold Resources (WGX.ASX, +15%).

Outlook & Strategy

As we draw closer to the end of the year it's worth reflecting on the changing fortunes in the small cap market. Over the past three years, or since interest rates started rising from their unsustainably low levels in 2021 and 2022 of nearly zero percent, large caps have dominated the investment landscape. Cash rates peaked in mid to late 2024 and have been gently on the decline since then which has firmly reinvigorated the M&A markets in Australia and New Zealand. Once the markets cleared the tariff saga in early April, small caps have markedly outperformed larger caps in Australia.

Whilst relative performance of small-caps has been strong there remains some significant catch up in our opinion with many sectors - particularly those in the less popular areas (non-gold, non-tech space) – yet to re-rate. Additionally, we have been the beneficiary of several takeovers this year and consider the landscape as remaining fertile for this to continue.

As we touched on in last month's outlook, the thinning out of larger super funds in the smaller cap arena and the increase in participation from passive vehicles and hedge funds has meant volatility has increased. Momentum, having always been a feature of small cap investing, has continued to move stock prices well away from fundamental levels in parts of the small and mid-cap space. These exacerbated moves eventually correct and provide opportunities for the prepared and patient investor. We feel the opportunity for bottom-up investing has only increased in recent times. Inefficiency, like time with a good quality business, is the friend of the long-term investor and the enemy of the short term.

**Although CTD remains in suspension pending the release of their FY25 accounts, we have decided to write down the value of our investment in the business materially. Following the suspension on August 22, 2025, we initially applied a 30% write-down to the position valuing the shares at \$11.24. Following their announcement on 28th of November 2025 we have revised down this valuation to \$5.00 a share (almost 70% under the last traded price) which we hope will prove to be fair to conservative. At this price CTD represents less than 0.3% of the Portfolio. What have we learned from this episode? Screening for cash generation alone would not have picked up the issue here. Looking for other red flags, including short reports and changes in auditor may have led us to be more circumspect of investments in future and have been built into our negative screen for stocks looking forward.*

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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