



Overview

Spheria Emerging Companies IPO (the Company, ASX:SEC) offers a very limited opportunity to invest in an actively managed, Australian and New Zealand small companies portfolio, designed for investors seeking capital growth and portfolio diversification.

It is a limited capacity investment strategy that identifies smaller companies where the future value of cash flows can be reasonably ascertained and are assessed to be trading at a discount to their intrinsic value.

Managed by Spheria Asset Management Pty Limited, a specialist team with a track record of navigating the higher risk opportunities at the small end of the market.

The Company has been established to provide investors with access to:

- (a) an actively managed equities portfolio that invests predominantly in Australian listed entities within the S&P/ASX Small Ordinaries Index (Australian Small Cap Securities); and
- (b) the investment expertise of Spheria Asset Management Pty Limited.

The investment strategy aims to provide total returns in excess of the S&P/ASX Small Ordinaries Accumulation Index (Benchmark).

Investment Objectives

The Company's investment objectives are to:

- (a) outperform (after all fees and expenses) the Benchmark over each full investment cycle (which the Manager considers to be a period of typically 3 to 5 years); and
- (b) maximise total Shareholder return via a combination of capital growth and income, with the aim of regularly paying fully franked dividends to Shareholders.

Investment Strategy

The Investment Strategy is to invest in an actively managed Portfolio, predominately comprised of Australian Small Cap Securities.

The Manager will seek to purchase securities in businesses where the present value of future free cash flows can be reasonably ascertained, and the security is trading at a discount to the Manager's assessed fundamental valuation. Risk controls are an important component of the Investment Strategy. The Manager will give preference for companies it considers to have relatively low risks, for example, entities that are geared to a level that the Manager considers appropriate, given the nature of the relevant businesses and have free cash flow to support that relevant level of gearing.

Important Dates

Lodgement of Prospectus with ASIC	10 October 2017
Offer expected to open	9.00am on 25 October 2017
Broker Firm Offer expected to close	5.00pm on 17 November 2017
Priority Allocation expected to close	5.00pm on 24 November 2017
General Offer expected to close	5.00pm on 24 November 2017
Expected date of allotment / date of dispatch of holding statements	1 December 2017
Shares expected to commence trading on the ASX	5 December 2017

About Spheria Asset Management Pty Limited

Spheria Asset Management Pty Limited (ACN 611 081 326) is the Manager.

The Manager's investment team (Spheria Investment Team) is comprised of three experienced investment professionals with over 40 years experience navigating the small cap market. Marcus Burns and Matthew Booker, as joint portfolio managers, will have ultimate responsibility for the investment decisions of the Manager.

Fee Structure

The Manager is entitled to be paid a monthly Management Fee equal to 1.00% (plus GST) per annum of the value of the Company's investments (calculated daily and paid at the end of each month in arrears). In addition to the Management Fee, the Manager is entitled to a performance fee equal to 20% (plus GST) of the portfolio's outperformance (before fees and expenses) relative to the Benchmark over each 6-month period subject to a high water mark mechanism.

Key Investment Personnel



Matthew Booker (Portfolio Manager)

Matthew has been a Portfolio Manager at Spheria since its inception in April 2016. He has managed small company portfolios through volatile market cycles for over 11 years and has established a strong track record for generating returns that have exceeded portfolio benchmarks. More recently,

Matthew worked at Concord Capital and then Schroders, managing the smaller companies fund as well as the micro-cap product at Schroders. At Schroders, the funds co-managed with Marcus Burns generated significant double digit returns above benchmark during their three years together.

Matthew has an Economics degree majoring in Actuarial Studies from Macquarie University. He is also an Associate of the Institute of Actuaries of Australia.



Marcus Burns (Portfolio Manager)

Marcus has been a Portfolio Manager at Spheria since its inception in April 2016. He has managed Australian, European and global equity portfolios out of Australia and London through volatile market cycles for over 20 years. Marcus has an established track record generating strong investment portfolio

returns for investors. He worked alongside his Co-Portfolio Manager, Matthew Booker at Schroders since the beginning of 2013 and co-managed the Australian small and micro-cap portfolios with Matthew. These funds generated double digit returns above benchmark during this time frame.

Marcus holds a combined Bachelor of Arts and a Bachelor of Law degree from the University of Sydney.



Adam Lund (Trader / Analyst)

Adam is one of the founding members of the Manager and is responsible for the trading of all of the Manager's investment strategies. Adam also has research and portfolio construction responsibilities. Adam's career began in 2005 at Thomas Hopper & Partners Chartered Accountants where he worked

across the taxation, audit and company account divisions. Prior to Spheria, Adam spent 5 years as an equities and derivatives trader at Schroders Investment Management Australia. Adam worked closely with Matthew Booker and Marcus Burns trading for the Small and Micro cap funds.

Spheria Emerging Companies Limited ACN 621 402 588 (SEC)

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Directors

The Directors of the Company are:

- Jonathan Trollip;
- Lorraine Berends; and
- Adrian Whittingham.



Jonathan Trollip (Chairman)

Jonathan is an experienced Director with over 30 years experience. He is presently non-executive Chairman of Global Value Fund Limited, Future Generation Investment Company Limited, and Antipodes Global Investment Company Limited, and a non-executive Director of ASX listed Kore

Potash Limited. Jonathan has worked as a principal of Meridian and prior to that was a Partner with law firm Herbert Smith Freehills.



Lorraine Berends (Independent Director)

Lorraine has over 30 years in pension investment management and superannuation. She serves on the BT Financial Group Superannuation Board and MDC Foundations is a member of the investment committee at QSuper, and a non-executive Director of Antipodes Global Investment Company.



Adrian Whittingham (Non-Independent Director)

Adrian joined Pinnacle Investment Management Limited (Pinnacle) as an equity partner in 2008 and is responsible for manager acquisition and research.

Adrian has 15 years investment experience and sits on the board of Pinnacle Investment Management Group Limited (ASX: PNI), Pinnacle, Hyperion Asset

Management Limited and the Manager. Prior to joining Pinnacle, Adrian was a Director at Schroder Investment Management.

For further information, please visit www.spheria.com.au or contact Spheria Asset Management on 1300 010 311 or email invest@pinnacleinvestment.com

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