



Spheria Emerging Companies Limited (Company)
Level 25, 264 George Street
Sydney NSW 2000

Telephone: 1300 010 311
Email: invest@pinnacleinvestment.com
ACN 621 402 588

17 July 2023

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Spheria Emerging Companies Limited (ASX: SEC) announces increased quarterly fully franked dividend of 2.8 cents per share

The Board of SEC has resolved to pay a quarterly dividend for the period ended 30 June 2023 of 2.8 cents per share, which will be payable on 7 August 2023. The dividend will be fully franked at the corporate tax rate of 30%.

The payment of the dividend is consistent with the Company's increased dividend target announced in May 2023 to pay dividends on a quarterly basis, at a level of 1.25% of post-tax NTA at the end of each calendar quarter, subject to available profits, cash flow and franking credits. Previously, the dividends were paid at a rate of 1% of post-tax NTA.

The quarterly dividend has been calculated based on the Company's post-tax NTA as at 30 June 2023 of \$2.225 per share, multiplied by 1.25%, giving rise to a fully franked dividend of 2.8 cents.

SEC Chairman Mr Jonathan Trollip said: *"One of the benefits of a LIC structure is the ability to manage capital so as to pay regular and consistent fully franked dividends to shareholders. We are very pleased to announce this fully franked dividend of 2.8 cents per share, which is 0.6 cents higher than the most recent quarterly dividend, reflecting the 25% increase in dividend target recently announced by the Company."*

Commenting on current market conditions, Spheria Asset Management Pty Ltd (Investment Manager of SEC) said: *"With ongoing dislocation between value and price in small companies, we expect a further ramp up in M&A activity over the next 6 - 12 months. Strategic buyers and private equity alike have a propensity to take advantage of depressed valuations and a willingness to take a longer-term view than many other market participants. This is but one way that value ultimately gets realised, supporting our conviction that remaining true to our investment process will deliver outperformance."*

Further contributing to the divergence between small and large cap stocks is the ongoing allocation away from equities in favour of fixed income as well as many investors hoarding cash. With a peak in interest rates potentially coming into view, alongside a return to strong population growth supported by decade high immigration levels, and the further increases in the superannuation guarantee contribution rate to

12% by July 2025, the set up looks overwhelmingly supportive for the wall of capital to flow back into equities. We believe this could see smaller companies outperform. Last quarter’s dramatic bounce in the beaten-up tech sector serves as reminder of just how rapid these moves can be and that almost by necessity they tend to be led by areas of the market that have been neglected. It is in these neglected parts of the market where we focus our efforts and tend to find our best ideas.”

Please note that the Company’s dividend reinvestment plan (**DRP**) is available for this dividend. Shareholders who would like to participate in the DRP for this dividend need to elect to do so by Monday, 24 July 2023.

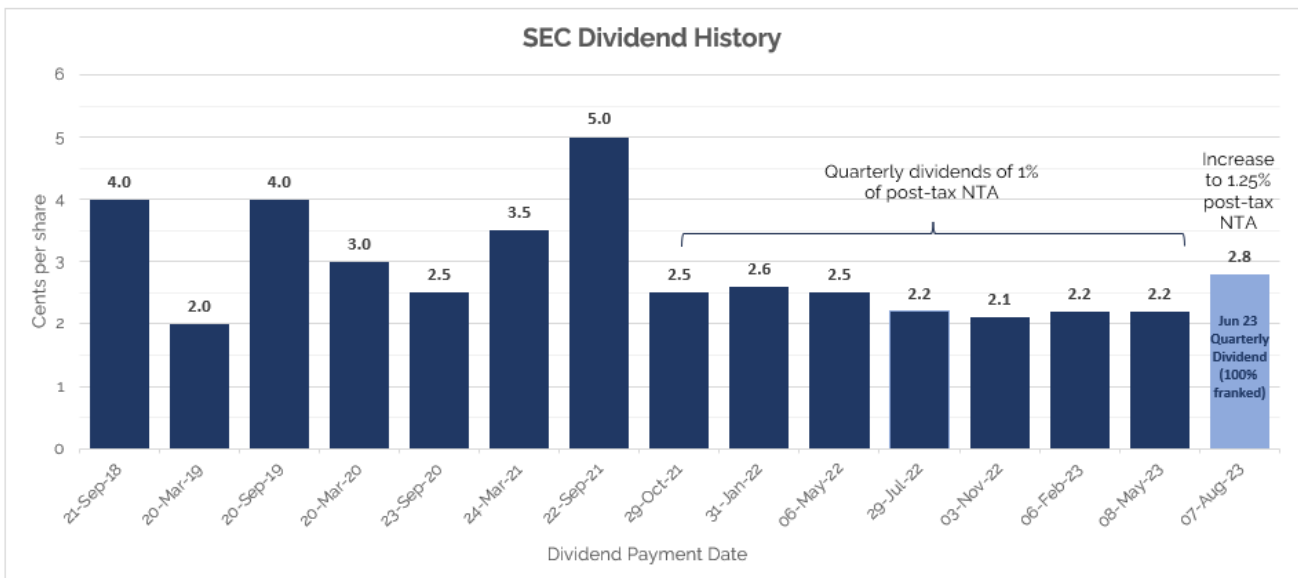
Shareholders can enrol at: <https://investor.automic.com.au> or alternatively, please contact the Company’s share registry, Automic, for assistance on 1300 902 587 (in Australia) / +61 2 7208 4521 (International).

Shareholders who would like to find out more about the DRP can visit the Company’s [website](#).

Details of the dividend are as follows:

Amount: 2.8 cents per share
 Ex – Dividend Date: 20 July 2023
 Dividend Record Date: 21 July 2023
 Dividend Payment Date: 7 August 2023

The total dividends since the Company’s IPO in December 2017 will be 43.1 cents per share after payment of this dividend.



The Board will continue to monitor the Company’s dividend policy based on prevailing market conditions.

This announcement was authorised for release by the Board of Directors.