

Performance as at 31 December 2024

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a. ¹
Fund ²	3.6	4.3	9.2	7.0	16.0	14.0
Benchmark ³	-3.1	-1.0	8.4	-1.6	4.0	6.4
Difference	6.7	5.3	0.8	8.5	12.0	7.5
Microcap Index ^a	0.7	0.1	15.7	-3.7	10.3	9.6

¹ Inception date is 16 May 2016. Past performance is not a reliable indicator of future performance. All p.a. returns are annualised.

² Spheria Australian Microcap Fund. Returns of the Fund are net of applicable fees, costs, and taxes.

³ Benchmark is the S&P/ASX Small Ordinaries Accumulation Index.

^a Microcap Index refers to S&P/ASX Emerging Companies Accumulation Index.

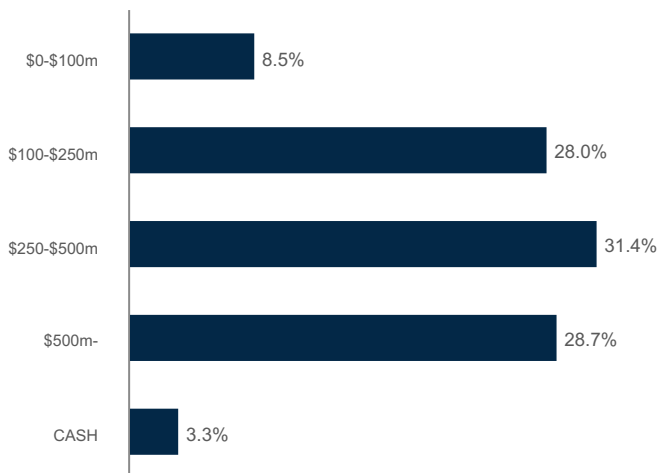
Overall Commentary

The Spheria Australian Microcap Fund returned +3.6% (after fees) for the month of December, strongly outperforming the S&P/ASX Small Ordinaries Accumulation Index by 6.7%.

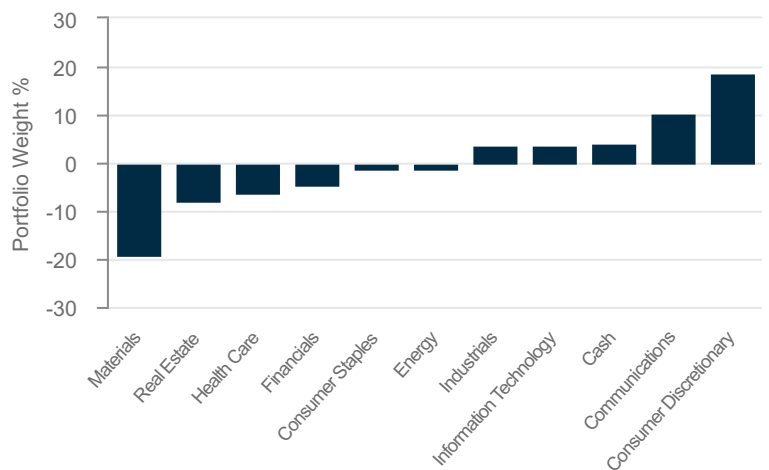
Top 5 Holdings

Company Name	% Portfolio
Supply Network Limited	6.3
Nzme Limited	4.7
Praemium Limited	4.4
Hipages Group Holdings Ltd	4.1
Coast Entertainment Holdings Limited	4.0
Top 5	23.6

Market Cap Bands



Active Sector Exposure



Markets

After a strong year equity markets finished lower in December. Smalls finished the year up 8.4%, whilst large caps outperformed, rising 11.7%. This marks the third year of outperformance of large-caps over small-caps brought on by a period of record inflation and a sharp rise in interest rates. The timing of a reversion feels more imminent with interest rates in most developed economies now on the decline, with Australia expected to follow suit over the coming months. Falling rates, as witnessed in prior cycles, has tended to bode well for smaller companies outperforming large caps. From a fund perspective stock selection across most sectors drove the relative outperformance over the month.

Major Contributors to Performance

Over the month the largest contributors were from overweight positions in Bravura Solutions (BVS.ASX, +46%), Hipages Group (HPG.ASX, +13%), and Coast Entertainment (CEH.ASX, +14%).

Bravura Solutions Limited (BVS.ASX) share price rose +46% during the month, after the company increased their FY25 earnings expectations and announced the recommencement of dividends in addition to an already announced capital return. Management now expects revenue to grow in FY25, albeit modestly, this is a notable positive with the business returning to topline growth after a significant period of cost out to realign the cost base and return the business to profitability. New management have successfully delivered on the business turnaround and the recommencement of the dividend reinforces management's confidence in the stability of earnings. BVS has been one of the top performers for the microcap fund over the last year, having risen over 160%. The company is well positioned to win market share in the superannuation administration market if there is a shift to insourcing and away from outsourcing given the strength of its Sonata platform.

Major Detractors from Performance

The largest detractors from performance included not owning Mesoblast (MSB.ASX, +75%), not owning De Grey Mining (DEG.ASX, +16%), and not owning Insignia Financial (IFL.ASX, +13%).

Insignia Financial (IFL.ASX) returned +13% during the month after the company received a non-binding takeover from Bain Capital. Whilst our Smaller Companies Fund held IFL, size constraints limited our ability to hold the company in the Microcap Fund and thus it was a detractor from performance. The offer price of \$4 represented a ~30% premium to the undisturbed price of \$3.06 but given the non-binding nature of the bid the share price during the month traded below this price. IFL has been digesting the acquisitions of the ANZ wealth platform and MLC over the past 3 years. Following a prolonged period of integration costs and cash outflows related to product and advice remediation, IFL is approaching a time when it should start producing significant free cashflows. This has not been lost on private equity who are keen to acquire one of the leading wealth platforms in the country on sub 10x EBIT. Post month end the business received another bid from CC Capital Partners at a price of \$4.30 suggesting there may be more suitors to come.

Outlook & Strategy

The past year marked another year where momentum largely triumphed over logic. The small cap market was marked by a significant uplift in the stocks with earnings growth with scant regard to valuations. Correspondingly, businesses with earnings cyclicality and downgrades plumbed new lows. With apparently fewer investors looking to fundamentals - just ask an ETF or index fund what multiple their underlying investments are trading on - it shouldn't be surprising that things have somewhat disconnected from the economic laws of gravity. Just as a law is a law and not an opinion, however, our view on the weighing ability of the stock market longer term remains intact. Whilst momentum has been the friend of some this year, we have seen the momentum engine slow and reverse previously and have a strong sense of déjà vu. The more things change the more they stay the same.

Despite the bifurcation of the smaller cap market this year the Micro Cap Fund has outperformed both this year and over most timeframes since inception. With our continued focus on cashflow generating businesses and valuations we steadfastly hold that these tenets are likely to continue lead to long-term outperformance.

Platform Availability List

The Spheria Australian Microcap Fund is available on the below platforms. Platforms provide investors with consolidated and centralised reporting (including administration, tax, and distribution) by bundling together a range of managed funds as one single product. If the fund is not available on your preferred platform, please contact us. Please check with your platform for minimum investment requirements and fees.

Acclaim Wealth	DASH	mFund	Praemium
AMP North	HUB24	Netwealth	Premium Choice
Asgard	Insignia Expand	Onevue	
BT Panorama	Macquarie Wrap		

Spheria Australian Microcap Fund	
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Investment Objective	The Funds aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term
Investing Universe	Primarily listed companies outside the top ASX 250 listed companies by market capitalisation and companies listed on the New Zealand Stock Exchange with an equivalent market capitalisation
Risk	Very high
Holdings	Generally 20-65 stocks
Distributions	Annually
Fees	1.35% p.a management fee & 20% performance fee of the Fund's excess return versus its benchmark, net of the management fee
Cash	Up to 20% cash, typically 5% - 10%
Expected Turnover	20% - 40%
Style	Long only
APIR	WHT0066AU
Minimum Initial Investment	\$25,000

Fund Ratings



Contact Us

For more information, please contact Pinnacle Investment Management Limited on 1300 010 311 or email distribution@pinnacleinvestment.com

Disclaimer

This communication is prepared by Spheria Asset Management Pty Limited ('Spheria') (ABN 42 611 081 326, Corporate Authorised Representative No. 1240979) as the investment manager of the Spheria Australian Microcap Fund (ARSN 611 819 651) (the 'Fund'). Pinnacle Fund Services Limited ('PFSL') (ABN 29 082 494 362, AFSL 238371) is the product issuer of the Funds. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') (ABN 22 100 325 184). The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available via the links below. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

Link to the [Product Disclosure Statement](#)

Link to the [Target Market Determination](#)

For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com

This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance. Unless otherwise specified, all amounts are in Australian Dollars (AUD).

Whilst Spheria, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Spheria, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication.

Any opinions and forecasts reflect the judgment and assumptions of Spheria and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future. Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Spheria. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.

This may contain the trade names or trademarks of various third parties, and if so, any such use is solely for illustrative purposes only. All product and company names are trademarks™ or registered® trademarks of their respective holders. Use of them does not imply any affiliation with, endorsement by, or association of any kind between them and Spheria.

Zenith Disclaimer: The Zenith Investment Partners ('Zenith') (ABN 27 103 132 672, AFSL 226872) rating (assigned Spheria Australian Microcap Fund – February 2024) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <https://www.zenithpartners.com.au/our-solutions/investment-research/regulatory-guidelines/>.

Lonsec Disclaimer: The Lonsec rating (assigned as follows: Spheria Australian Microcap Fund September 2023) presented in this document is published by Lonsec Research Pty Ltd ('Lonsec') (ABN 11 151 658 561, AFSL 421445). The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial products. Past performance information is for illustrative purposes only and is not indicative of future performance. They are not a recommendation to purchase, sell or hold Affiliate Name products, and you should seek independent financial advice before investing in these products. The Ratings are subject to change without notice and Lonsec assumes no obligation to update the relevant documents following publication. Lonsec receives a fee from the Fund Manager for researching the products using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <https://www.lonsec.com.au/investment-product-ratings/>.