

## SEC Full Year Results FY2018

### Highlights:

FY18 profit	Portfolio performance	Maiden dividend	Dividend yield
<b>\$7.1m</b>	<b>+7.7%</b>	<b>4.0c</b>	<b>2.1%<sup>1</sup></b>

- **FY18 operating profit after tax of \$7.1 million**
- **Maiden dividend of 4.0 cents per share (fully franked)**
- **Shareholder conference call on the Company's investment portfolio**

The Board of Spheria Emerging Companies Limited (ASX:SEC or the Company) is pleased to announce strong FY2018 results for the Company, with the investment portfolio increasing by 7.7%, and is pleased to declare a maiden fully franked dividend of 4.0 cents per share. Along with this significant increase in the investment portfolio, the Company achieved an operating profit after tax of \$7.1 million.

### Maiden dividend

The Board has declared a fully franked dividend of 4.0 cents per share, the Company's maiden dividend since listing in December 2017. This equates to a dividend yield of 2.1%<sup>1</sup> or a grossed-up yield including franking of 3.0%<sup>1</sup>. Given the Company listed on 5 December 2017, this represents an annualised dividend yield of 3.6%<sup>1</sup> (5.1% grossed-up for franking). The dividend will be paid to all SEC shareholders on 21 September 2018 with a record date of 7 September 2018. The Company's intention is to pay a dividend to shareholders at least annually, subject to available profits, cash flow and franking credits.

### Conference call on results and portfolio

The Board invites you to our upcoming Shareholder conference call on 5 September 2018 at 11:00am. The call will provide an update on the Company's investment portfolio by the portfolio managers of the Manager (Spheria Asset Management Pty Ltd), Matthew Booker and Marcus Burns. Dial in details are provided below in this release.

### Discount to NTA

SEC shares are trading at a 7.5%<sup>1</sup> discount to the 31 July 2018 pre-tax NTA (\$2.087 per share). The Company will be moving to weekly NTA calculations shortly which, together with greater communication with shareholders and the intention to pay regular dividends as referred above, is intended to help to close this discount.

Calvin Kwok  
Company Secretary  
28 August 2018

<sup>1</sup> Share price as at 27 August 2018 of \$1.93.

### SEC Dividend Timetable

Declaration date	Dividend ex-date	Record date	Payment date
28 August 2018	6 September 2018	7 September 2018	21 September 2018

### Conference call details:

Please join us on 5 September 2018 at 11:00am (Sydney time AEST) for a conference call to discuss the Company's investment portfolio by the portfolio managers of the Manager (Spheria Asset Management Pty Ltd), Matthew Booker and Marcus Burns.

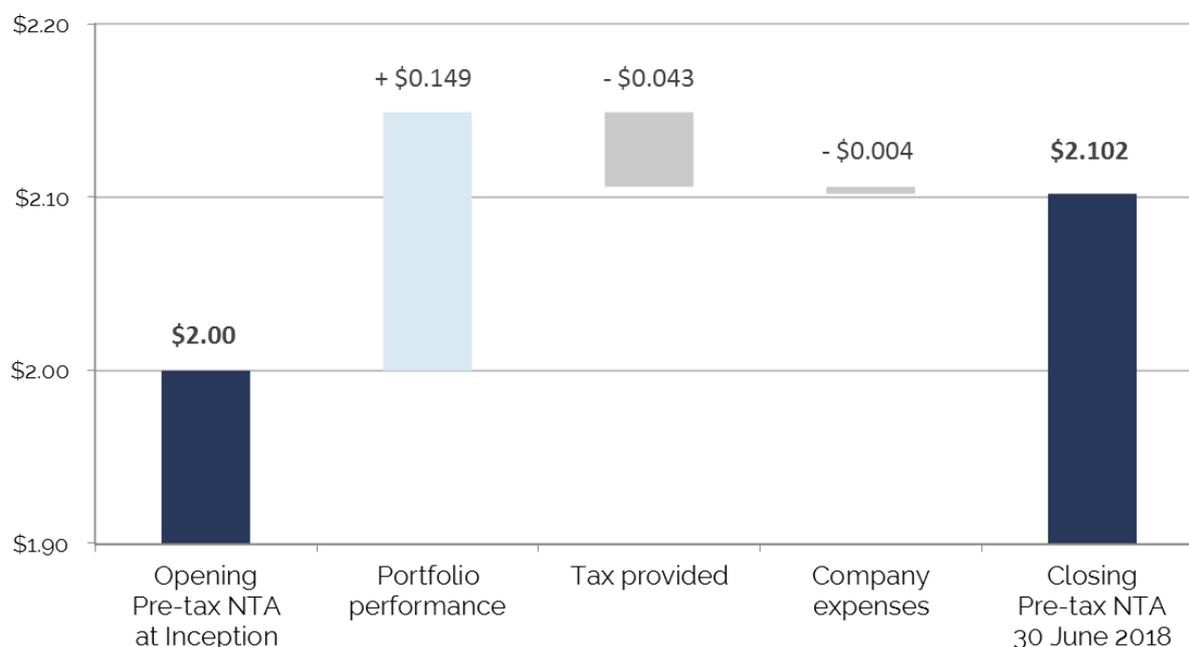
### Dial in details:

Within Australia: **1300 254 398**

Outside Australia: **+613 6218 0610**

### Additional shareholder information

### NTA performance breakdown for FY2018



## Portfolio performance as at 30 June 2018

	Since inception (30 Nov 2017)
<b>Company*</b>	<b>5.1%</b>
<b>Portfolio**</b>	<b>7.7%</b>
<b>Benchmark***</b>	<b>7.8%</b>
<b>Portfolio Outperformance</b>	<b>(0.1)%</b>

\*Calculated as movement in Company's pre-tax NTA, which includes tax on realised gains and other earnings, but excludes any provisions for tax on unrealised gains

\*\*Shows how the portfolio, for which the Manager is responsible, has performed after deducting management fees, costs and taxes and performance fees (if applicable)

\*\*\* S&P/ASX Small Ordinaries Accumulation Index

### Portfolio performance

The investment portfolio returned 7.7% since inception, slightly underperforming the S&P/ASX Small Ordinaries Accumulation Index. The portfolio has done well to largely keep up with a fast-rising market since its inception despite the valuation discipline that underpins the Manager's process, which means it has not held a handful of companies that have been driving the Benchmark higher. We believe that valuations will be important in the future.

### Market outlook

The Board is pleased with the Manager's investment performance since listing given its fundamental approach is generally not suited to recent market conditions, which are exhibiting signs of heightened speculation. The Manager expects further market volatility; however, this will provide opportunities as many of the currently unfavoured companies have strong fundamentals and now have appealing valuations.

### About Spheria Asset Management Pty Ltd (Manager)

Spheria Asset Management Pty Ltd is a fundamental-based investment management firm with a bottom-up focus, specialising in small- and micro-cap companies, which can provide higher returns in the long term than their larger peers.

The Manager is majority owned by its team with over 60 years of combined investment experience. The Manager's performance culture is underpinned by sensible incentives, a focused offering and the outsourcing of non-investment functions to minority partner Pinnacle Investment Management Group Limited.

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