



P r e s e n t a t i o n

Spheria – Pinnacle Insights

March 2023

“The stock market is a device for transferring money from the impatient to the patient.”

Warren Buffett

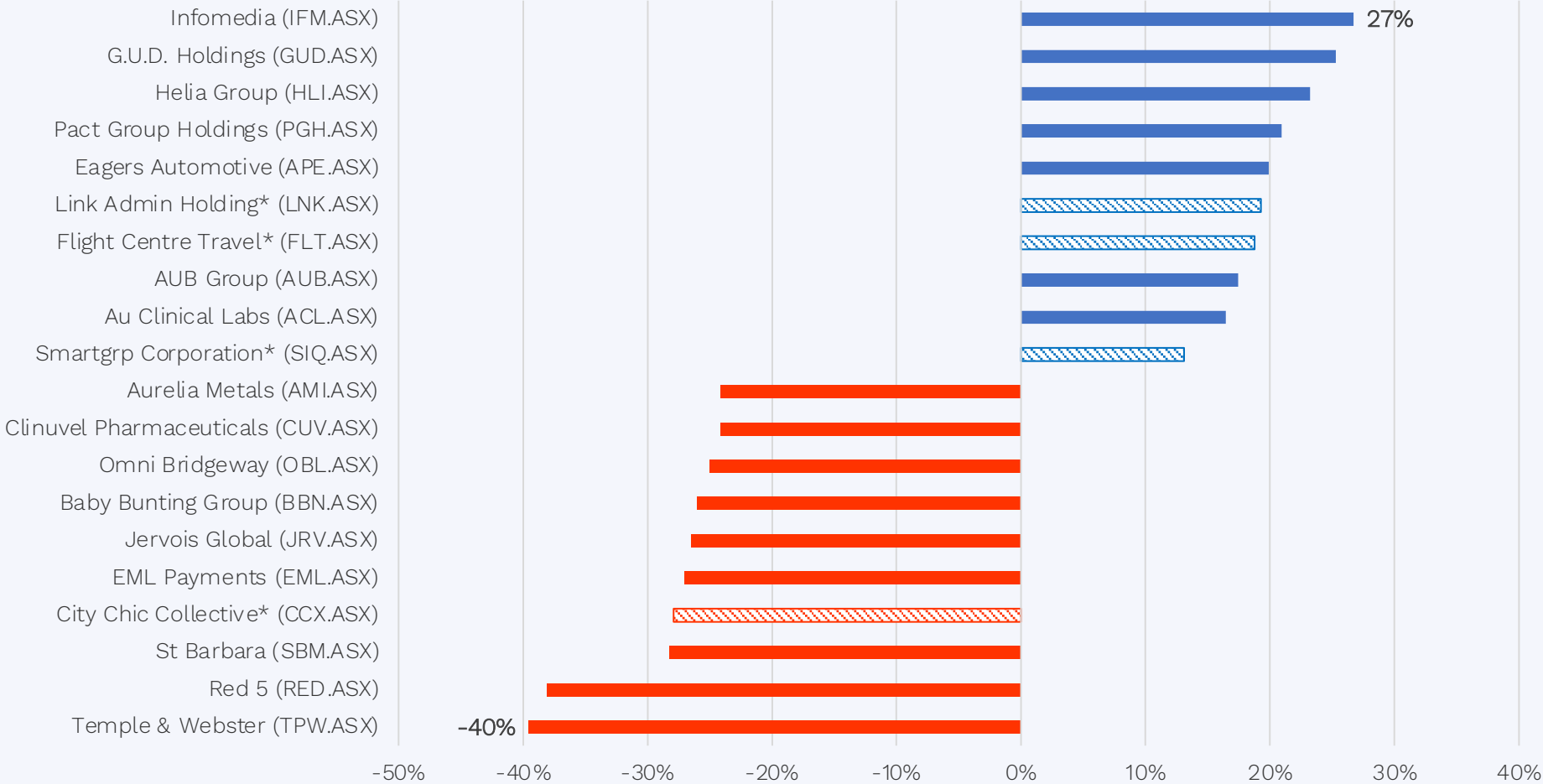
Reporting Season

Takeaways

- Wage pressure evident – *goods inflation is abating* (commodities, chips, energy, freight)
- Corporate topline generally still growing, however margins impacted by timing of inflation/ price rises
- Most companies still reluctant to provide guidance with macro uncertainty
- Interest costs rising – favouring lowly geared companies
- Need for capital has increased – presenting opportunities!

Winners and Losers – February 2023 Reporting Season

Return to Month End – Top 10/Bottom 10^



*stocks we owned over the period

Chart Source: IRESS. ^S&P/ASX Small Ordinaries Index companies ranked according to 1 month return from 1/2/2023 to 28/2/2023.



Greatest Risks and Opportunities

Stocks across Sectors*

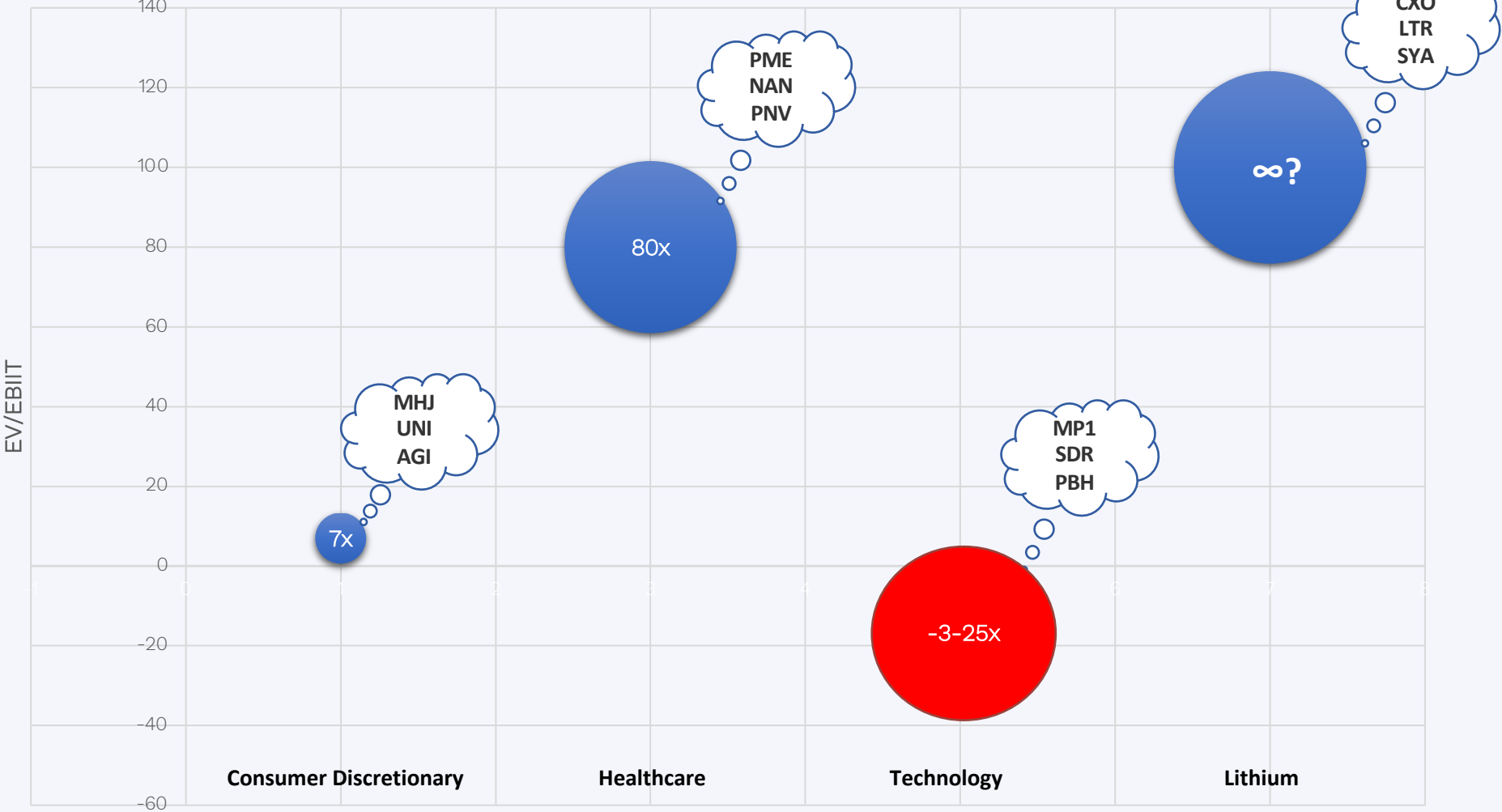


Chart Source: Spheria. *Median multiple EV/EBIT 1yr forward

Current market environment

Small and microcaps have underperformed large cap over past 12 months

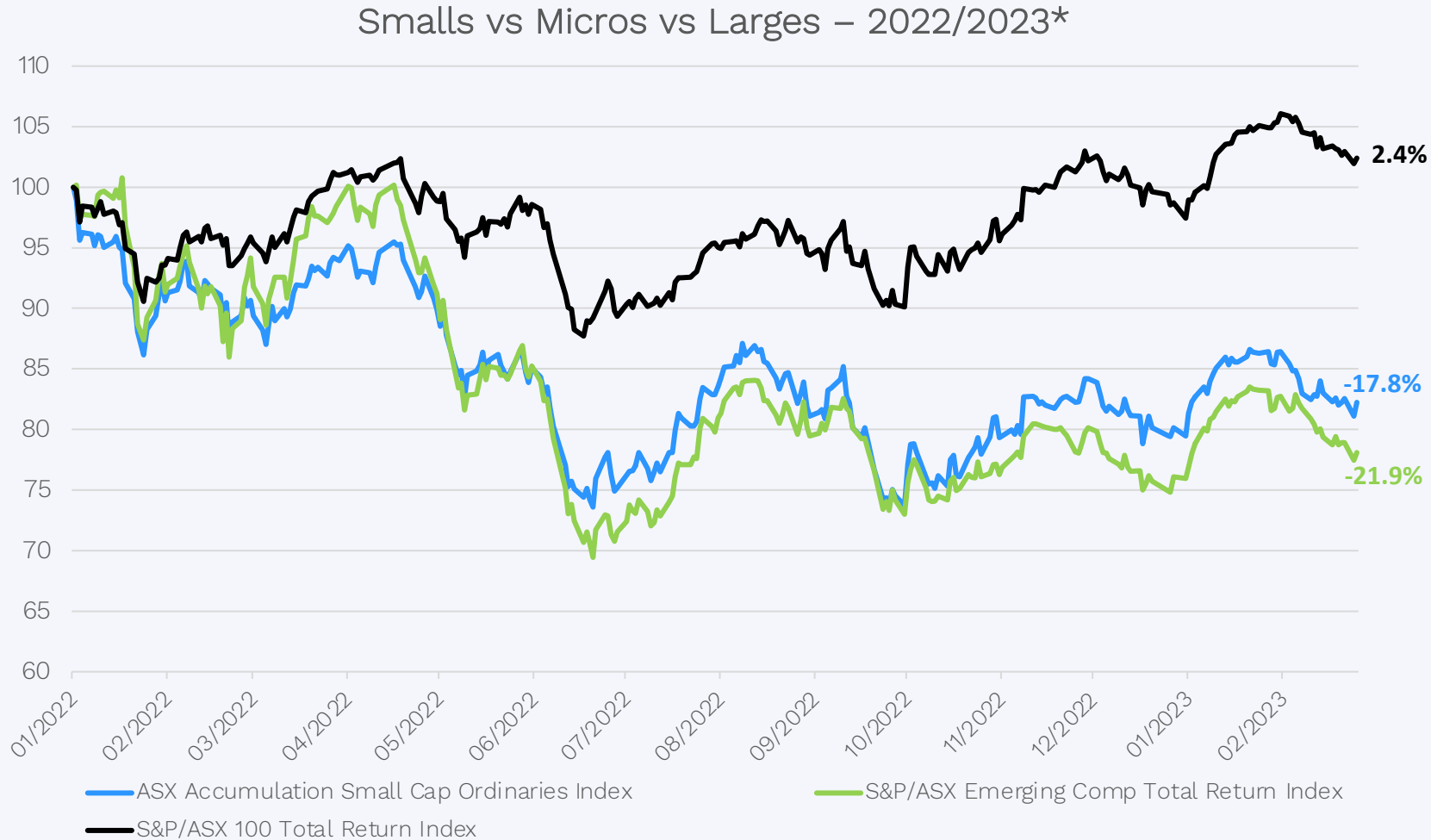


Chart Source: Bloomberg,. *01/01/2022 to 28/02/2023

Smaller cap better during market recovery

Coming out of a downturn micros and small caps outperform from the trough



Chart Source: Bloomberg, Spheria. *Returns from approximate trough



The best place to ride out a correction

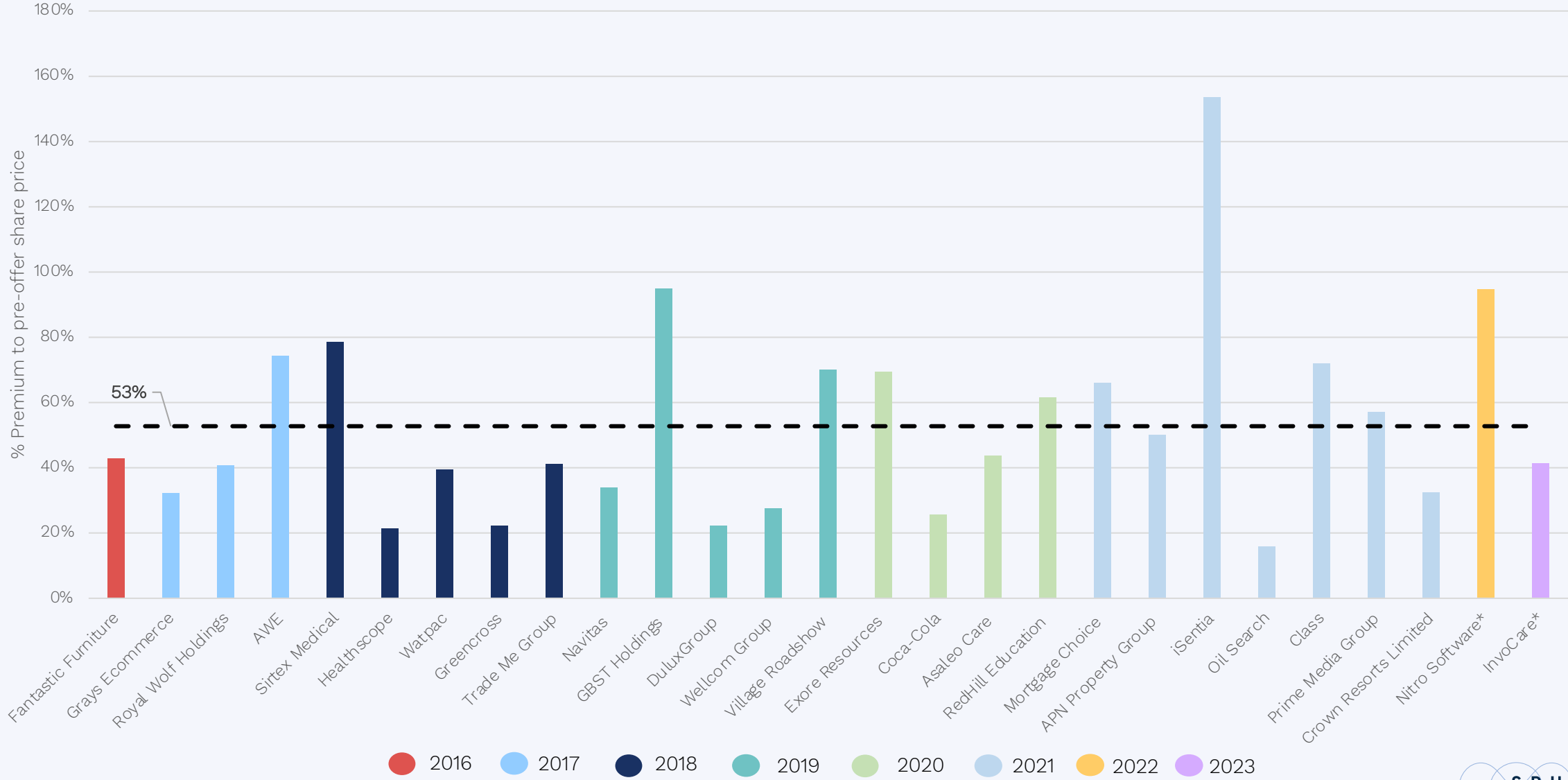
Global Smalls is the place to be



Source: Bloomberg, cumulative performance, note past performance is not a reliable indicator of future performance

Takeovers....

Spheria Takeover Chart Through time - % Premium



● 2016
 ● 2017
 ● 2018
 ● 2019
 ● 2020
 ● 2021
 ● 2022
 ● 2023

Chart Source: Iress *Takeover in progress



Performance & Portfolios Composition

Micros and Smaller Companies

Net Performance as at 28th Feb 2023

Period	1 month	3 month	6 month	1 year	3 year (pa)	5 year (pa)	Since Inception (pa)	Inception Date
Spheria Australian Microcap	-1.9%	-2.1%	-1.6%	-3.1%	20.8%	10.4%	13.1%	16/05/2016
S&P/ASX Small Ordinaries Accumulation Index	-3.7%	-1.2%	-2.0%	-8.0%	4.2%	3.6%	6.2%	
Outperformance	1.8%	-0.9%	0.4%	4.9%	16.5%	6.8%	6.9%	
S&P/ASX Emerging Companies Index (TR)	-4.2%	-1.0%	-5.1%	-12.2%	17.8%	8.4%	10.4%	

Net Performance as at 28th Feb 2023

Period	1 month	3 month	6 month	1 year	3 years (pa)	5 years (pa)	Since Inception (pa)	Inception Date
Spheria Australian Smaller Companies	-2.3%	1.9%	-1.6%	-7.4%	10.8%	6.2%	8.5%	11/07/2016
S&P/ASX Small Ordinaries Accumulation Index	-3.7%	-1.2%	-2.0%	-8.0%	4.2%	3.6%	5.6%	
Outperformance	1.4%	3.1%	0.4%	0.6%	6.6%	2.7%	3.0%	

Past performance is not a reliable indicator of future performance. All pa returns are calculated on an annualised basis using exit price to exit price with distributions reinvested. Returns of the Fund are net of applicable fees, costs and taxes.

Performance & Portfolios Composition

Opportunities and Global Opportunities

Net Performance as at 28th Feb 2023

Period	1 month	3 month	6 month	1 year	3 years (pa)	5 years (pa)	Since Inception (pa)	Inception Date
Spheria Opportunities	-2.0%	0.3%	-1.2%	-4.7%	11.5%	7.6%	9.6%	11/07/2016
S&P/ASX Mid-Small Accumulation Index	-3.4%	-1.7%	0.0%	-1.1%	8.8%	6.3%	8.4%	
Outperformance	1.5%	2.0%	-1.2%	-3.6%	2.8%	1.3%	1.2%	

Net Performance as at 28th Feb 2023

Period	1 month	3 month	6 month	1 year	3 years (pa)	Since Inception (pa)	Inception Date
Spheria Global Opportunities Fund	2.3%	5.9%	12.8%	-2.9%	11.5%	12.1%	1/03/2019
MSCI World Small Cap Index*	2.2%	2.4%	7.3%	-0.8%	6.8%	6.0%	
Outperformance	0.1%	3.5%	5.5%	-2.1%	4.7%	6.1%	

Past performance is not a reliable indicator of future performance. All pa returns are calculated on an annualised basis using exit price to exit price with distributions reinvested. Returns of the Fund are net of applicable fees, costs and taxes.

Source: IRESS, MSCI Spheria 28th February 2023. Past performance is not a reliable indicator of future performance. All pa returns are annualized. *Benchmark is MSCI World Small Cap Index (net in AUD) for all periods. Please note that the Benchmark from inception to 30 June 2021 was the MSCI Kokusai Microcap Index (net in AUD) and from 1 July 2021 to 30 September 2022 was the MSCI World Microcap Index (net in AUD).

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