



Pinnacle Insights Series – Small Caps

Spheria Smaller Companies “Here, There & Everywhere”

April 2025

Investment Process

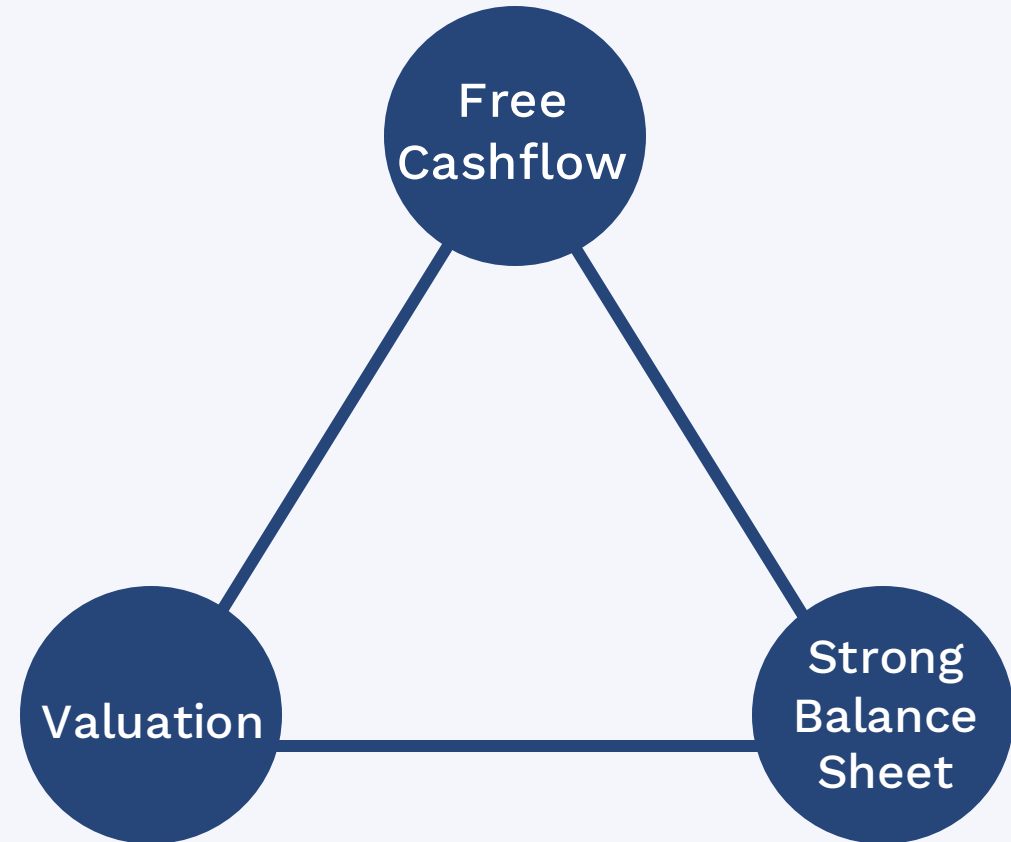
Designed to be robust and repeatable



Investment Process

Robust and forward-looking

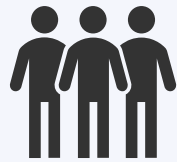
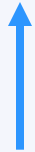
1. Applicable to different investment environments
 - ✓ Cyclical
 - ✓ Turnarounds
 - ✓ Growth
2. Reduces risk
 - ✓ Avoids unsustainable hyperbolic bubbles
3. Based on fundamentals and is repeatable
4. Fact and data based not opinion based
 - ✓ Cashflow vs. news flow
 - ✓ Mid-cycle vs. spot
 - ✓ Internal forecasts vs. management forecasts
 - ✓ Industry analysis vs. sentiment analysis



Started with a team of 3

Well resourced, integrated team scouring the globe

Today: a team of 9

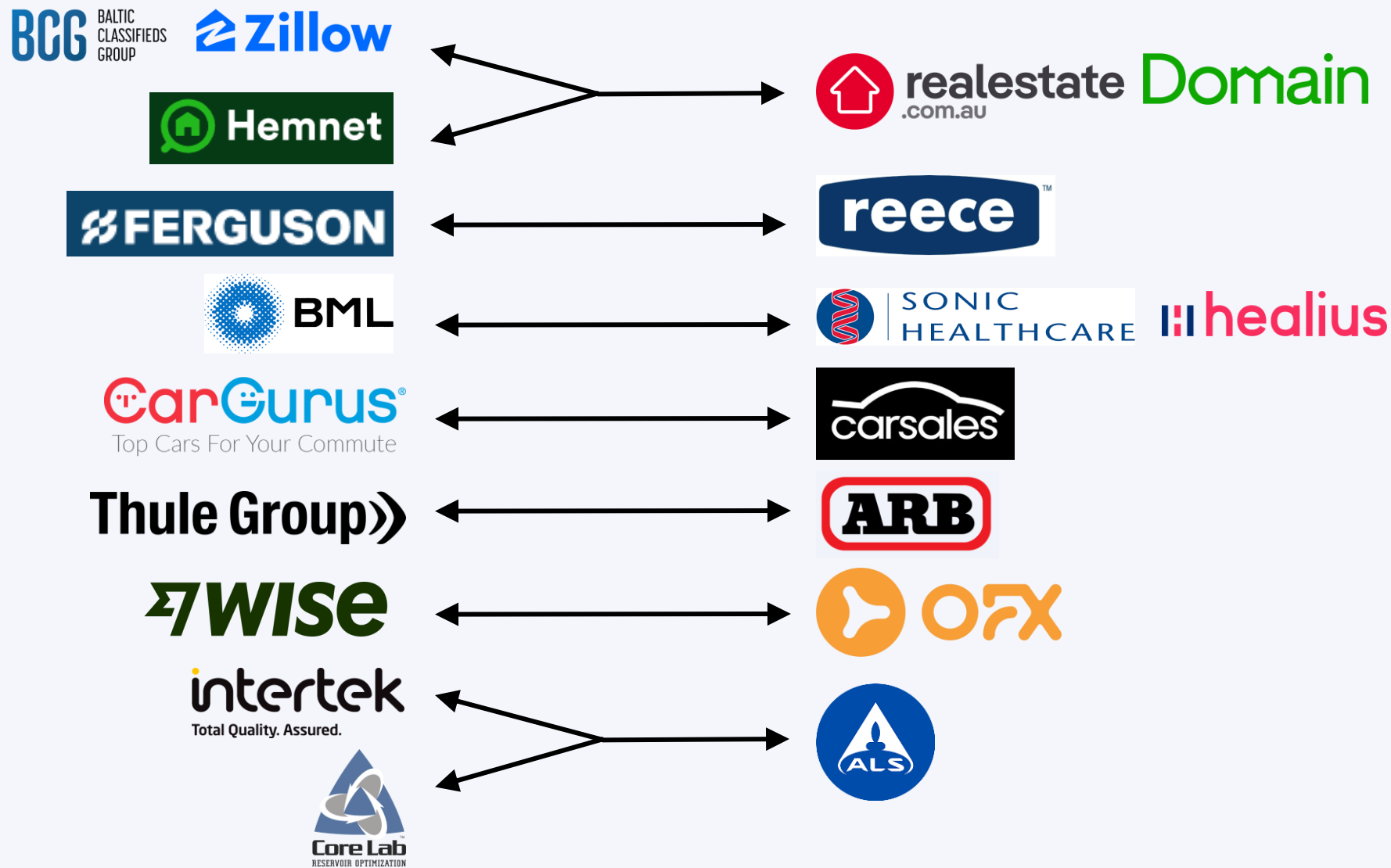


2016

Trips over the last 12 months

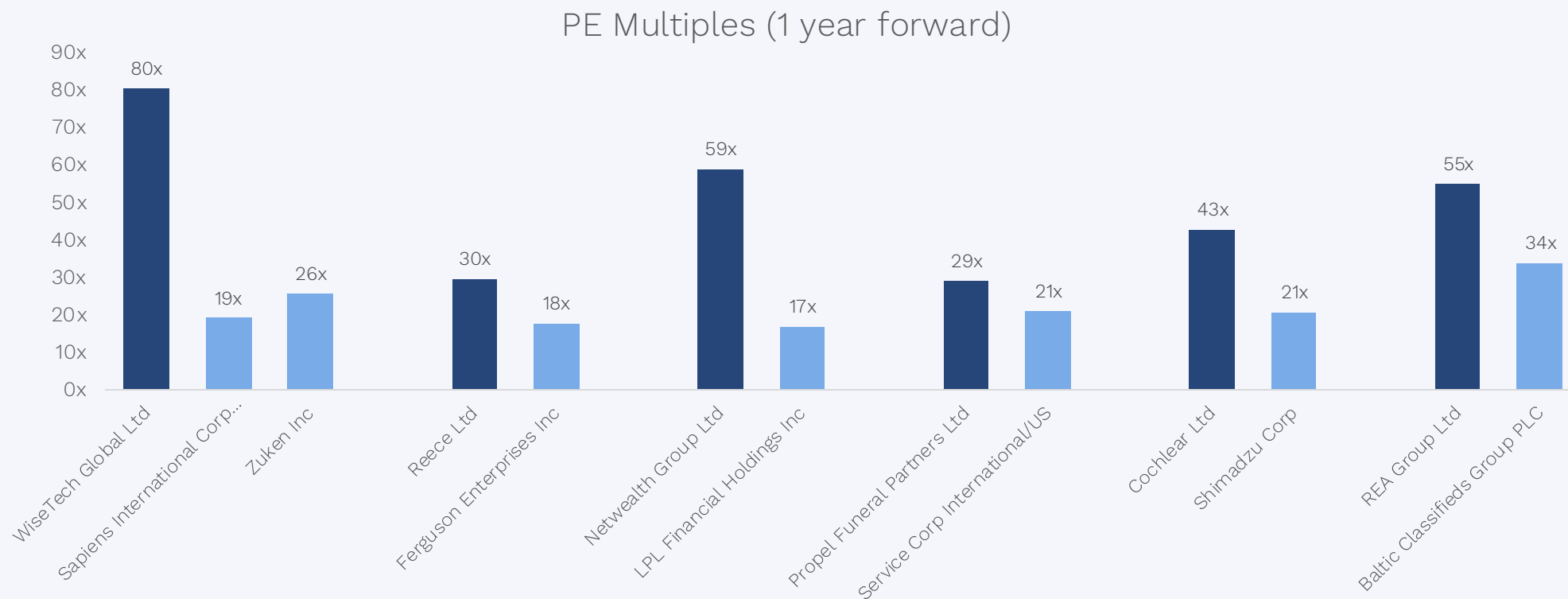


Global Synergies with Domestics



Global/Domestic Comparisons

Scarcity leads to crowding into domestic ideas/ greater comparatives



| | PE (1FY) | PE (2FY) | 5Yr EPS CAGR* |
|--------------------------------|----------|----------|---------------|
| S&P/ASX Small Ordinaries Index | 18x | 15x | -13% |
| MSCI World Small Cap Index | 16x | 14x | 5% |

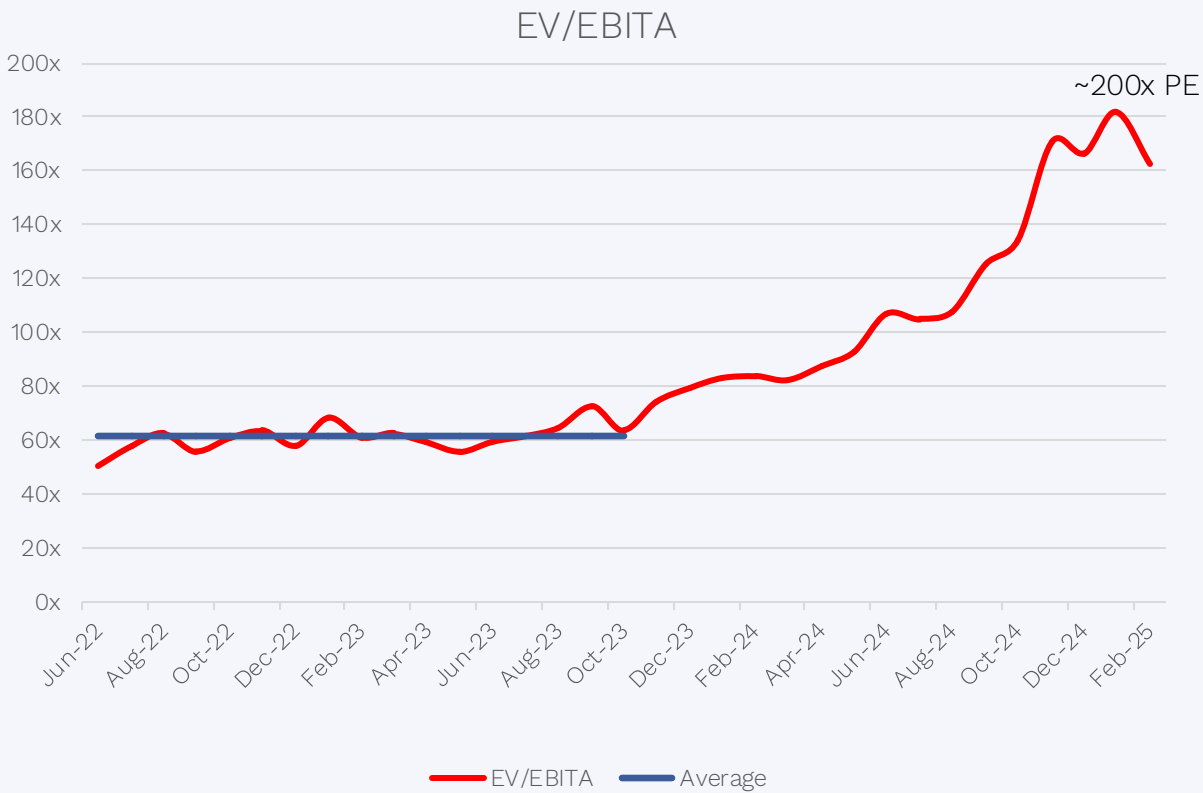
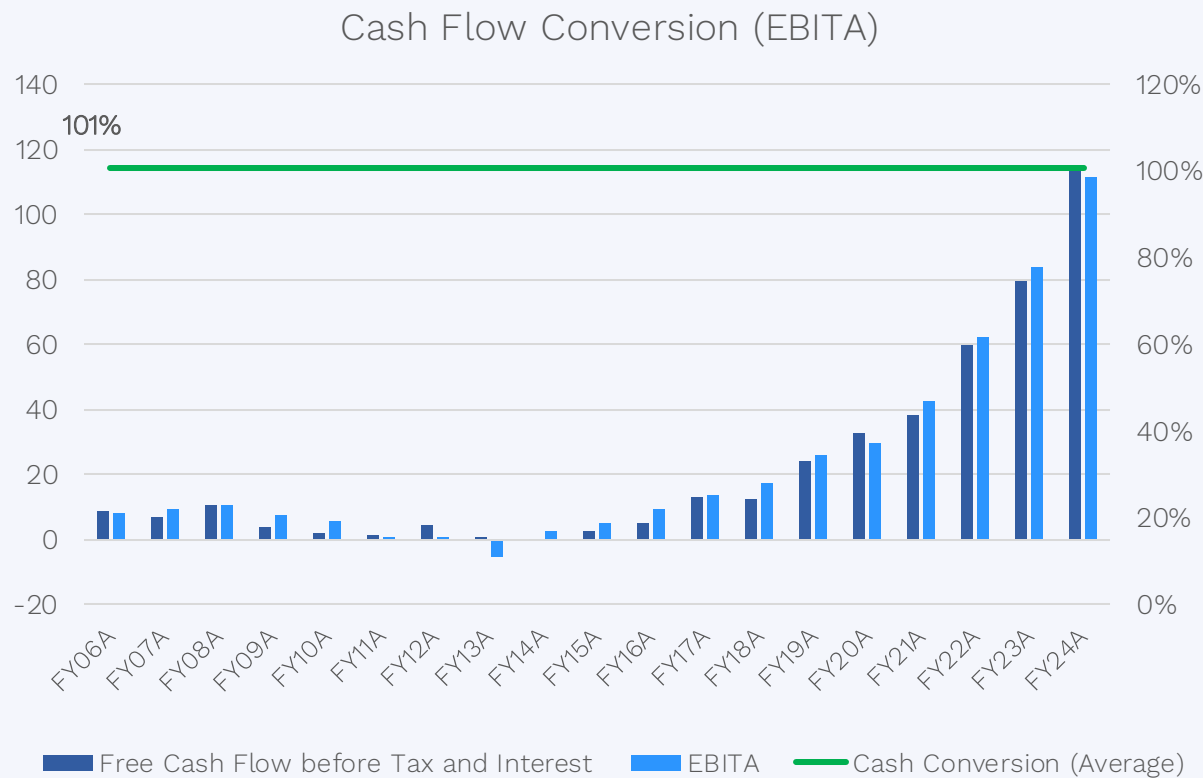
Source: Bloomberg as at 10th March 2025

*EPS historical cagr between calendar year 2018 to 2023.

The Growth Conundrum: Pro Medicus

(ASX:PME)⁷

The go-to growth stock now

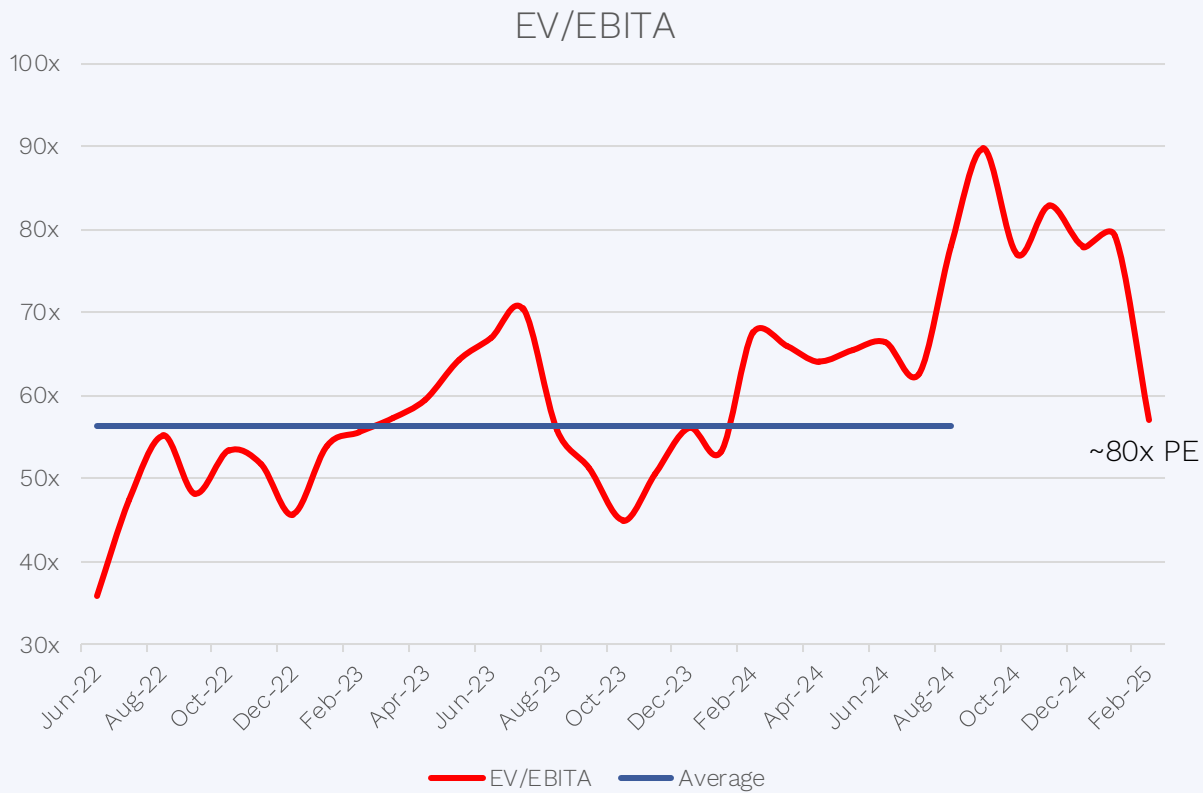
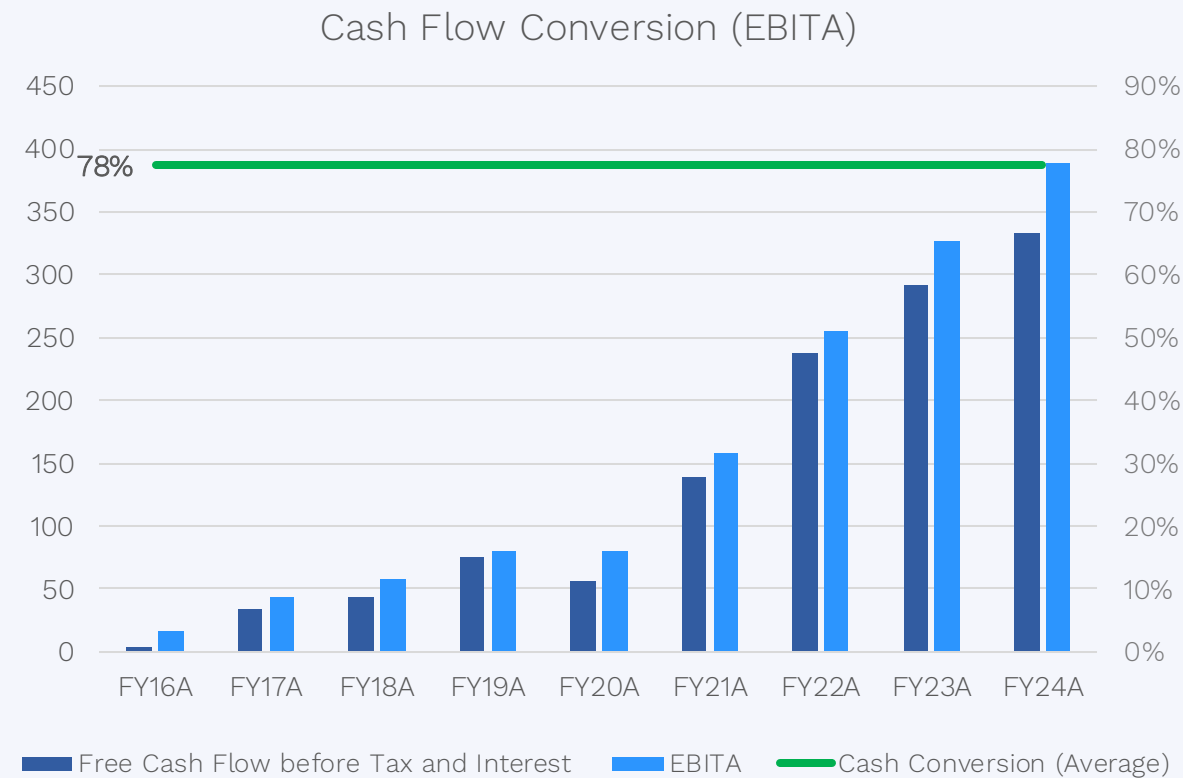


Source: Morningstar, IRESS

The Growth Conundrum: WiseTech Global

(ASX:WTC)⁸

Another go-to growth stock

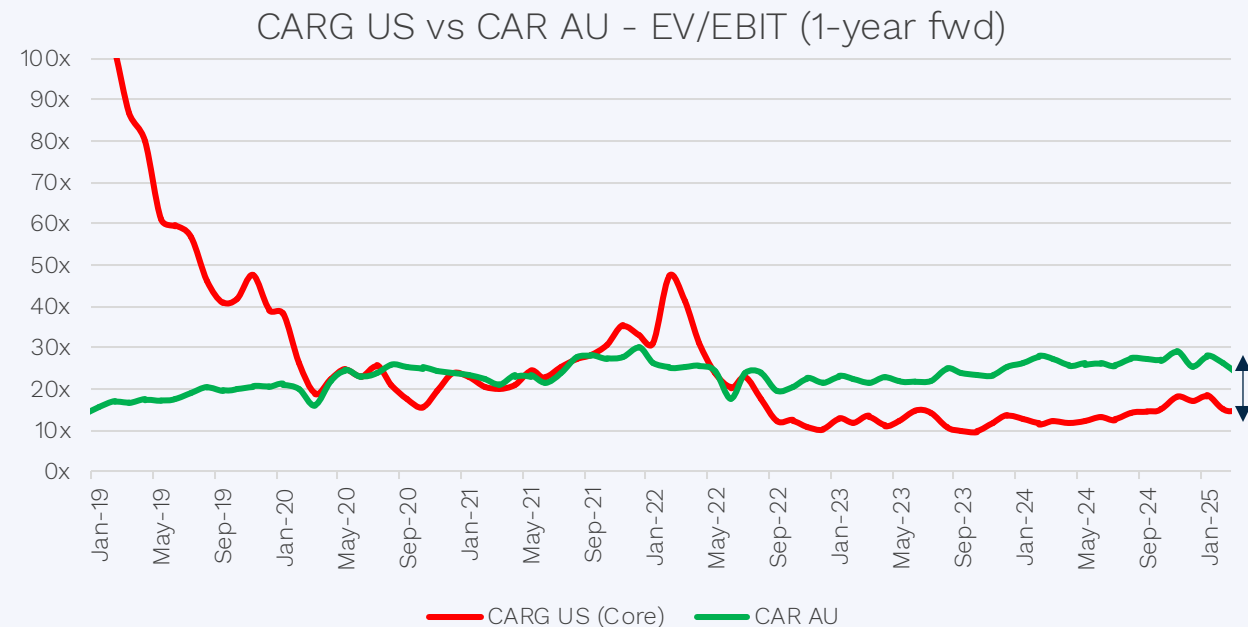


Source: Morningstar, IRESS.

CarGurus (US) vs Carsales (AU)

Domestic can provide insights for offshore comps

| Market stats | CARG US (USD) | CAR AU (AUD) |
|------------------|---------------|--------------|
| TAM (\$m) * | 1,800 | 360 |
| # Dealers | 41,000 | 3,700 |
| TAM/# Dealers | \$44,000 | \$97,000 |
| Revenue (\$m) | 725* | 327 |
| Mkt Share by rev | ~40% | ~90% |



- CARG US quotes that average dealerships operate with 2½ marketplaces in the US.
- There is a steady transition to 2 marketplaces now, which will benefit incumbents ~25%
- TAM per dealer in Australia is ~45% greater than the United States
- CARG US trades at a ~30% discount to CAR AU on an EV/EBIT basis and a 70% discount on EV/Sales.

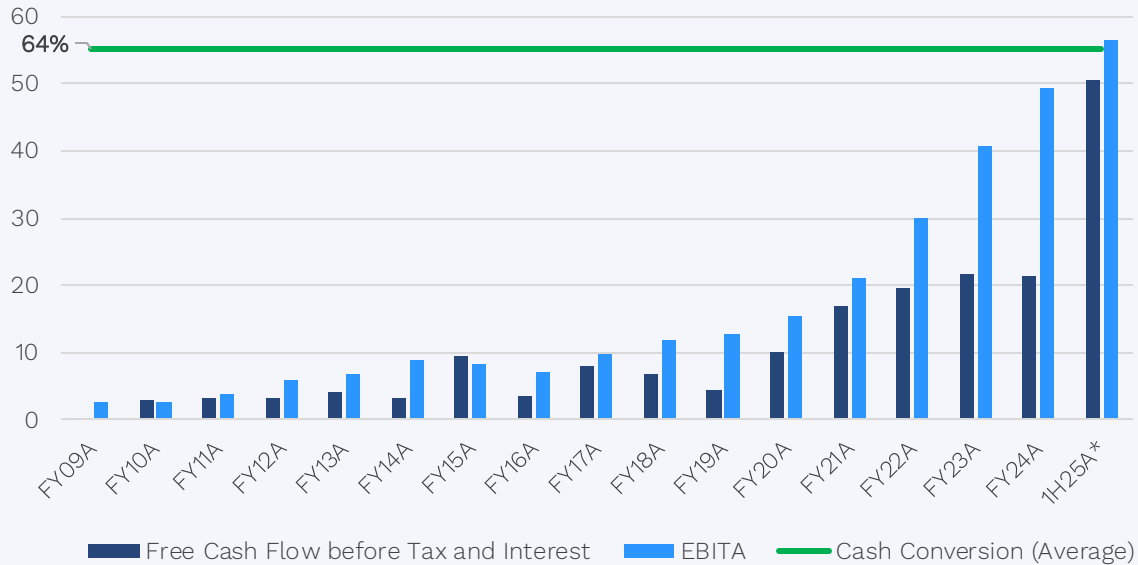
*Carsales is a near monopoly in Australia. CARG US (Core) reflects marketplace segment. Source: Spheria, Bloomberg, figures in local currency.

Supply Network

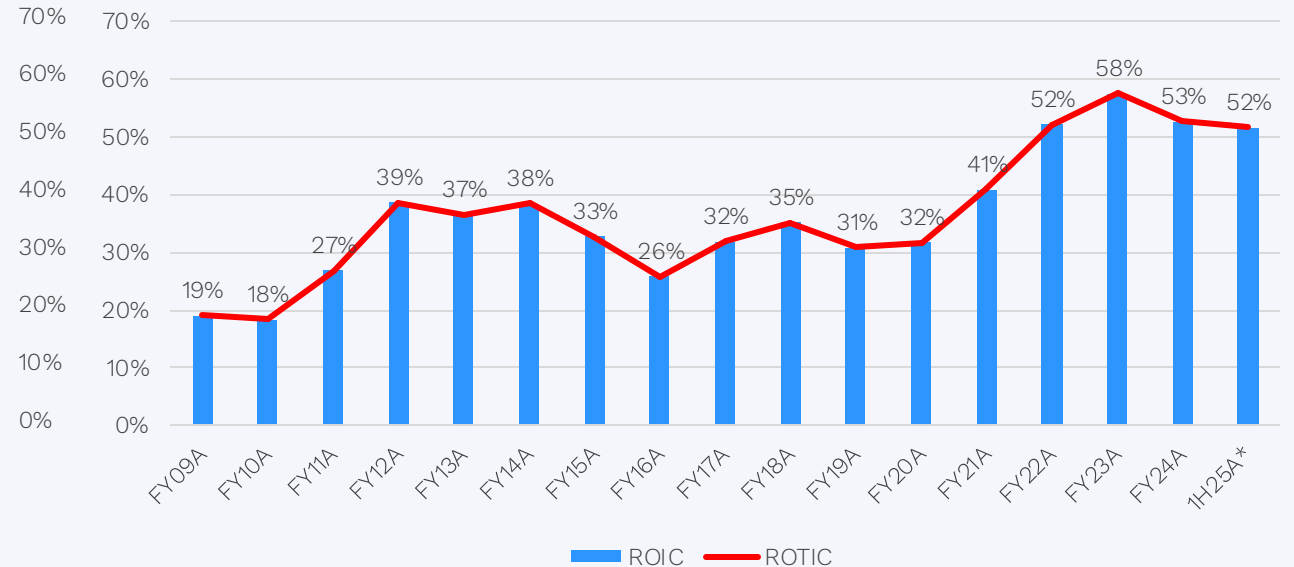
(ASX:SNL)¹⁰

We can't find a better company globally in this space

Cash Flow Conversion (EBITA)



Return Metrics

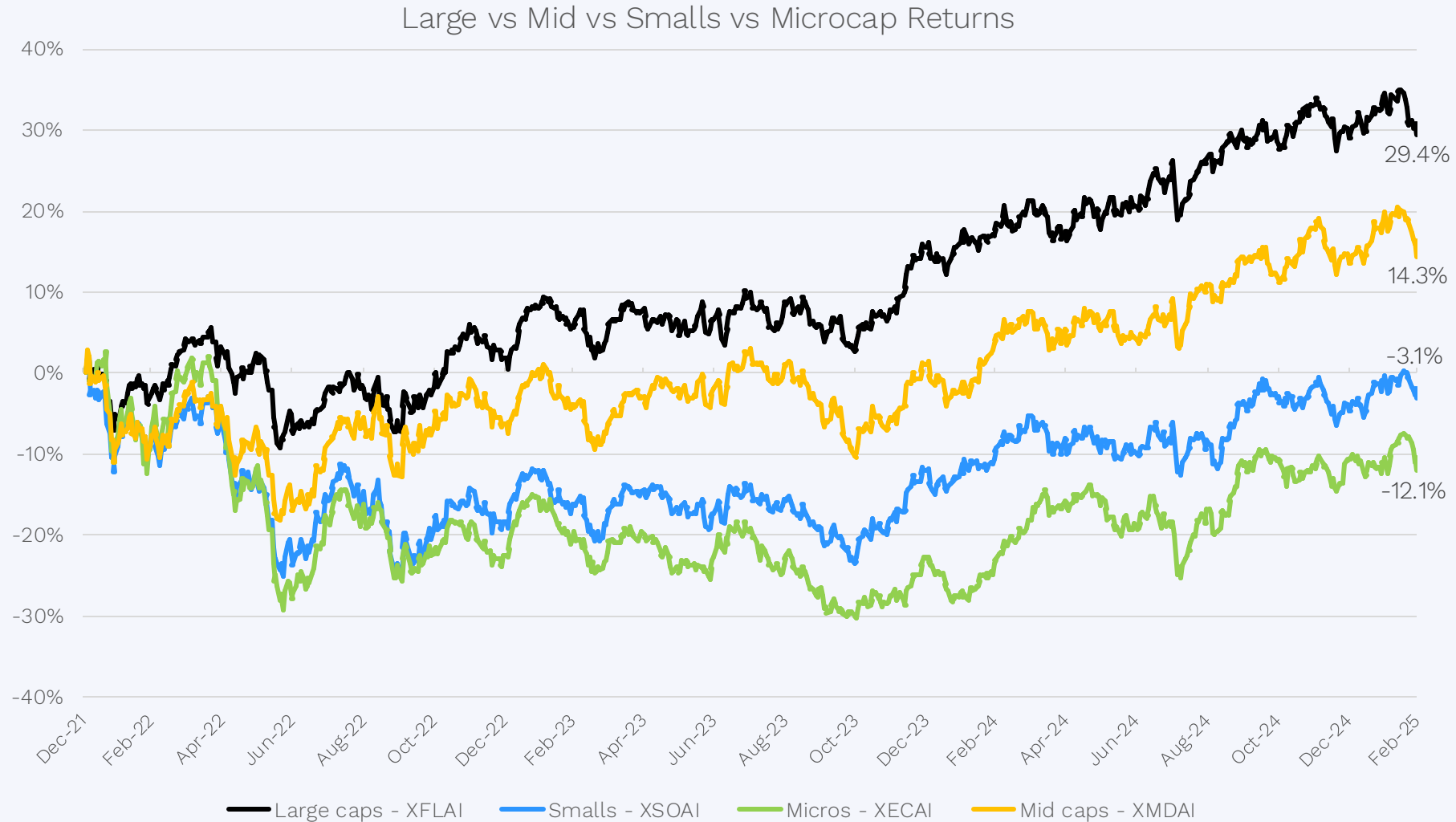


- Truck and bus aftermarket parts distributor under Multispares brand in AU/NZ
- No. 1 player in the market with 25 branches (20 in Australia, 5 in NZ)
- Strong history of cash generation and re-investment at high ROIC
- Revenue 14% and EBITA 18% CAGR over past 10 years (all organic)
- Trading on ~22x FY26 EV/EBIT with net cash balance sheet (never raised capital)

*1H25 are annualised figures. Source: Morningstar, IRESS, Spheria.

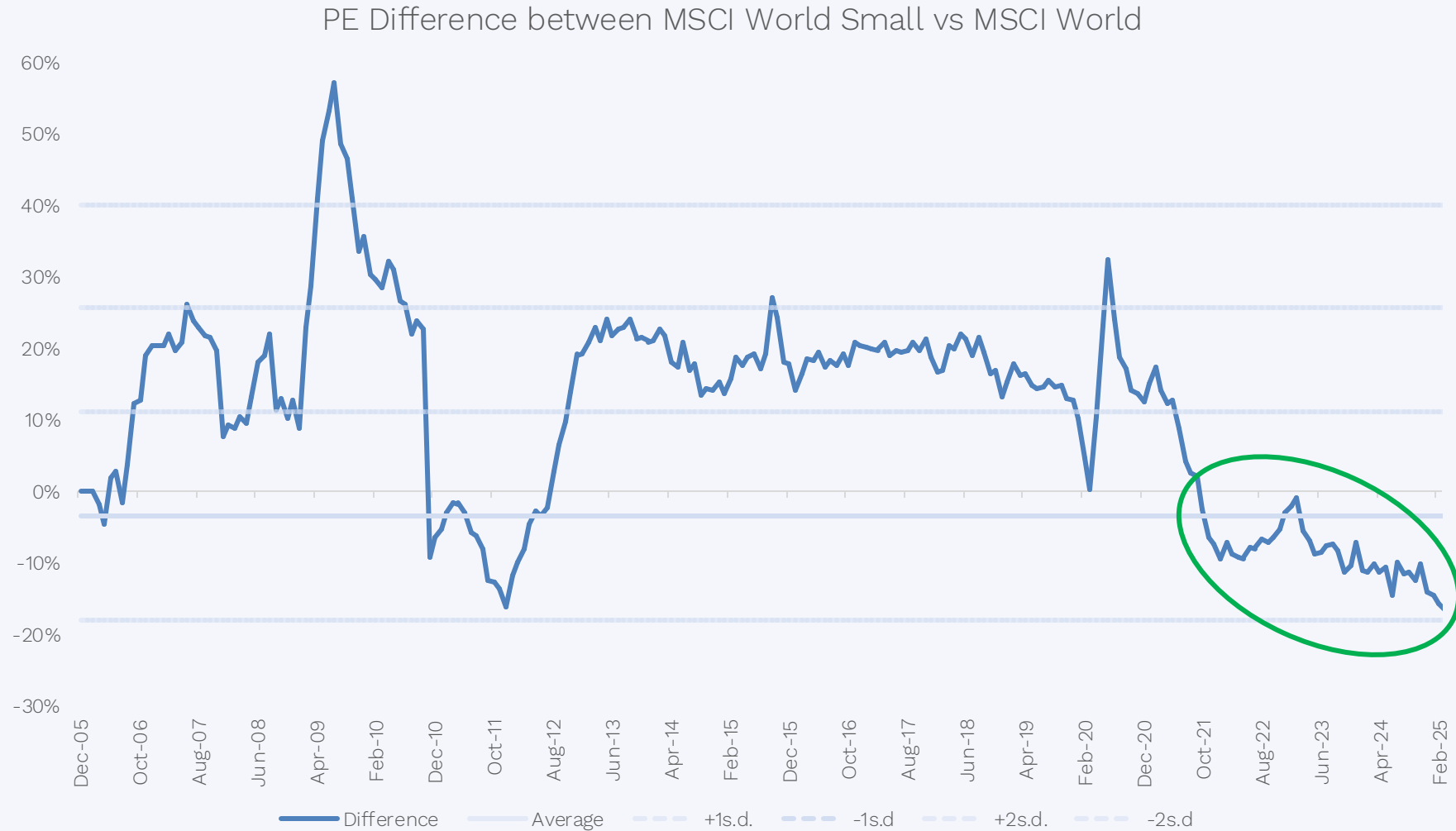
Current market environment

Micros, smalls & mids have underperformed large cap since January '22



Very attractive entry point

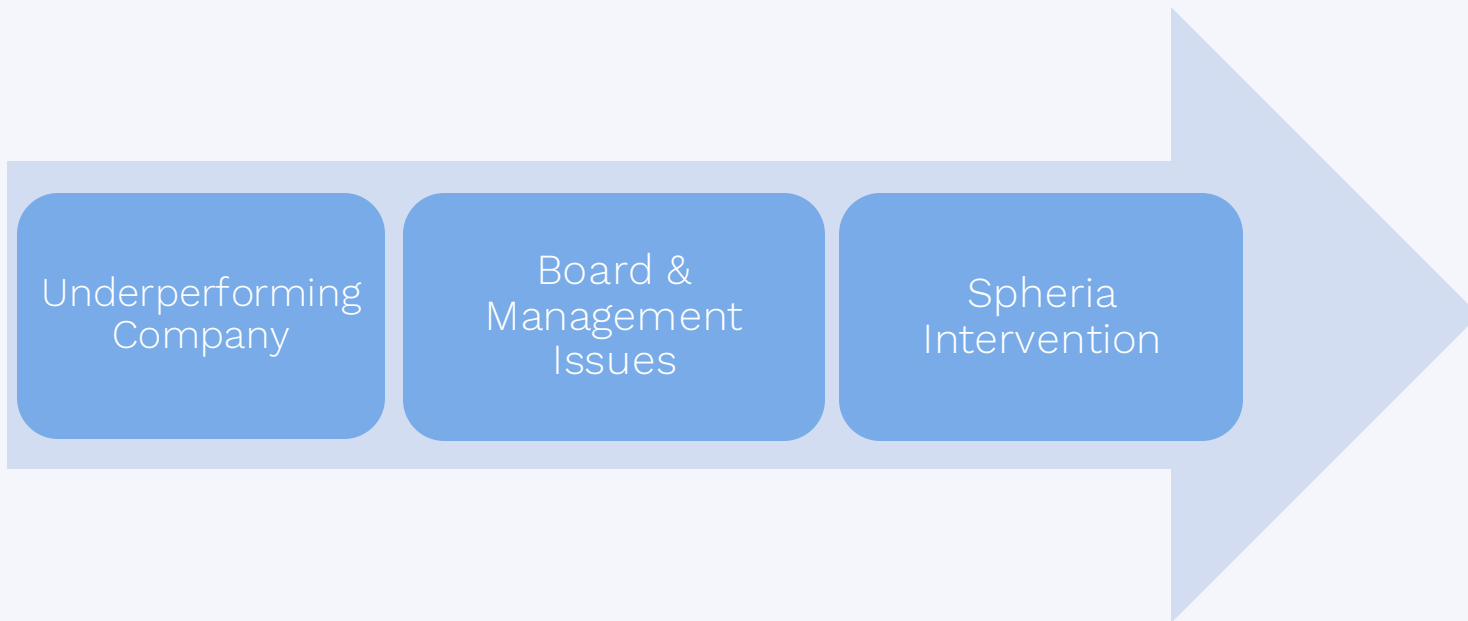
Global Smalls are very cheap in a historical context



Source: Bloomberg, to 28th February 2025. Cumulative performance.

Spheria's Evolution - stewardship

Driving strategic change to extract shareholder value



Current engagements:

NZME

Deterra Royalties

IGO

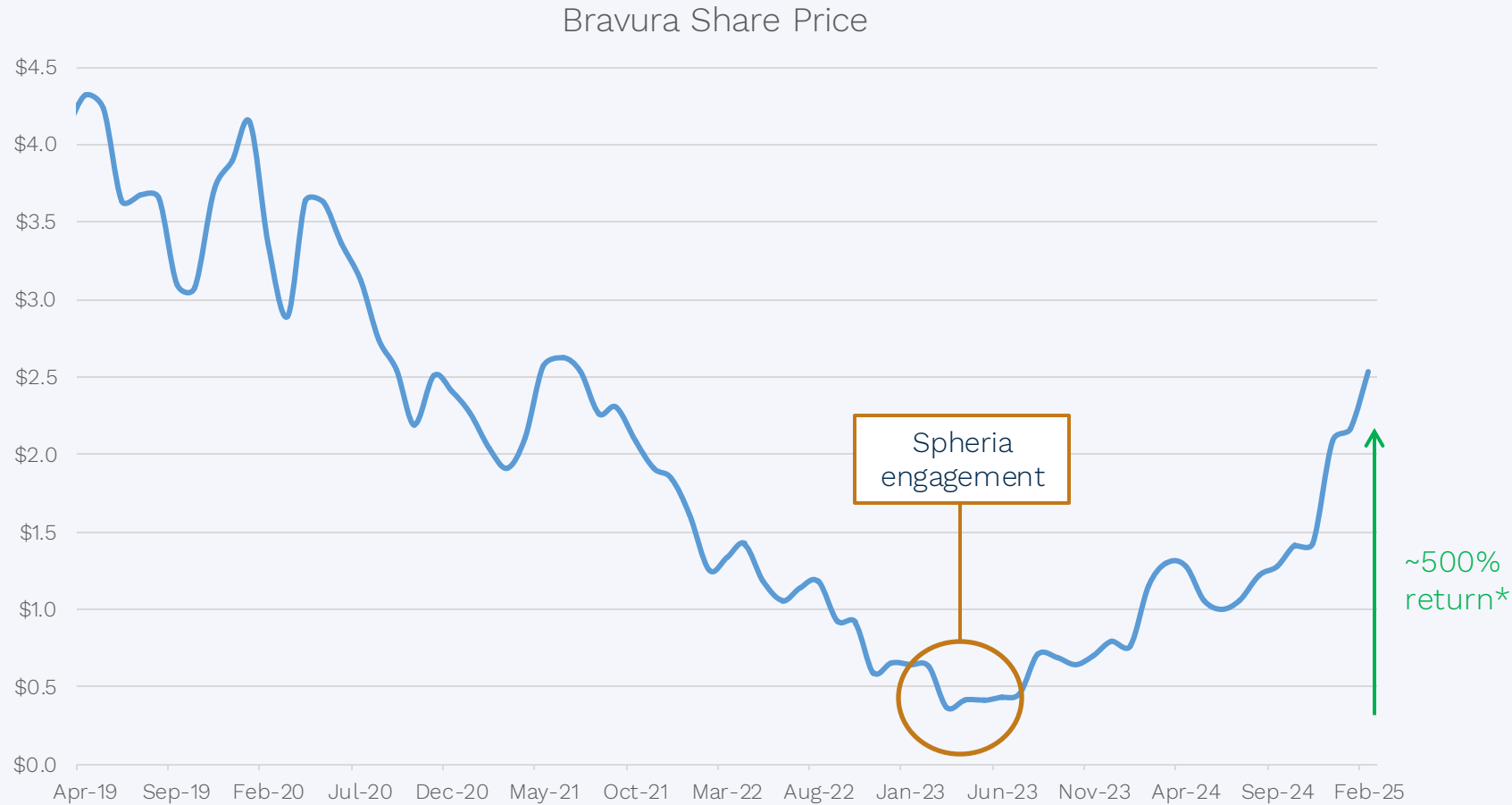
Recent engagements:

Bravura

Southern Cross Media

Spheria's Evolution

Recent example: Bravura Solutions (BVS.ASX)



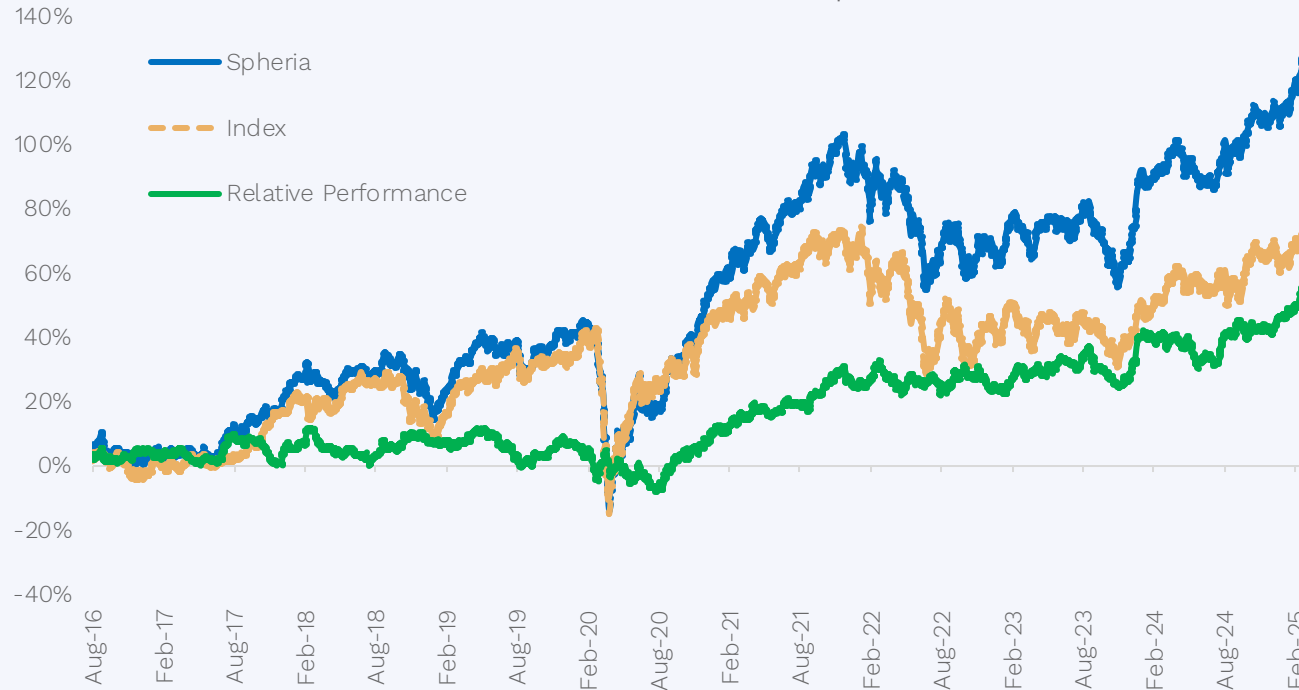
- Increased our holding to 15.7% via recapitalisation at 40cps in early 2023
- Heavily involved in replacing Chairperson and CEO soon after
- Company's financial performance has improved dramatically since.

Source: IRESS * approximately 500% return (including dividends) from capital raising price of 40cps. Past performance is not an indicator of future performance.

Spheria - Excess returns with less volatility

Domestic

Spheria Australian Smaller Companies Fund - Net Performance Since Inception



| Metrics | Spheria Smaller Companies | Benchmark |
|----------------|---------------------------|-----------|
| Volatility | 11.8% | 14.3% |
| Beta | 0.71 | |
| Dividend Yield | 3.2% | 2.5% |
| FCF Yield | 6.4% | 3.3% |

Spheria - Excess returns with less volatility

Global

Spheria Global Opportunities Fund – Net Performance Since Inception



| Metrics | Spheria Global Opportunities | Benchmark |
|----------------|------------------------------|-----------|
| Volatility | 9.9% | 12.5% |
| Beta | 0.66 | |
| Dividend Yield | 1.8% | 1.9% |
| FCF Yield | 5% | 4.3% |

Performance & Portfolios Composition

Net Performance as at 31st Mar 2025

| Period | 1 month | 3 month | 6 month | 1 year | 3 years (pa) | 5 years (pa) | Since Inception (pa) | Inception Date |
|---|-------------|-------------|-------------|-------------|--------------|--------------|----------------------|----------------|
| Spheria Australian Smaller Companies | -2.4% | 2.6% | 4.6% | 6.9% | 4.2% | 17.2% | 9.2% | 11/07/2016 |
| S&P/ASX Small Ordinaries Accumulation Index | -3.6% | -2.0% | -3.0% | -1.3% | -0.8% | 10.2% | 5.5% | |
| Outperformance | 1.2% | 4.6% | 7.6% | 8.2% | 5.0% | 7.0% | 3.7% | |

Net Performance as at 31st Mar 2025

| Period | 1 month | 3 month | 6 month | 1 year | 3 years (pa) | 5 years (pa) | Since Inception (pa) | Inception Date |
|-----------------------------------|-------------|-------------|--------------|-------------|--------------|--------------|----------------------|----------------|
| Spheria Global Opportunities Fund | -2.2% | -1.4% | 3.7% | 5.5% | 7.1% | 13.6% | 11.4% | 1/03/2019 |
| MSCI World Small Cap Index | -4.0% | -4.3% | 4.4% | 4.4% | 8.1% | 13.0% | 8.5% | |
| Outperformance | 1.8% | 3.0% | -0.7% | 1.1% | -0.9% | 0.5% | 2.9% | |

Net Performance as at 31st Mar 2025

| Period | 1 month | 3 month | 6 month | 1 year | 3 year (pa) | 5 year (pa) | Since Inception (pa) | Inception Date |
|---|-------------|-------------|-------------|-------------|-------------|--------------|----------------------|----------------|
| Spheria Australian Microcap | -2.0% | -1.7% | 2.5% | 4.5% | 6.5% | 26.6% | 13.3% | 16/05/2016 |
| S&P/ASX Small Ordinaries Accumulation Index | -3.6% | -2.0% | -3.0% | -1.3% | -0.8% | 10.2% | 6.0% | |
| Outperformance | 1.6% | 0.3% | 5.5% | 5.7% | 7.3% | 16.4% | 7.3% | |
| S&P/ASX Emerging Companies Index (TR) | -1.3% | -2.9% | -2.8% | 6.0% | -4.7% | 20.8% | 8.9% | |

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.

Summary

- Classic bottom-up investors who believe valuations matter
- Spheria couples *investment* with *stewardship* when needed
- Do own “true” growth companies, just won’t pay any price
- We have invested to resource the business and team
- The incredible move to passive is opening more opportunities in small and micro caps
- The time seems ripe for smaller caps

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