



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

Small Caps: Short Term Pain...

May 2026

Spheria Business Update

10-Years in the making!

A\$1.6bn

Total FUM

2016

Founded (ex Schroders)

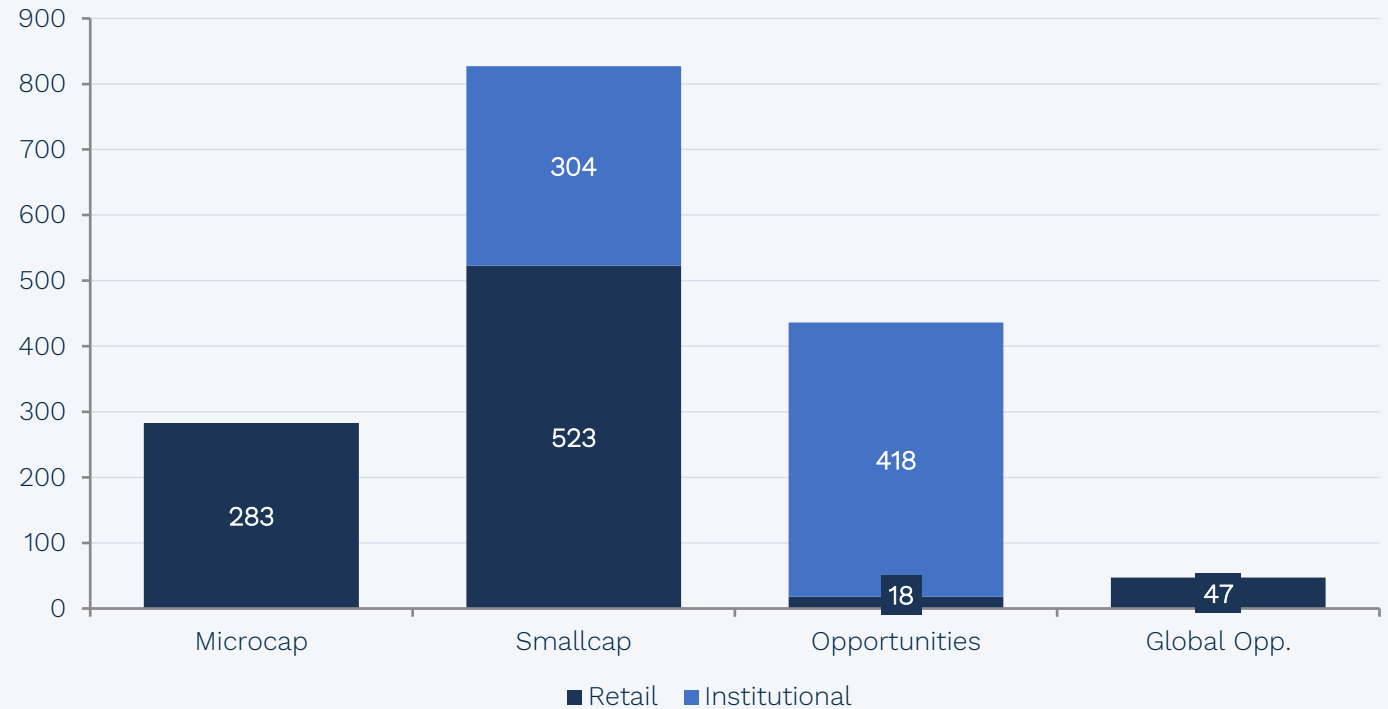
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Strategies

A\$0.9bn

Retail FUM

FUM by Strategy & Client (\$m)



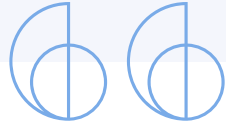
- Founded April 2016, core team ex Schroders
- Well capitalised — net cash balance sheet plus surplus investments
- Recent loss of institutional small cap mandate opens up capacity
- Investment approach designed to capitalise on dislocations and reduce risk

Small-Cap Products & Objectives

	Spheria Australian Smaller Companies Fund	Spheria Emerging Companies Limited	Spheria Australian Smaller Companies Fund - Active ETF
ASX Ticker	N/A	SEC	SPHX
Inception Date/ Listing Date	11 July 2016	5 December 2017	15 April 2026
Structure	Unlisted Managed Fund	Listed Investment Company (LIC)	Active ETF
Discount/Premium to NTA	Transacts at NAV	Trading at a premium to NAV as at 13 April 2026	Trades at NAV
Benchmark	S&P/ ASX Small Ordinaries Accumulation Index	S&P/ ASX Small Ordinaries Accumulation Index	S&P/ ASX Small Ordinaries Accumulation Index
Franking	Partially franked	Fully franked	Partially franked
Dividend / Distribution Yield	4.5%*	Target: 6% p.a. + franking (0.5% of monthly post-tax NTA)	<i>Expected to be in line with unlisted managed fund</i>
Dividend Frequency	Half Yearly	Monthly	Half Yearly
Open-ended / Closed-ended	Open-ended	Closed-ended	Open-ended
Fees	1.10% p.a. & performance fee 20% of the Fund's excess return vs its benchmark (with high watermark), net of the management fee	1.00% (plus GST) p.a. & performance fee 20% of the Fund's excess return vs its benchmark (with high watermark), net of the management fee	1.10% p.a. & performance fee 20% of the Fund's excess return vs its benchmark (with high watermark), net of the management fee
Investment Strategy	Long only, active, bottom-up Australian and NZ Small/Micro- cap Equities	Emulation of Spheria Australian Smaller Companies unlisted fund	Spheria Australian Smaller Companies unlisted fund

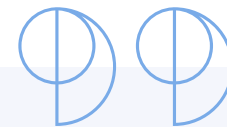
*Calendar year 2025
(includes extraordinary
dividend from HLS)

Spheria Philosophy



“Purchase securities where the present value of future free cash flows can be reasonably ascertained, and the security is trading at a discount to its intrinsic value. Explicit risk controls include a preference for companies with low or no balance sheet gearing.”

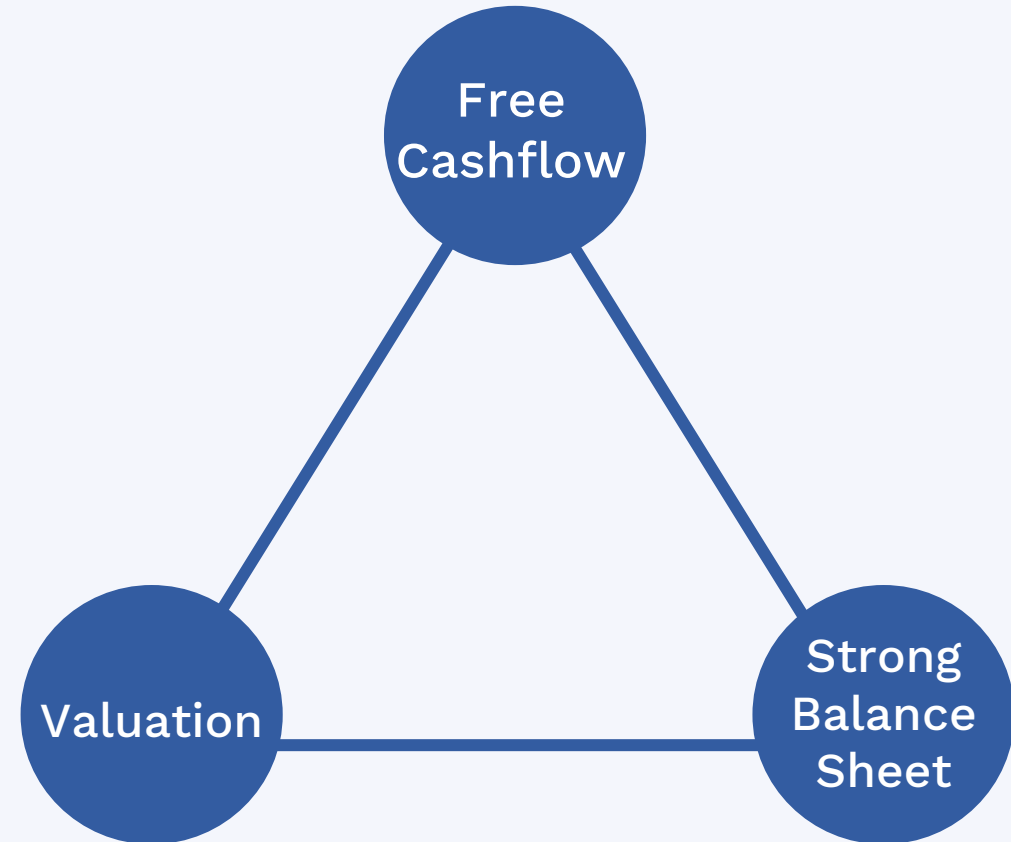
Spheria



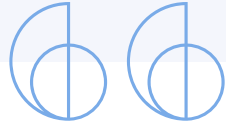
Spheria's Investment Process

Applicable to various market cycles

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

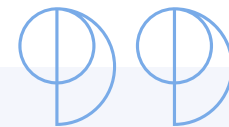


The Small Cap Opportunity



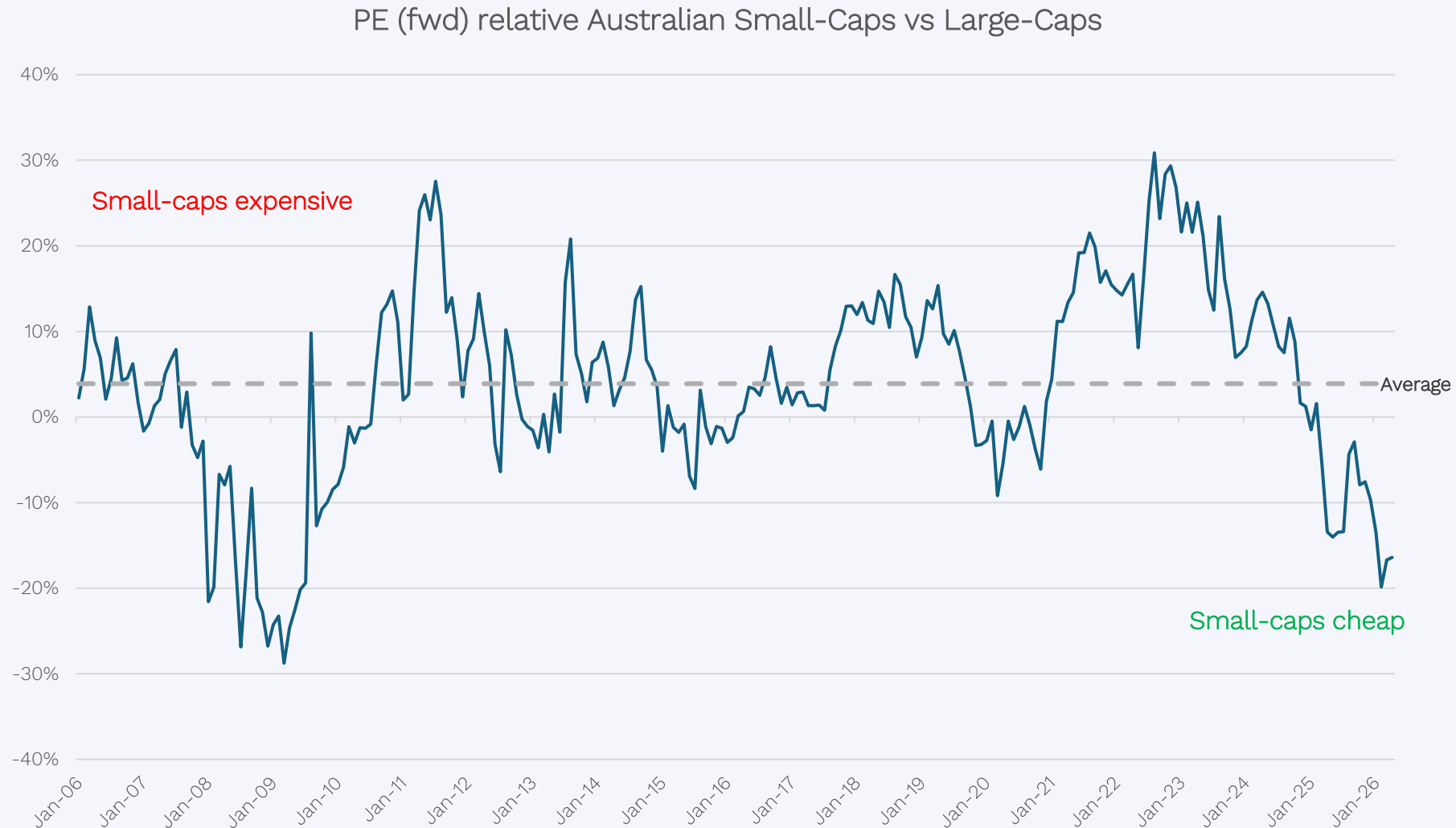
“The market is the most efficient mechanism anywhere in the world for transferring wealth from impatient people to patient people.”

– Warren Buffett



Very attractive entry point

Australian Smalls appear very cheap in a historical context vs large caps



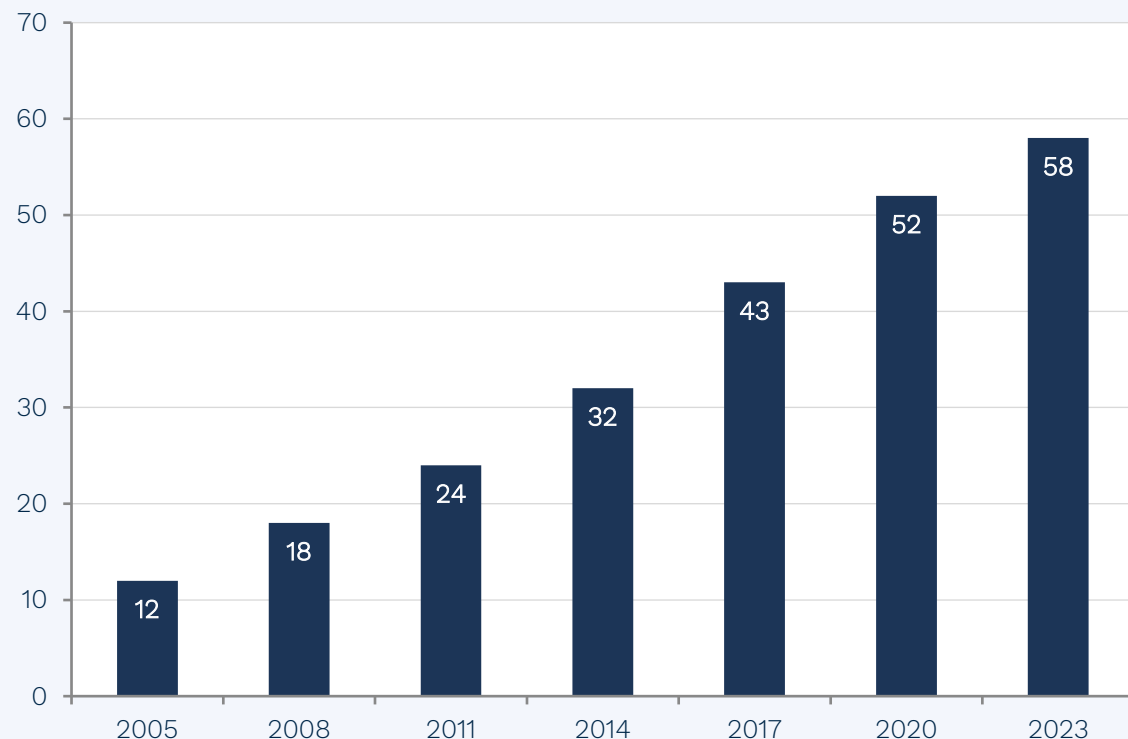
Source: Bloomberg, to 30th April 2026. S&P/ASX Small Ordinaries Index vs S&P/ASX 100 Index. Monthly data of the rolling PE (NTM Annual)

THE RISE OF PASSIVE INVESTING

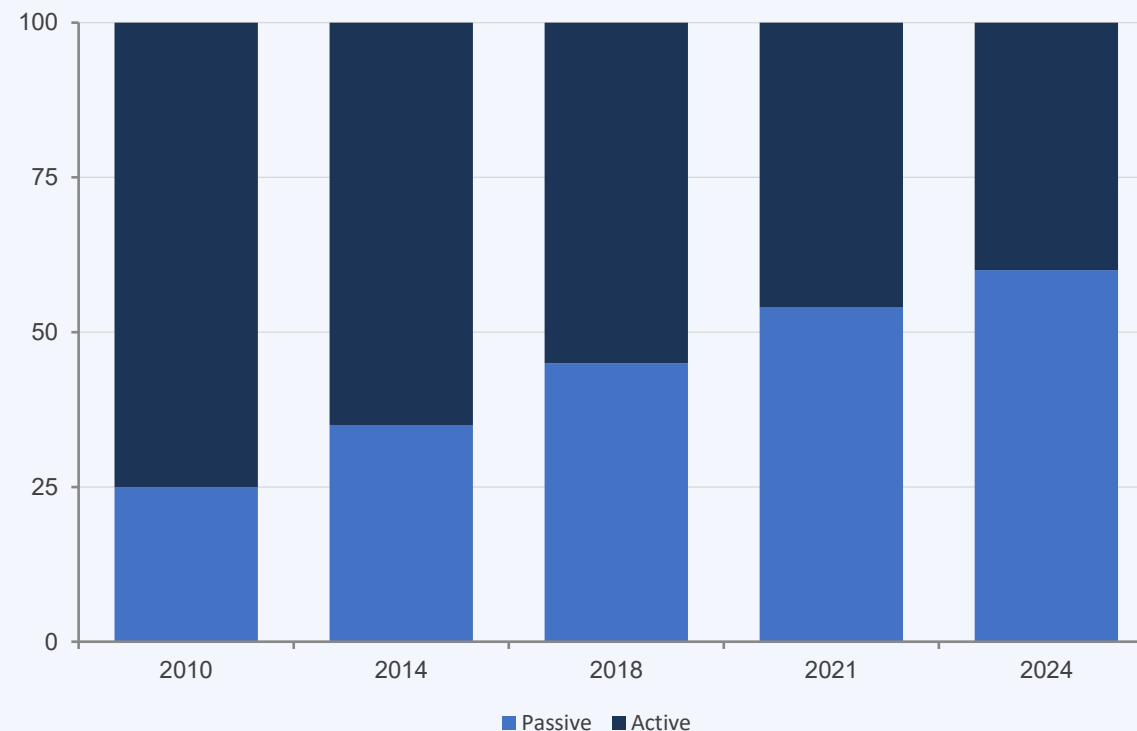
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Index funds now dominate global equity markets — reshaping price discovery

Global: Passive Share of Equity AUM (%)



Australia: Passive vs Active Split (%)



● ~60%

US equity funds now passive

● \$15T+

Assets in index funds globally

● ~58%

Australian equities passively managed

● 2x

Passive growth vs active since 2015

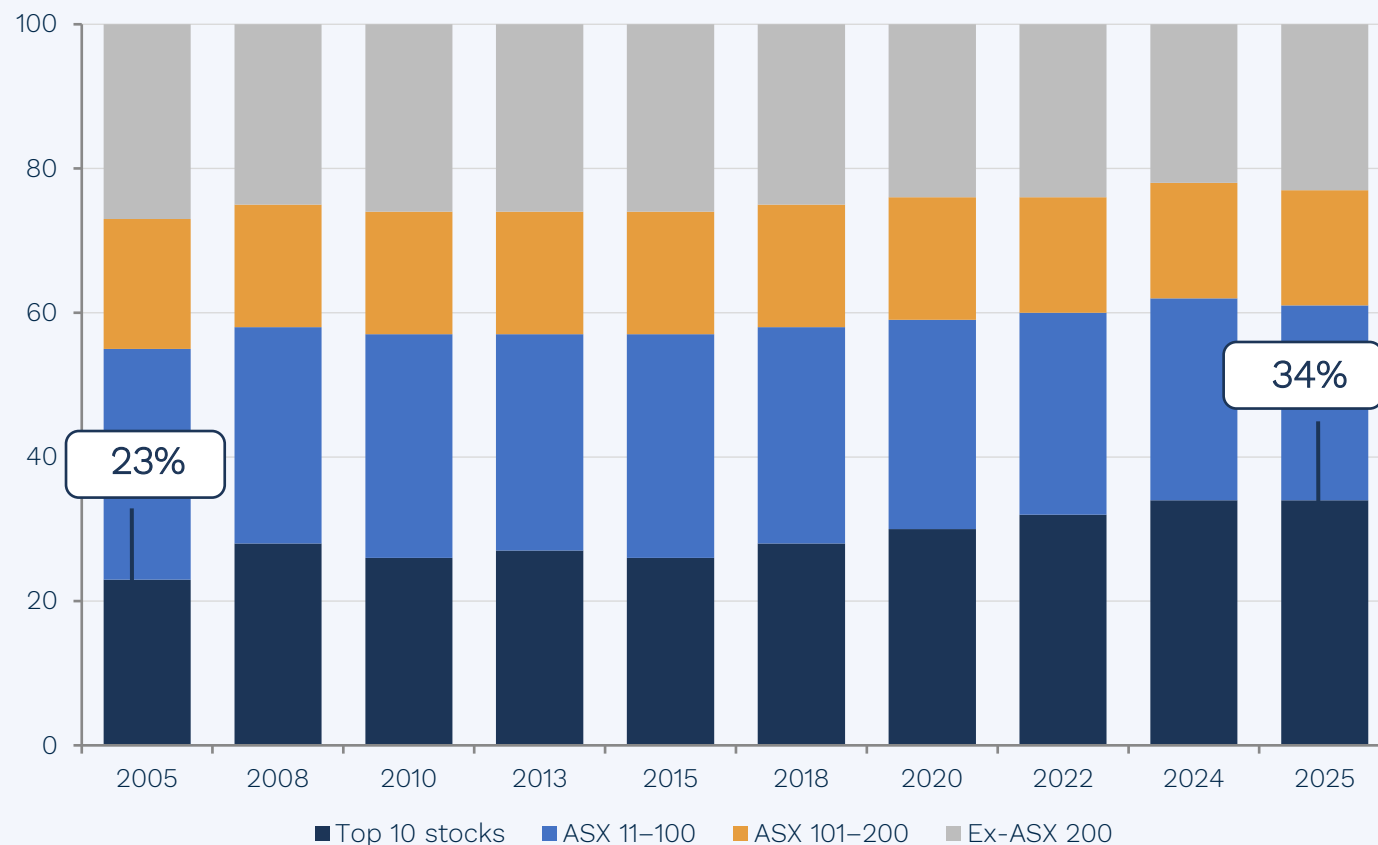
Sources ICI, Morningstar, Vanguard, APRA. Figures indicative; passive defined as index-tracking and ETF strategies.

ASX MARKET CONCENTRATION: HISTORICAL BREAKDOWN

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The Top 10 stocks have grown from ~23% to ~34% of total ASX market cap over two decades

Share of Total ASX Market Capitalisation by Tier (%)



Key Concentration Metrics (2025)

~34%

Top 10 stocks
of total ASX market cap

~61%

ASX Top 100
of total ASX market cap

~77%

ASX 200
of total ASX market cap

~23%

Ex-ASX 200
~1,500+ listed companies

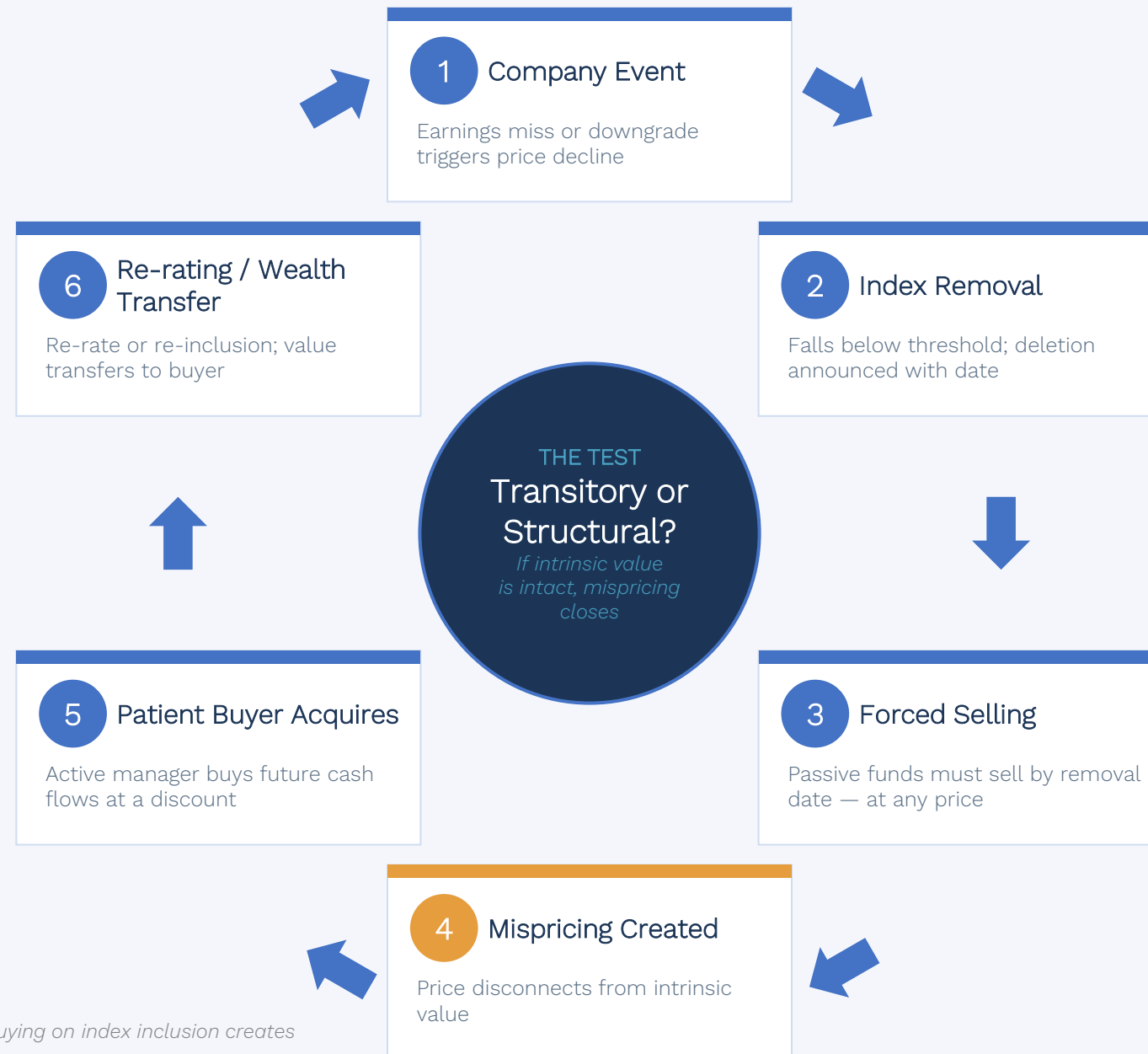
- Top 10 concentration has risen steadily - driven by CBA's extraordinary re-rating and the Big 4 banks' post-GFC dominance, now reinforced by passive inflows that buy these names at any price
- The ex-ASX 200 universe (~23%) receives little passive flow and carries the highest information asymmetry - ~1,500+ companies largely invisible to index-tracking capital

Sources: ASX Historical Market Statistics, CEIC, S&P DJII, SimplyWallSt. Total ASX market cap ~A\$3.2T (Apr 2026). Top 10 = CBA, BHP, NAB, WBC, ANZ, WES, MQG, CSL, WDS, FMG. Historical tier splits are indicative.

Valuation Inefficiency: The Opportunity for Active Managers

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Price-insensitive selling creates mispricings — and transfers wealth from forced sellers to patient buyers



The same dynamic applies in reverse: forced buying on index inclusion creates avoidance / shorting opportunities.

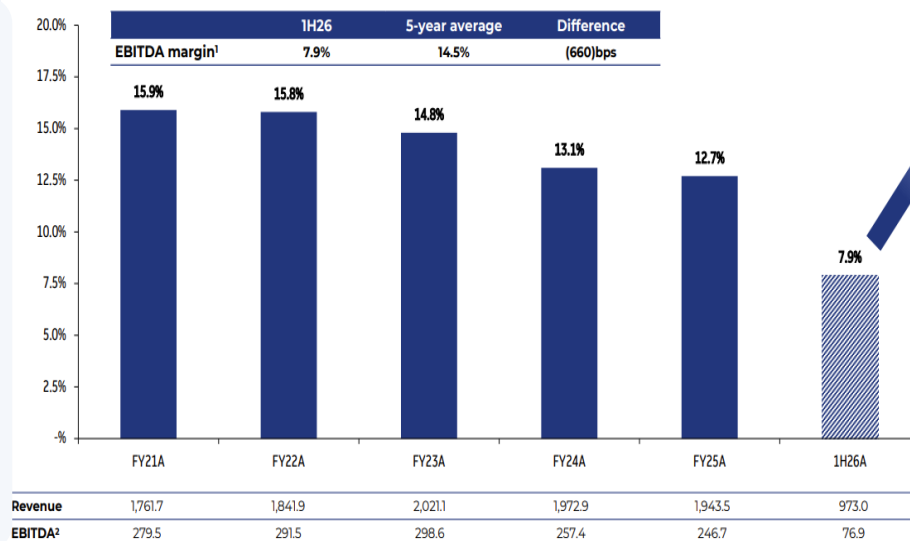
Bapcor Limited (BAP:ASX) • Share price (A\$) — 2014 to 2026



Bapcor's upside potential

Significant opportunity given historic profitability. Market structure has not changed materially.

Bapcor Group EBITDA margins since FY21¹



Bapcor expects 2H FY26 actions and new leadership to support recovery with improvement in profitability from:

1. Reduction in Team turnover
2. Rectifying our price position in market
3. Improving "in-stock" positions and customer service
4. Removal of non-value add activities across the Group
5. Overall business simplification

- Bapcor supplies vehicle parts, accessories, automotive equipment, and services across Australia, New Zealand, and Thailand.
- Burson is the key division (~40% of group revenue) – supplies independent mechanic shops with aftermarket parts.
 - Clear #2 behind Repco with ~\$800m in sales; peers generate minimum 10% EBIT margins.
 - Business worth \$800m–\$1bn standalone; currently Bapcor group trading at an enterprise value of ~\$440m.
- New CEO Mr Chris Wilesmith started December 2025 – ex-Supercheap Auto superstar, highly experienced and respected in the auto parts market.
- EBITDA margin of 7.9% in 1H26 vs 5-year average of 14.5% – a 660bps gap representing significant earnings recovery potential.
- Spheria has acquired a substantial stake through the capital raising process at an average price of \$0.68

A\$49m

SLS EBIT HY26

40%

of Group EBIT

A\$14m

SLS EBIT HY25

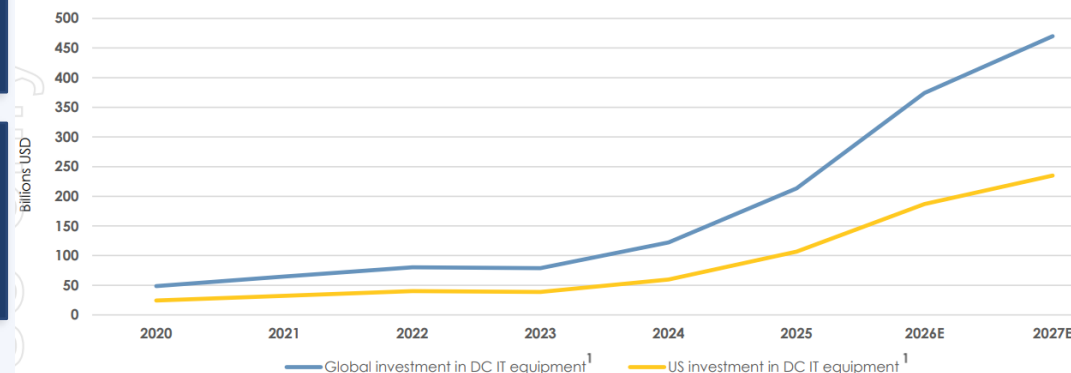
19%

of Group EBIT

*SLS share of Group EBIT
growing from 19% → 60%*

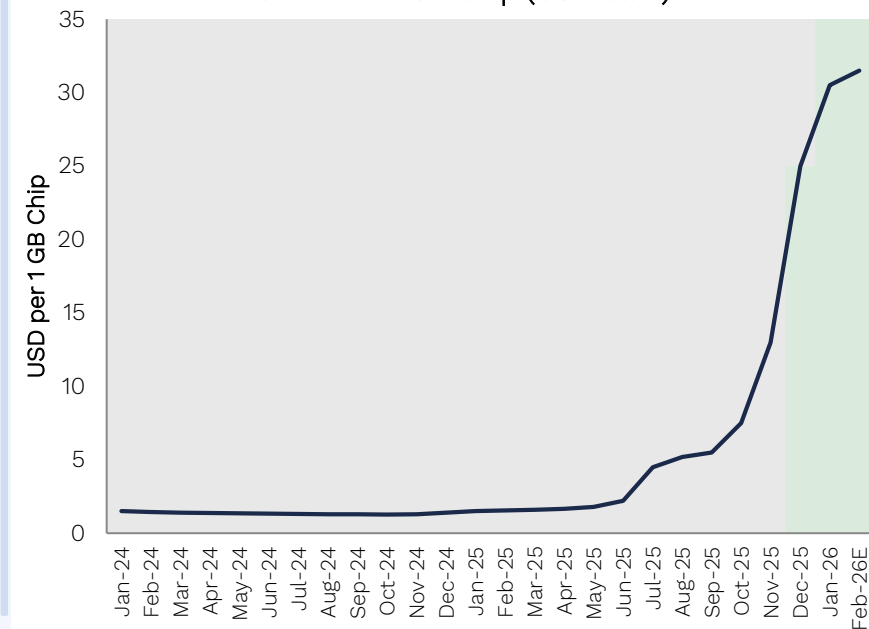
Hyperscaler Data Centre IT Investment

Aggregate investment¹ in data centre IT equipment² by leading hyperscale operators³



¹: Sims internal estimates, derived from hyperscaler public disclosures. Assumptions have been applied about DC-related share of total capital investment, IT-equipment share of DC-related investment; US-share of global investment in DC IT equipment; and future investment growth rate where public data is unavailable.
²: IT equipment includes processors, accelerators, memory and storage, and excludes property and infrastructure such as power and cooling systems, racks etc
³: The hyperscalers included are Alphabet (Google), Amazon, Apple, Meta, Microsoft and Oracle

New DDR4 1 GB Chip (US Dollar)



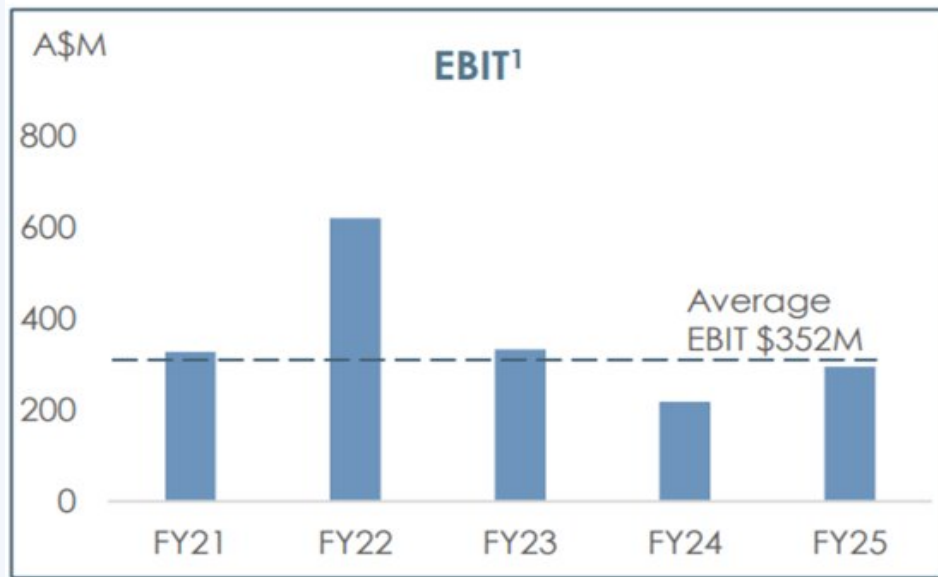
- SLS is a fast-growing division benefiting from structural tailwinds in the data centre and IT asset recycling markets.
- Strong DDR4 prices supportive for earnings – revenue share 70:30 in favour of client – no pressure on split.
- \$49m 1H EBIT. EBIT guidance FY26: \$165–\$185m, implying ~\$126m in 2H at midpoint.
- SLS base recycling volumes growing at 40–50% pa — structural tailwind from data centre refresh cycle.
- SLS expected to contribute a significantly larger share of group earnings with less cyclical long term.
- At a mid-cycle \$200m EBIT at 15x, SLS alone could be worth A\$3bn — vs Sims market cap of only A\$3.8bn.

Sims Limited (SGM:ASX)

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Metals recycling – JV stake worth at least A\$1.9bn... the rest is free and property backed!

SAR JV 100% – Historical EBIT



SAR valuation (A\$m)

Historic EBIT (5-yr avg)	352
multiple	15x
Enterprise Value	5,280
Debt	-1,303
Equity Value	3,977
JV stake @ 50%	1,989

* 100% basis, AUD/USD = 0.70

NAM & ANZ – adjusted tangible assets (A\$m)

Book value @ 31 Dec 25	2,498
Investments in joint ventures	-672
Intangible assets	-257
Net tangible assets (NAM & ANZ)	1,569
Property valuation uplift^	1,500
Adjusted NTA (NAM & ANZ)	3,069

^ Third party valuation of land holdings

NAM EBIT improving but from low base



- Sims is a leader in metal recycling, processing and selling ferrous and non-ferrous scrap across North America and ANZ.
- SAR (JV with Adam's family) consistently generates >10% ROIC – founder led, strategic footprint impossible to replicate.
- Sims stakes in SAR and SLS worth the entire market cap of the company.
- NAM EBIT improving but from very low base and tail winds strong – EAF capacity expansion / Tariffs supporting domestic scrap demand.
- Given NAM's returns currently sub-optimal – book value (including ANZ) equates to ~A\$3bn valuation = \$15/share (~75% upside!)

Performance & Portfolios Composition

Micros and Smaller Companies

Net Performance as at 30th Apr 2026

Period	1 month	3 month	6 month	1 year	3 years (pa)	5 years (pa)	Since Inception (pa)	Inception Date
Spheria Australian Smaller Companies	0.2%	-10.9%	-13.5%	2.0%	8.0%	5.0%	8.5%	11/07/2016
S&P/ASX Small Ordinaries Accumulation Index	3.3%	-10.4%	-8.0%	15.3%	8.7%	3.7%	6.6%	
Outperformance	-3.1%	-0.5%	-5.5%	-13.3%	-0.7%	1.3%	1.8%	

Net Performance as at 30th Apr 2026

Period	1 month	3 month	6 month	1 year	3 year (pa)	5 year (pa)	Since Inception (pa)	Inception Date
Spheria Australian Microcap	3.1%	-14.0%	-17.5%	0.9%	8.2%	9.2%	11.8%	16/05/2016
S&P/ASX Small Ordinaries Accumulation Index	3.3%	-10.4%	-8.0%	15.3%	8.7%	3.7%	7.1%	
Outperformance	-0.2%	-3.7%	-9.6%	-14.4%	-0.5%	5.6%	4.7%	
S&P/ASX Emerging Companies Index (TR)	2.7%	-6.8%	4.5%	38.4%	14.1%	9.1%	11.5%	

Source: IRESS, Spheria 30th April 2026. 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 & Portfolio Composition

Long-term excess returns with a focus on reduced volatility

	Spheria Smaller Companies	Spheria Microcap	S&P/ASX Small Ordinaries Index
Volatility	14.6%	18.6%	18.6%
Beta	0.7	0.5	-
Dividend Yield	3.8%	3.4%	2.6%
FCF Yield	6.1%	5.8%	3.6%
EV/EBIT	11.6	9.8	12.0
PE* (ungeared)	14.1	12.0	14.4
Number of Stocks	40-60	40-60	200

In Summary

- Spheria is a fundamental investor that believes valuation matters
- Our inherent bias is towards industrials – less so resources (commodities are price takers)
- Small and micro-caps are trading at a significant discount to large caps
- Passive funds are distorting the market but creating long term opportunities for valuation led managers
- Check our website for multiple ways to access our range of products
- We recently released an Active ETF for our Spheria's Smaller Companies fund, code is SPHX.ASX
- We also have an LIC, Spheria Emerging Companies Ltd (SEC.ASX) that emulates the Spheria Smaller Companies fund

Thank you

Questions?

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