

Seneca Australian Small Companies Fund



Monthly Update

As at 28 February 2026

APIR Code : NPW8333AU
ISIN Code : AU60NPW83339

Description

A portfolio of 20-50 sufficiently liquid, small and mid-cap ASX-listed companies, with a preference for high quality, profitable and growth focused businesses.

The fund is long-only, will not utilise any derivatives or leverage and will be able to hold up to 50% cash at the discretion of the manager.

Trustee & Investment Manager

Trustee

Newport Private Wealth Pty Ltd
ACN 166 931 960
AFSL 451820

Investment Manager

Seneca Financial Solutions Pty Ltd
ACN 610 665 711
AFSL 492686

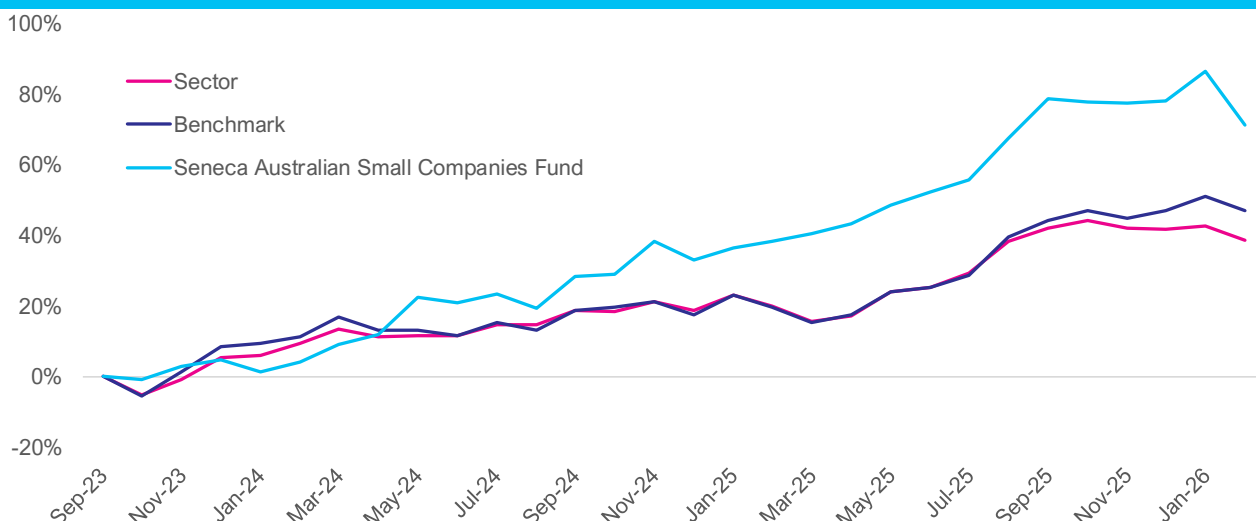
Portfolio Details

Portfolio Managers	Luke Laretive, Ben Richards
Inception Date	4 October 2023
Management Fee	0.00% p.a
Performance Fee	20% (over hurdle & HWM)
Hurdle Rate	RBA Cash
High Watermark	Yes
Benchmark	S&P/ASX Small Ordinaries Index TR
Liquidity	Monthly
Min Investment	AUD \$100,000
Time Horizon	At least 5 years
Authorised Invest.	ASX listed securities
Number of Stocks	20-50
Cash Allocation	0-50%
Investor Eligibility	Wholesale Investors Only

Performance

	1m	3m	6m	1y	2y ann.	Incep. ann.	Incep. cum.
Australian Small Companies Fund	-8.15%	-3.40%	2.29%	23.92%	28.33%	25.00%	71.37%
S&P ASX Small Ordinaries Index	-2.57%	1.53%	5.42%	23.05%	14.92%	17.34%	47.10%
Excess return	-5.59%	-4.92%	-3.14%	0.87%	13.41%	7.66%	24.27%

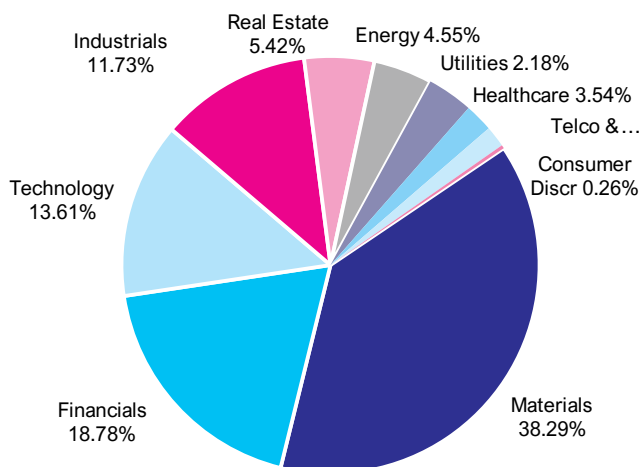
Cumulative Returns (since inception)



Top 5 Holdings (alphabetical)

ANTIPA MINERALS LIMITED	AZY	Materials
AUSTRALIAN FINANCE GROUP	AFG	Financials
HMC CAPITAL LIMITED FPO	HMC	Financials
REGAL PARTNERS LIMITED	RPL	Financials
XRF SCIENTIFIC LIMITED	XRF	Industrials

Sector Allocation (excluding cash)



Portfolio Commentary

The Seneca Australian Small Companies fund returned -8.15% in February vs the benchmark return of -2.57%. Since inception in 2023, the fund has returned 25.00% p.a., outperforming its benchmark by 7.66% p.a.

February was marked by a volatile reporting season. A sharp sell-off in the technology sector, driven by concerns over AI disruption, escalating geopolitical tensions and a weaker gold price led to broad declines across the ASX-listed small-cap companies.

At the headline level, the flight to safety saw large-cap companies outperform, their heavy weightings in the major indices supported benchmark returns but understates the weakness across the vast majority of the index – only 37% of companies were able to generate a positive return with a median gain of only 5.6% vs a median loss of -9.7%.

Contributors and detractors

Concerns around potential AI-driven disruption weighed heavily on software and technology stocks during February, detracting from our performance. The ASX Technology Index has now declined 43% over the past six months, reflecting a sharp reset in market expectations across the sector.

In our experience, periods of erratic narrative shift, while volatile and marked by broad and indiscriminate selling, have (in hindsight) been exceptional opportunities for active managers. We have approached this environment with discipline, using the dislocation to selectively add to high-quality technology businesses with resilient earnings profiles, durable competitive advantages, and established market positions. We are confident that these companies are well placed to navigate structural change and generate long-term value.

HMC Capital (HMC) sold off following its result as what we see as irrelevant media noise, drove the share price lower. HMC reported assets under management up +4% to \$19.5 billion, and recurring management fees up by +34% to \$84.5 million. HMC's stable of fixed capital listed investment companies is a reliable, predictable and high-quality revenue for HMC, despite this, the company now trades at a ~25% discount to its underlying NTA per share of \$3.21 – the market is now ascribing no value to a funds management business that it valued at ~\$2bn (or \$4.85 per share) only 18 months ago! This is despite the fact the funds under management and reoccurring fee revenue have grown over that 18-month period. HMC remains a text-book example of the kind of dislocation from fundamentals we aim to exploit for our investors.

Laboratory testing business XRF Scientific (XRF) declined following its recent result, as some investors focused on softer sales growth in the consumables division. Our analysis suggests this reflects a timing effect rather than a change in underlying demand. Several large offshore customers tend to place bulk orders every 12–18 months to reduce customs and logistics costs, which can create uneven revenue patterns between reporting periods. Having followed XRF closely for many years, we have seen this type of reporting season volatility before. In our view, short-term movements in sales should be considered in the context of the company's long-term track record. Over the past five years, earnings per share have compounded at approximately 26% per annum, demonstrating the strength and consistency of the business. We continue to regard XRF as a high-quality earnings compounder, supported by a management team that is experienced, aligned with shareholders, and focused on long-term value creation. The company is executing well on its long-standing strategy: gaining market share, expanding its international footprint, and broadening its range of laboratory products.

Venus Metals (VMC) rose modestly during the month, contributing to returns. We have outlined our detailed thesis for VMC on Livewire ([linked here](#)), centred around its 1.00% net smelter return (NSR) royalty over Rox Resources (RXL)'s Youanmi project in the Murchison region of Western Australia.

Outlook

Our portfolio is currently offering some of the highest levels of embedded value we have seen since the fund's inception. Historically, our embedded value metric has been a good indicator of future portfolio returns.

Importantly, this view is shared by the management teams of the companies we invest in. Several portfolio holdings have recently initiated or expanded on-market share buybacks, while others have reported director and insider purchases. These actions signal management confidence in the strength of their businesses and their recognition of the compelling value currently available in their own shares.

We also have strong conviction in our investment process and portfolio positioning. In our assessment, the current environment presents a rare opportunity to generate attractive long-term returns. Reflecting this confidence, both portfolio managers increased their personal investments in the Seneca Australian Small Companies Fund and the Seneca Australian Shares Fund during February and March.

You can do similarly, with applications accepted until the end of the month at [Investor Portal](#) or by contacting the team at info@senecafs.com.au

Invest today from \$100,000

(smaller initial investment amounts can be accepted at trustee's discretion)

For more information call **(03) 8639 1600**

senecafs.com.au



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