

Seneca Australian Shares SMA

Description

An actively managed portfolio of 20-40 Australian shares from inside the S&P/ASX 300 Index.

The manager has a focus on high quality companies trading at fair valuations, using a bottom-up, fundamental approach. Our preference is for growth companies with strong balance sheets, sustainable competitive advantage and large, growing addressable markets.

Top 5 Holdings (alphabetical)

ANZ GROUP HOLDINGS LTD	ANZ	Financials
AUSTRALIAN FINANCE GROUP	AFG	Financials
BHP GROUP LIMITED	BHP	Materials
MACQUARIE GROUP LIMITED	MQG	Financials
ZIP CO LIMITED	ZIP	Financials

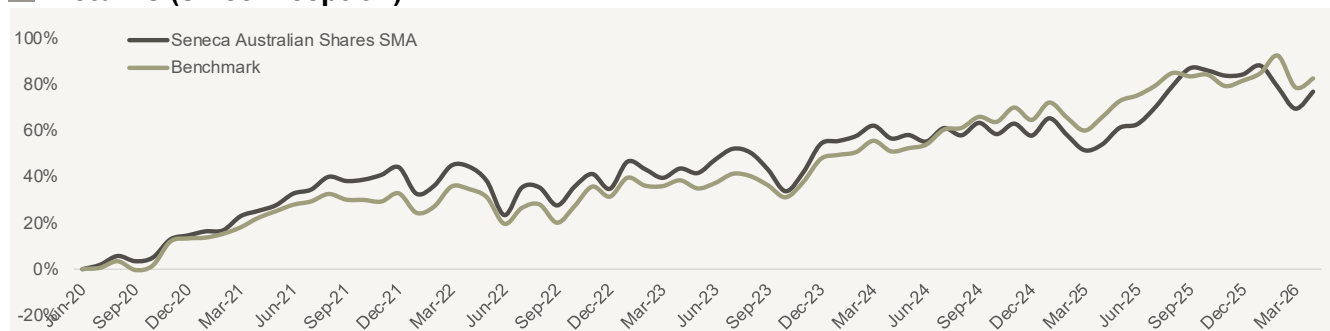
Portfolio Details

Portfolio Managers	Luke Laretive, Ben Richards
Inception Date	16 June 2020
Management Fee	0.45% p.a
Performance Fee	Nil
Benchmark	S&P/ASX 200 Index TR
Minimum Investment	\$25,000
Liquidity	Daily
Time Horizon	At least 5 years
Platform Availability	Praemium SMA Praemium Super
Authorised Investments	S&P/ASX 300 securities
Number of Companies	20 to 40
Cash Allocation	0 to 10%

Performance

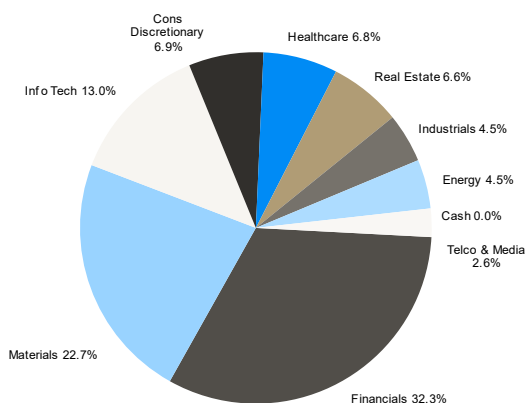
	1m	3m	6m	1y	2y ann.	3y ann.	Incep. ann.
Seneca Australian Shares SMA	4.35%	-5.98%	-4.92%	14.84%	6.26%	7.19%	10.38%
Benchmark	2.18%	-1.22%	-0.87%	10.12%	9.95%	9.66%	10.66%
Excess return	2.17%	-4.76%	-4.05%	4.72%	-3.69%	-2.47%	-0.28%

Returns (since inception)



Please refer to important disclaimers on the final page

Sector Allocation



Benefits of a SMA

	SMA	Managed Fund	Direct Shares
Professional Management	✓	✓	✗
Dividends and franking paid directly	✓	✗	✓
Full transparency on holdings	✓	✗	✓
Individualised tax	✓	✗	✓
Gearing available	✓	✓	✓

Portfolio Commentary

The Seneca Australian Shares SMA delivered a strong return in April, rising 4.35% for the month and outperforming the S&P/ASX 200 Accumulation Index return by +2.17%. The portfolio recovered strongly following the broad market weakness experienced during March, taking returns since inception (June 2020) to 10.38% p.a.

Market conditions improved during April following an approximately 7% decline in oil prices, as markets began to contemplate an end to the conflict in Iran and the reopening of the Strait of Hormuz.

Contributors and Detractors

This risk-on environment was favourable for several recent additions to the portfolio. Notably, buy now, pay later company Zip Co (ZIP) rallied more than 50% during April after reporting 42% EBITDA growth in its 3Q26 update and upgrading full-year earnings guidance. We initiated a position in ZIP following the sharp sell-off after its previous earnings result, when the company disclosed a modest increase in bad debts. Our thesis, built on a strong understanding of Zip's ability to manage bad debts, viewed the market's reaction as excessive, particularly given the short-duration nature of ZIP's loan book. Encouragingly, ZIP now expects bad debts to decline in the June quarter.

A range of other technology, non-bank financial and mining companies also delivered double-digit returns to the portfolio during the month.

Not every mining company in the portfolio performed well. Ramelius Resources (RMS) declined following an underwhelming quarterly result, with rainfall and a planned six-day mill shutdown resulting in a significant stockpile build-up. Despite reporting a strong operational performance in Q3, Stanmore Resources (SMR) fell on rumours regarding its interest in Anglo American's metallurgical coal assets and the risk of a large, dilutive equity capital raising to finance the transaction.

Outlook

Our recent portfolio repositioning activity has started to pay dividends. We believe the portfolio is well positioned for current market conditions, with many companies trading at large discounts to our assessment of intrinsic value.



Model Portfolio performance is based on the theoretical performance of the Model Portfolio and does not take into account any fees applicable to the Model Portfolio. Actual portfolios may not perform in the same manner as the Model Portfolios, depending on customisations and timing issues. Accordingly, the actual after-tax returns you receive are likely to be different from the Model Portfolio returns and those of other investors. Rounding used in the presentation of data may result in minor variations. Past performance is no indicator of future performance.

Long term performance returns show the potential volatility of returns over time. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Fluctuation may be particularly marked in the case of a higher volatility Model Portfolio and the value of an investment may fall suddenly and substantially.

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