Seneca

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
BHP GROUP LIMITED	BHP	Materials
HMC CAPITAL LIMITED	HMC	Financials
MACQUARIE GROUP LIMITED	MQG	Financials
ZIP CO LIMITED	ZIP	Financials

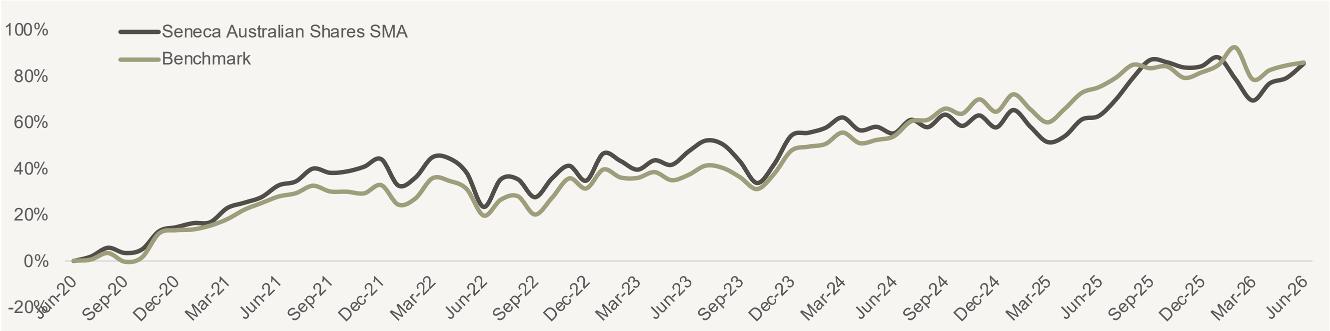
Portfolio Details

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	3.46%	9.44%	0.66%	13.95%	9.30%	7.94%	10.95%
Benchmark	0.67%	4.05%	2.37%	6.11%	9.89%	10.62%	10.68%
Excess return	2.79%	5.40%	-1.72%	7.85%	-0.59%	-2.68%	0.26%

Returns (since inception)



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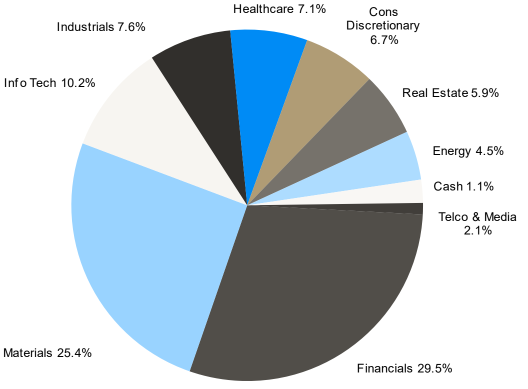
Sector Allocation



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 returned 3.46% in June, before fees. This was a significant outperformance above the benchmark which delivered only 0.67% returns.

For the financial year ending 30 June 2026, the SMA delivered 13.96% returns before fees, vs the S&P/ASX 200 which only managed a gain of 6.11%, an outperformance of +7.85%, more than double the benchmark.

The benchmark's modest gain in June was really a function of the two major sectors of the ASX – the ~60 miners that make up the ASX 200 Resources Index and the other ~140 companies that make up the ASX 200 Industrials Index. Resources companies were down -7.82% in June, as key commodity prices declined drastically - iron ore (-7.9%), oil (-20.7%), gold (-12.1%) and thermal coal (-5.2%).

Building product holdings (Reece, James Hardie and Reliance Worldwide) outperformed as investors increasingly looked through current housing weakness and began pricing a North American residential recovery, supported by expectations for lower interest rates and improving construction activity into FY27. James Hardie also continued to recover following its May result, while Reliance Worldwide reaffirmed guidance, reducing earnings uncertainty.

The same falling yields buoyed investor enthusiasm for SaaS-pocalypse names like Pro Medicus (PME, +54%), Megaport (MP1, +44%), Zip Co (ZIP, +41%) and Life360 (360, +38%).

Contributors and Detractors

Our recently established positions in technology names paid off for unitholders in June – with 15 to 50% gains across businesses spanning payments, health-tech, B2C and B2B-software.

Non-bank financials were also strong contributors, with pleasing gains across the likes of Macquarie Bank (MQG), Regal Partners (RPL) and other lenders, fund managers and financial institutions. Our overweight positioning in these select, high-quality, growth-focused financials, relative to the big 4 banks, drove some of the outperformance this month.

Resources exposures were the primary detractors, BHP Group (BHP) fell -4.7% while coking-coal miner Stanmore Resources (SMR) fell -15%.

We initiated one new position in June, however added materially to four existing positions. We exited two companies and reduced exposure to 12 other companies, concentrating further into our very best ideas.

Outlook

Our significant active positioning away from the benchmark weights and into higher quality, higher growth and more agile businesses has been the correct move over the last 12 months – we see no data point that supports a change in our strategy at this point.

We continue to identify opportunities for exceptional returns across most sectors, with our preference for unloved, cyclically-depressed companies exhibiting value that cannot be ignored – our view is that the market will realise this value or acquisitive competitors, international counterparts or private equity buyers will.

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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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