Seneca

Seneca Australian Small Companies Fund

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 45182

Investment Manager
Seneca Financial Solutions Pty Ltd
ACN 610 665 711 | AFSL 492686

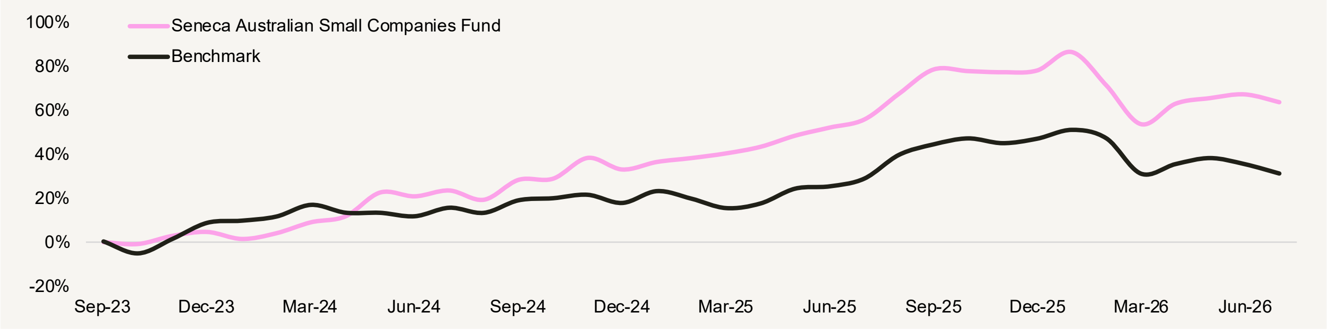
Portfolio Details

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

Performance

	1m	3m	6m	1y	2y ann.	Incep. ann.	Incep. cum.
Australian Small Companies Fund	-2.13%	0.42%	-12.25%	5.05%	15.13%	19.01%	63.73%
Benchmark	-3.17%	-3.18%	-13.20%	1.81%	6.56%	10.01%	31.04%
Excess return	1.03%	3.60%	0.96%	3.23%	8.57%	9.00%	32.69%

Returns (since inception)

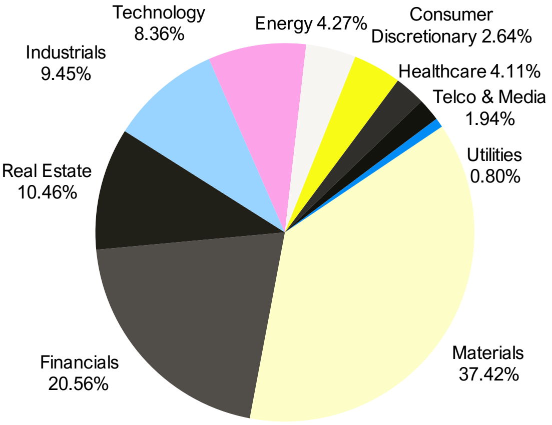


Please refer to important disclaimers on the final page

Top 5 Holdings (alphabetical)

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

Sector Allocation (excl. cash)



Portfolio Commentary

The Seneca Australian Small Companies Fund's portfolio returned -2.13% in July, after fees, outperforming the benchmark which declined approximately -3.17%.

July was particularly challenging for smaller companies. While the ASX 200 gained 2.3%, the Small Ordinaries Index fell 3.2% as higher bond yields and renewed inflation concerns weighed on growth companies and other rate-sensitive parts of the market.

Oil prices increased ~24% as renewed US-Iran hostilities and disruption through the Strait of Hormuz raised concerns over global supply. This supported the portfolio's energy exposures but also renewed concerns that higher fuel costs would keep inflation and interest rates elevated.

Australian bond yields subsequently moved higher, and the yield curve steepened. This placed further pressure on the valuations of smaller growth companies, particularly those relying on earnings and cash flows further into the future.

Contributors and Detractors

Viva Energy (VEA) was the largest contributor, gaining 37.7% following its first-half trading update. The company expects EBITDA of approximately $770–780 million, more than double the prior corresponding period, supported by elevated refining margins, improved retail fuel sales and strength across its commercial businesses. Net debt also declined materially.

Other resources exposures were also positive. Altair Minerals (ALR) gained 15.6% after announcing a 75,000-metre exploration program at its Greater Oko gold project in Guyana. Vault Minerals (VAU) gained 14.4% after receiving a superior takeover proposal from Genesis Minerals, valuing Vault at approximately $5.6 billion.

Venus Metals (VMC) delivered a positive total return of 5.7%, despite its share price declining following the ex-dividend date. During the month, shareholders received a special in-specie distribution of 0.1212 Rox Resources shares for each Venus share held.

Objective Corporation (OCL) was the largest detractor, falling 32.0% after the Department of Defence elected not to renew its long-standing Upgrade and Support Program agreement. While there is no impact on FY26 earnings, the decision reduced Objective's expected recurring revenue growth from 10–14% to approximately flat.

Several other portfolio technology and growth holdings were also sharply weaker as bond yields increased. Zip (ZIP), Pro Medicus (PME) and SiteMinder (SDR) declined between approximately 18% and 21%.

We initiated three new positions during July and added to five existing holdings. We reduced two positions and exited one.

Outlook

August has already been far more bullish. The Small Ordinaries Index gained approximately 7.5% during the first week of the month, materially outperforming the ASX 200 which gained approximately 3.3%. The recovery has been broad-based, with Small Resources gaining approximately 9.1% and Small Industrials gaining 5.5%.

Oil prices have eased from their late-July highs, supporting a recovery in rate-sensitive companies and growth stocks. However, we have learnt that sentiment can shift quickly, particularly across the less-liquid parts of the small-cap market.

August reporting season will provide an important test of earnings expectations, cash conversion and balance-sheet strength. With domestic inflation still elevated and interest rates likely to remain high, companies relying on distant or uncertain earnings will remain vulnerable. Conversely, businesses capable of delivering visible earnings growth and strong free cash flow should be increasingly rewarded.

Small companies continue to trade at unusually large valuation discounts to their larger peers. We believe this creates attractive opportunities across high-quality growth businesses, unloved cyclical companies and potential takeover targets where strategic value is not reflected in prevailing share prices.

We expect stock-level dispersion to remain high. This environment should reward active management, disciplined valuation work and a willingness to concentrate capital into our very best ideas.

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