Monthly Update	July 2026

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)

BHP GROUP LIMITED	BHP	Materials
DIGICO INFRASTRUCTURE REIT	DGT	Real Estate
HMC CAPITAL LIMITED	HMC	Financials
MACQUARIE GROUP LIMITED	MQG	Financials
VIVA ENERGY GROUP LIMITED	VEA	Energy

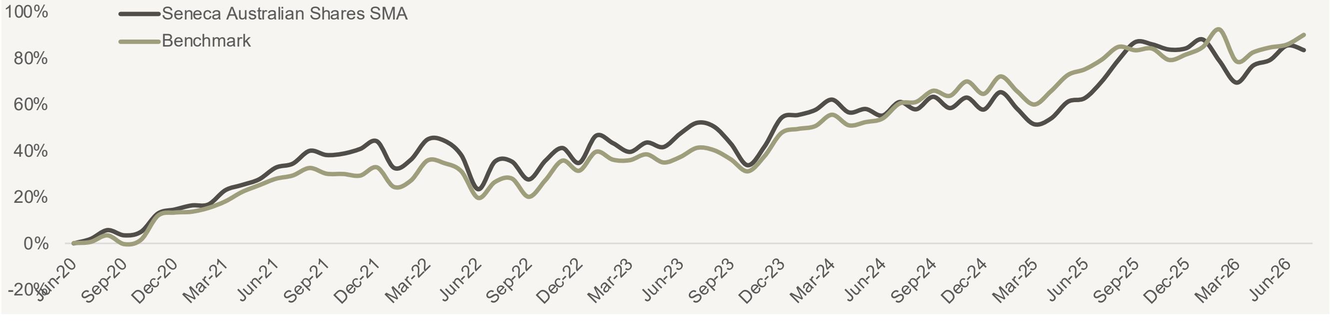
Portfolio Details

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	-1.07%	3.76%	-2.45%	8.02%	6.73%	6.45%	10.60%
Benchmark	2.26%	4.13%	2.86%	6.01%	8.87%	10.40%	10.93%
Excess return	-3.33%	-0.37%	-5.31%	2.01%	-2.14%	-3.95%	-0.34%

Returns (since inception)



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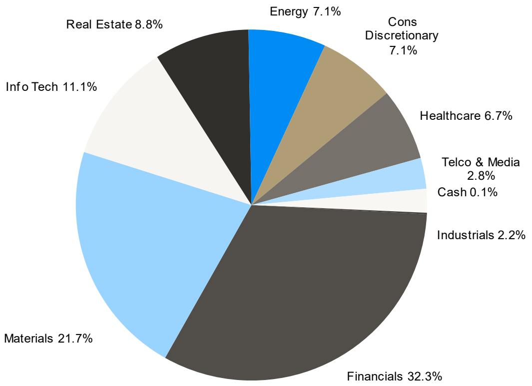
Sector Allocation



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 -1.07% in July, before fees, underperforming the benchmark which gained 2.26%. Since inception in June of 2020, the portfolio has delivered 10.60% p.a. returns.

The month was dominated by renewed energy and interest-rate volatility. Brent crude increased approximately 24% as renewed US-Iran hostilities and disruption through the Strait of Hormuz raised concerns over global supply. This supported energy and refining 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 environment supported major banks and other cyclical exposures but put further pressure on the valuations of long-duration growth companies.

Contributors and Detractors

Viva Energy (VEA) was the standout contributor, gaining 37.4% on the back of its 1H trading update. The company expects first-half 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.

Resources exposures were also positive. Vault Minerals (VAU) gained 14.3% after receiving a superior takeover proposal from Genesis Minerals, while South32 (S32) gained 16.6% following the proposed sale of its aluminium value-chain assets to Alcoa for up to US$5.6 billion and a strong June-quarter operating result.

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 portfolio technology holdings were also sharply weaker on the rising bond yields and inflation concerns - SiteMinder (SDR), Pro Medicus (PME) and Zip (ZIP) fell between 18% and 28%.

We initiated four new positions during July, added to 12 existing positions and reduced exposure to six companies.

Outlook

August has already been far more bullish, and we've experienced significant outperformance in the first week of the month – however, we've learnt that this can shift quickly. Oil prices are down under US$80 per barrel at the time of writing and this has supported a rally in rate-sensitive companies and growth stocks.

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 (at least for now), 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.

We continue to favour high-quality businesses with strong balance sheets, sustainable competitive advantages and large addressable markets, alongside unloved, cyclically depressed companies where the value cannot be ignored.

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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