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

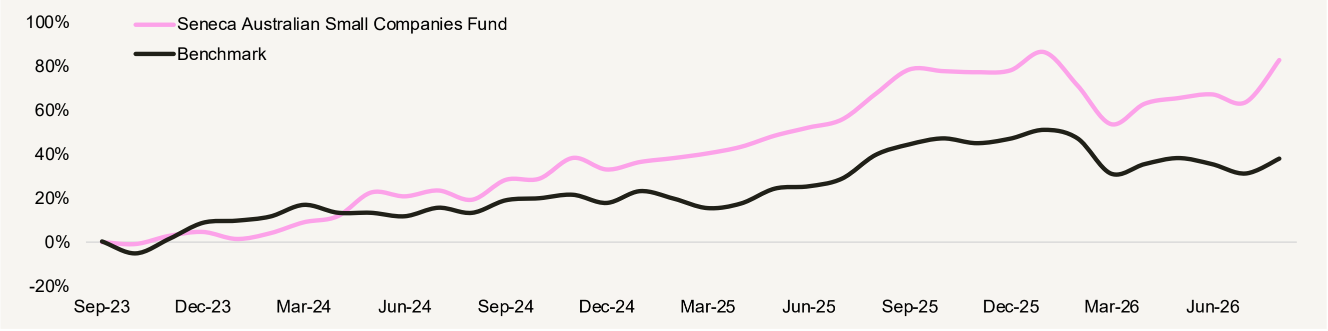
Portfolio Details

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	11.73%	10.46%	6.75%	9.19%	23.82%	23.00%	82.93%
Benchmark	5.18%	-0.19%	-6.31%	-1.22%	10.40%	11.62%	37.82%
Excess return	6.55%	10.65%	13.05%	10.41%	13.42%	11.37%	45.11%

Returns (since inception)



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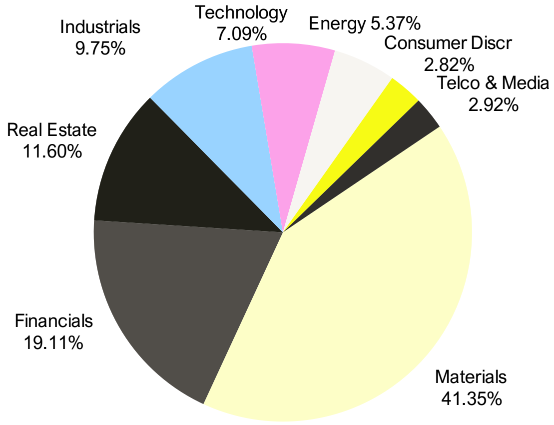
Top 5 Holdings (alphabetical)

ANTIPA MINERALS LIMITED	AZY	Materials
HMC CAPITAL LIMITED	HMC	Real Estate
REGAL PARTNERS LIMITED	RPL	Financials
VENUS METALS CORPORATION	VMC	Materials
XRF SCIENTIFIC LIMITED	XRF	Industrials

Sector Allocation (excl. cash)



Portfolio Commentary

The Seneca Australian Small Companies fund returned +11.73% in August, outperforming the benchmark which returned +5.18%.

The fund has returned 23%p.a. since inception, 11.37% ahead of benchmark.

Reporting season was selectively positive, with strength in the resources sector offsetting a flat return for industrials. Energy prices remain buoyant, which in turn saw inflation data come in higher than expected. Interest rate expectations continue to be volatile but moved higher during the month, with the Australian 10-year government bond yield finishing up 15 basis points to 5.08%.

Seneca's bottom-up stock picking saw various catalysts drive portfolio outperformance.

Contributors and Detractors

Our largest contributor to performance was Venus Metals (VMC), a special situation we identified (see here), which rallied +46% after announcing a hefty dividend following the sale of its Western Australian gold royalty. This leaves the remaining VMC listed entity as an attractive vehicle for a high quality private mining asset to vend into, with a tight capital structure.

HMC rallied ~16% following its FY26 result as investors focused on improving earnings quality, with recurring funds management revenue up 22% and fee-generating AUM up 15% to $16.9bn. The bigger catalyst was the outlook: HMC guided to >30% recurring funds management revenue growth in FY27, alongside a 25% increase in the dividend to 15cps, reinforcing confidence that earnings growth is reaccelerating after a difficult period. We see various green shoots emerging as our thesis begins to play out.

The gold price rallied 10% during the month, spurred on by the US treasury doubling its buybacks of long-dated government bonds, reigniting the debasement trade. Rox Resources (RXL) re-rated +53% as the company continues to de-risk towards production in mid-CY27, cementing itself as Australia's next gold producer of scale.

Australis Oil & Gas moved higher during the month after news flow confirmed its US-listed, multibillion enterprise valued partner would commence its first drilling in the TMS shale oil play since 2018, bringing fresh eyes to the stock for the first time in years. ATS is free carried for a US$46.25 million drill program which would see ATS retain a 20% working interest in the acreage. And at a market cap of just $37 million, presents an asymmetric setup ahead of a catalyst-rich period for the company, with exceptional leverage to any successful drilling. Importantly, this is the same management team that built Aurora Oil & Gas from a A$28 million junior into a major Eagle Ford shale producer, before selling it to Baytex Energy for A$2.6 billion in 2014.

Subsequent to month end, copper explorer Kaoko Metals (KAO) reported highly encouraging visuals of its first two holes at its Chalkos project in Namibia. The fund has been a cornerstone shareholder since IPO.

Outlook

Following reporting season, we continue to actively manage the portfolio to ensure it remains well positioned in a dynamic market environment. We believe the Fund is particularly well placed to benefit from the recent increase in corporate activity, with a number of portfolio companies offering strategic value and potential takeover optionality.

Looking ahead, we have two IPOs in the pipeline and continue to see significant embedded value across the portfolio. A strong suite of dividends expected from portfolio companies through September and October should also provide an additional near-term contribution to returns.

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