

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 LIMITED	ANZ	Financials
BHP GROUP LIMITED	BHP	Materials
HMC CAPITAL LIMITED	HMC	Financials
RAMELIUS RESOURCES LIMITED	RMS	Materials
STANMORE RESOURCES LIMITED	SMR	Materials

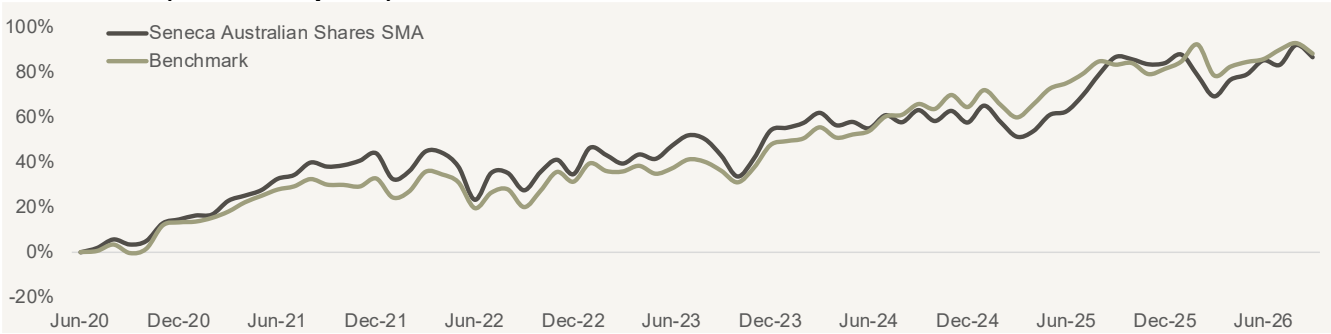
Portfolio Details

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

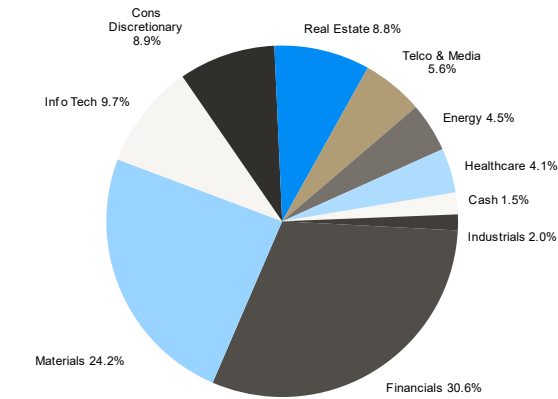
	1m	3m	6m	1y	2y ann.	3y ann.	Incep. ann.
Seneca Australian Shares SMA	-2.85%	0.76%	10.28%	-0.04%	6.96%	9.31%	10.62%
Benchmark	-2.42%	1.33%	5.43%	2.68%	6.55%	11.40%	10.47%
Excess return	-0.43%	-0.57%	4.85%	-2.72%	0.41%	-2.09%	0.15%

Returns (since inception)



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Sector Allocation



Portfolio Commentary

The Seneca Australian Shares SMA returned -2.85% before fees, compared with the benchmark return of -2.42%.

Since inception the strategy has delivered 10.62% p.a. returns before fees, outperforming the benchmark return of 10.47% p.a.

Australian interest rates (and expectations for future rates) moved higher during the month, with inflation remaining above the RBA’s target band. This saw bond yields expand (Australian 5-year government bond closed September at 5.01%, up from 4.71% at the end of August) and rate sensitive growth sectors underperform. In this risk-off environment, the ASX 20 Leaders outperformed the Small Ordinaries by more than 1.5%.

Contributors and Detractors

Ingenia Communities Group (INA) received multiple, ever-increasing, takeover bids from private equity firm Warburg Pincus, causing shares to rally +32%. At the time of writing, Warburg Pincus have made a cash offer of \$5.25 per share. The Ingenia Board is still assessing the offer.

Aura (AXQ) rallied +18% on no news and against the broader sector trend.

Zip Co (ZIP) fell -19% on rising short interest across buy-now-pay-later companies exposed to the US consumer.

REA Group (REA) fell -11%, however late in the month announced an acquisition of a 35% stake in Irish classifieds business Distilled. The deal was marginally earnings accretive and a measured approach to international expansion.

Gold companies typically dropped -5 to -15% in September, on the back of -6% decline in the gold price (in USD terms). WA-gold miner Ramelius Resources (RMS) managed to buck the trend, closing the month up c.+3% higher after releasing its four-year outlook and FY27 guidance.

Benefits of a SMA

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

We initiated 3 new positions and exited 3 names during the month of September.

Outlook

We can scarcely remember a time when the Australian equity market has felt more short-term negative – the S&P/ASX 200 Resources Index is down -8% from its 52-week high, while S&P/ASX 200 Industrial Index is down -7%, without any material negative earnings revisions.

The result is the benchmark PE has declined to less than 17x, in line with its 5-year average levels, a level where, if history is a guide, the likelihood of above-average returns increases dramatically.

Increasing market breadth is encouraging for active managers – the ASX equal-weight index has outperformed the market-cap weighted index by 3.85% since 1 April 2026. It is no coincidence that our Australian Shares SMA has outperformed it’s benchmark by almost 5% over that same period – when capital is deployed rationally, on the basis of fundamental value, rather than just size, high-quality active managers typically add incremental alpha.

We continue to favour businesses with identifiable earnings growth and strong balance sheets, alongside selective exposure to commodities where fundamentals remain supportive. The recent acceleration in corporate activity is also highlighting the strategic value embedded across parts of the Australian market. We believe the combination of valuation dispersion and company-specific catalysts provides a supportive backdrop for active stock selection.



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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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