

# 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

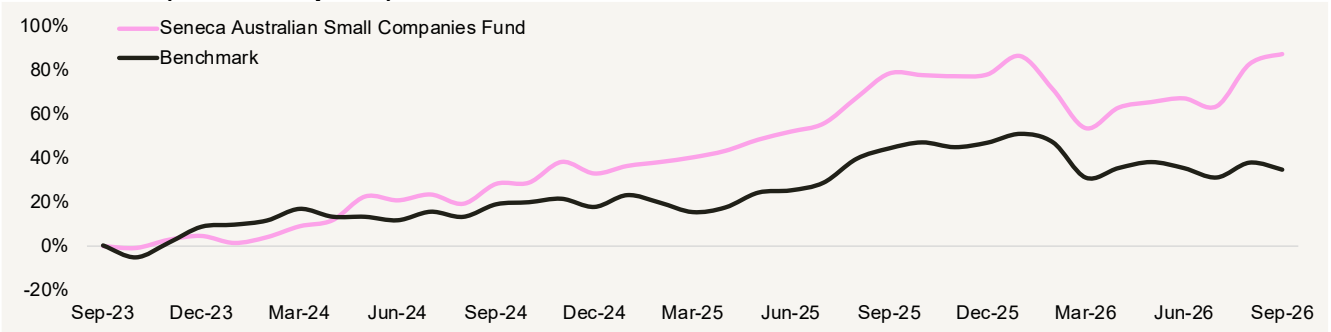
## Portfolio Details

|                        |                                   |
|------------------------|-----------------------------------|
| 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. | 3y ann. | Incep. ann. |
|---------------------------------|--------|--------|--------|--------|---------|---------|-------------|
| Australian Small Companies Fund | 2.49%  | 12.06% | 21.95% | 4.96%  | 20.85%  | 23.31%  | 23.31%      |
| Benchmark                       | -2.34% | -0.53% | 2.77%  | -6.74% | 6.45%   | 10.41%  | 10.41%      |
| Excess return                   | 4.82%  | 12.59% | 19.17% | 11.70% | 14.41%  | 12.89%  | 12.89%      |

## Returns (since inception)

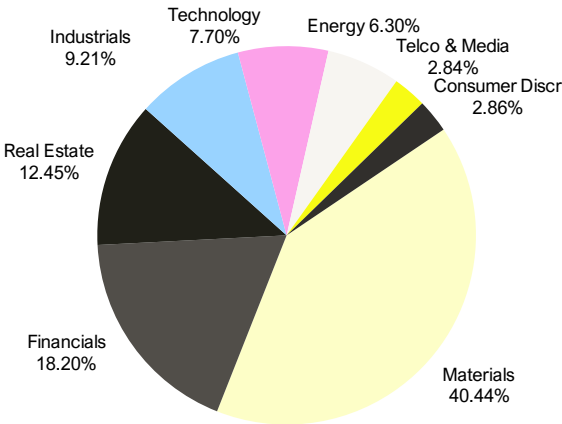


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Top 5 Holdings (alphabetical)

|                              |     |
|------------------------------|-----|
| EUROZ HARTLEYS GROUP LIMITED | EZL |
| HMC CAPITAL LIMITED          | HMC |
| KAOKO METALS LIMITED         | KAO |
| REGAL PARTNERS LIMITED       | RPL |
| XRF SCIENTIFIC LIMITED       | XRF |

Sector Allocation (excl. cash)



Portfolio Commentary

The Seneca Australian Small Companies fund returned 2.49% in September, outperforming the benchmark which returned -2.34%. Since inception, the fund has returned 23.31% p.a after fees, +10.41% ahead of benchmark.

3-year Anniversary

The Seneca Australian Small Companies fund brought up its 3 years since inception in October 2023. In that time, we have navigated a wide range of market conditions while remaining focused on our core investment approach: identifying undervalued companies with aligned management, attractive growth prospects and clear catalysts capable of closing the gap to our assessment of value.

We end the 3-year period:

- Ranked #1 in our peer group<sup>1</sup> for returns, 23.31% p.a. (111 funds)
- Outperformed the average top quartile manager by +7.13%
- Outperformed the median manager by +13.71%
- With the lowest correlation to the benchmark of the other comparable top 10 performing managers.

<sup>(1)</sup> Our peer group is defined as the FE Analytics ACS Equity Australia – Small/Mid sector, with closed and single-industry funds removed.)

We are pleased with the outcomes we’ve been able to achieve for our investors so far but are more interested in the opportunity for extraordinary returns embedded in the portfolio today. From current valuations, our confidence in future returns has scarcely been higher.

Contributors and Detractors

Copper explorer Kaoko Metals (KAO) rose 186% in September after reporting encouraging visuals of its first two holes at its Chalkos project in Namibia. KAO has since pulled back in October-to-date after reporting assays for those drill holes.

The fund has been a cornerstone shareholder in KAO since its IPO at 20 cents. While initial geological indications are positive in a compelling copper backdrop which is sorely lacking new discoveries, we note that early-stage discoveries rarely go up in the straight line. We also note that Kaoko’s project has never been drilled before, and that its Otniel prospect was only the secondary target behind Donkey Hill, which the company is currently drilling.

While explorers and other early-stage businesses comprise a fairly small part of our overall portfolio at cost, the asymmetric returns on offer have repeatedly added material value for investors in the fund.

Australis Oil & Gas (ATS) edged higher ahead of its upcoming fully carried drilling program at its Tuscaloosa Marine Shale project, where a US-listed partner is funding up to US\$46m of development while Australis retains a 20% interest.

AIC Mines (A1M) rose 10% in September after announcing the acquisition of the Mt Cuthbert copper project, which materially increases the company’s production scale, extends the mine life and strengthens the company’s position as an emerging mid-tier Australian copper producer. 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. We initiated 4 new positions and exited 2 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 Small Industrial and Small Resources indices are down -13% and -17% respectively since the end of January.

The Small Ordinaries benchmark P/E has declined to 16x, below the 10-year average. If history is any guide, these valuations are a precursor to a period of stronger, above-average returns.

Despite no shortage of negative headlines, improving market breadth continues to uncover attractive opportunities across ASX-listed small and mid-cap companies. We received substantial dividend income during September and have reinvested into our highest-conviction positions.

We continue to favour businesses with identifiable earnings growth, strong balance sheets and exposure to supportive industry fundamentals. With valuation dispersion elevated and corporate activity accelerating, we see a fertile backdrop for active management and stock selection.

# Seneca

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