Seneca Aggressive Income SMA

Monthly Update
As at 31 January 2024

Description

Domestic & international income generating assets across multiple asset classes via a diversified portfolio of actively managed and index-tracking funds. The portfolio is focused primarily on more aggressive (higher risk) income generating assets and strategies like high dividend yielding equities, infrastructure assets, high yield government bonds, lower-quality (higher yielding) corporate credit and private debt.

Top 5 Holdings (alphabetical)

INVESCO WS SENIOR SECURED	Specialised High Income
KKR CREDIT INCOME FUND	Specialised High Income
METRICS INCOME OPPORTUNITIES	Private Debt
MUTUAL HIGH YIELD	Alternative Income High
NB GLOBAL CORPORATE INCOME	Specialised High Income

Portfolio Details

Portfolio Manager	Seneca IC
Inception Date	16/08/2022
Management Fee	0.20% pa
Performance Fee	nil
Time Horizon	At least 5 years
Platform Avail	Praemium
Portfolio Yield (net)	7.93%
Benchmark	Custom Composite[1]
Liquidity	Daily
# of holdings	4 to 8
Cash Allocation	0-10%
Min Investment	AUD $50,000

Performance (before fees)

	1m	3m	6m	1y	2y (p.a)	3y (p.a)	Inception (p.a)
Seneca Aggressive Income SMA	**1.00%**	**6.07%**	**4.74%**	**5.25%**	**-**	**-**	**6.03%**
Benchmark	0.82%	10.25%	6.47%	6.17%	0.54%	-0.51%	5.70%
Excess return	**0.18%**	**-4.18%**	**-1.73%**	**-0.92%**	**-**	**-**	**0.33%**

Cumulative Returns (since inception)

[1]Bloomberg Global Aggregate Index (hedged) 50% / iShares S&P/ASX Dividend Opps ETF 50%
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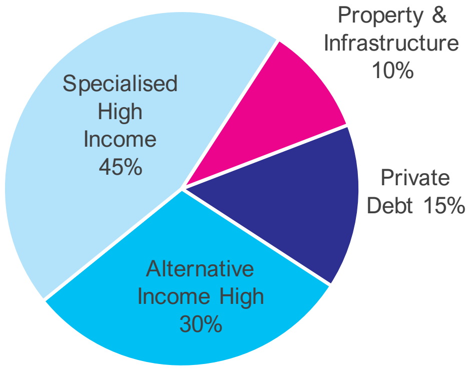
Target Sector Allocation



Benefits of a SMA	SMA	Managed Fund	Direct Shares
Professionally Managed	✓	✓	×
Dividends & franking paid directly	✓	×	✓
Full transparency on holdings	✓	×	✓
Individualised Tax	✓	×	✓
Gearing available	✓	✓	✓

Portfolio Commentary

The portfolio returned +1.00% in the first month of 2024. Performance was 18bps ahead of the +0.82% produced by the portfolio's composite benchmark and 61bps ahead of its fund sector/peer group. Pleasingly, all holdings in the portfolio advanced. Two of our listed alternative credit vehicles, KKR Credit Income and MCP Income Opportunities, were the standout contributors returning +3.01% and +1.72% respectively.

Market Commentary

The global benchmark (MSCI All- World Index) was positive in the first month of 2024, closing the month up 1.14% in USD terms.

Japan was the top performing region, adding 8.43%, as subdued wages growth and household spending allowed the central bank to maintain its ultra-accommodative policy setting. The Japanese Yen depreciated against the UD by 4.03%.

On the other side of the Tsushima strait, Chinese equities continue to slide, falling 9.96% in the month as economic growth and activity slows.

On the local exchange, the S&P/ASX 200 was up 1.18%, led by Energy, Financial and Healthcare companies. The top performers included uranium miners/developers Boss Energy (BOE +38%) and Paladin (PDN, +31%), as well as ResMed (+15%) and Megaport (MP1, +38%). The worst-performing companies in January were Sayona Mining (SYA, -44%), Liontown Resources (LTR, -38%), Chalice Mining (CHN, -34%) and Domino's Pizza (DMP, -33%).

The Australian Dollar depreciated 3.57% against the US Dollar during the month, to close the month at US$0.6568.

Outlook

Inflation markers both at home and abroad appear to be easing, and markets are now pricing in interest rate cuts for the second half of 2024. The Australian 10-year bond yields have declined from a peak in late October of almost 5% to close to 4% currently, roughly in line with the 20-year average.

Commodity prices remain susceptible to weak demand from China (iron ore), the conflict in the middle east (oil /gas, freight) and escalation of the conflict in Ukraine (ag chemicals, oil/gas, uranium).

Outside of these price takers, industrial-company sales and earnings growth appears to have bottomed in most sectors and valuations are about in line with long term averages. With earnings improving and valuations are supported by the aforementioned decline in the risk-free rate, we continue to be constructive on most liquid asset classes.

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