# Seneca Australian Equity SMA

## Monthly Update
As at 31 January 2024

## Description

The model holds a portfolio of actively managed funds. The portfolio will provide diversified exposure to domestic equities. The portfolio is weighted entirely toward growth type asset classes with zero exposure to defensive asset classes. Asset allocation is strategic and reviewed on a monthly basis with tactical tilts made as the outlook for various sub-asset classes, styles and sectors change over time. Manager selection is driven by quantitative factors and both internal and external research.

## Top 5 Holdings (alphabetical)

| | |
|---|---|
| DNR AUS EQ HIGH CONVICTION | Australian Large Cap |
| MACQUARIE AUSTRALIAN SMALL | Australian Small Cap |
| PERENNIAL VALUE SHARES | Australian Large Cap |
| REALINDEX AUSTRALIAN SHARE | Australian Large Cap |
| SENECA AUSTRALIAN SHARES | Australian Large Cap |

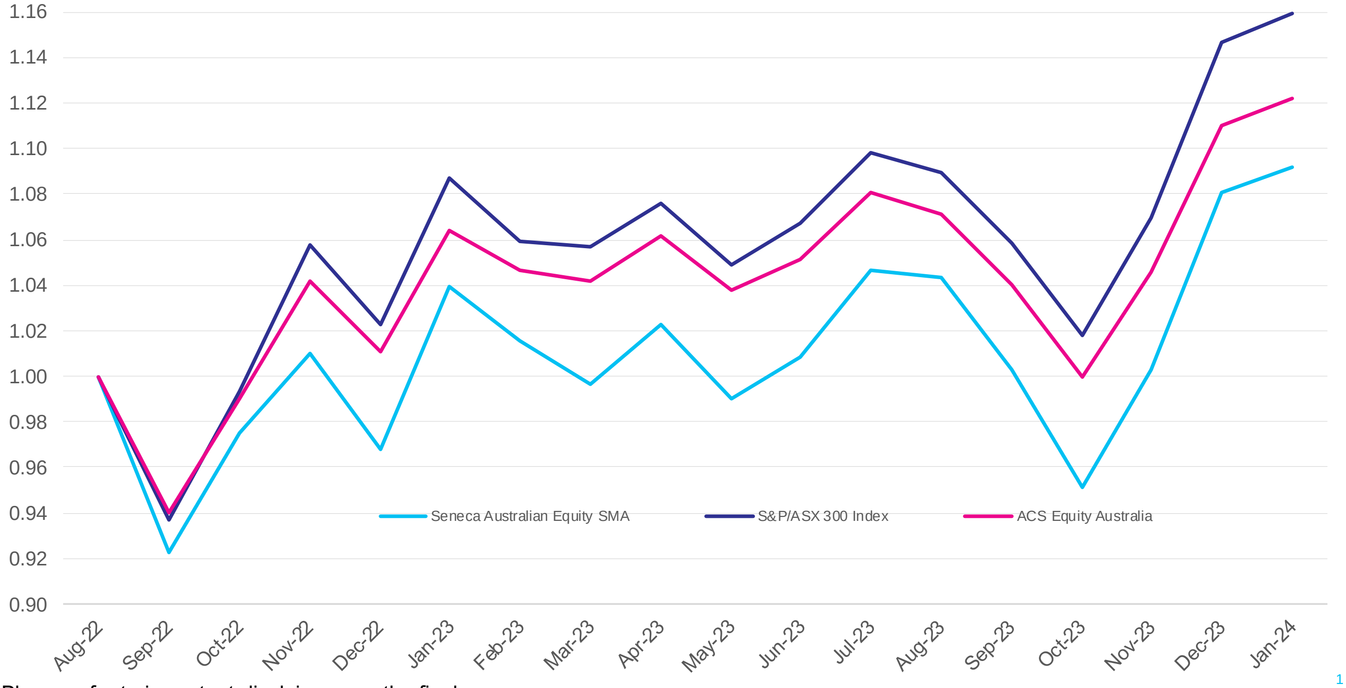
## Portfolio Details

| | |
|---|---|
| **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)** | 3.77% |
| **Benchmark** | S&P/ASX 300 Index (TR) |
| **Liquidity** | Daily |
| **# of holdings** | 4 to 8 |
| **Cash Allocation** | 0-10% |
| **Min Investment** | AUD $50,000 |

## Performance (before fees)

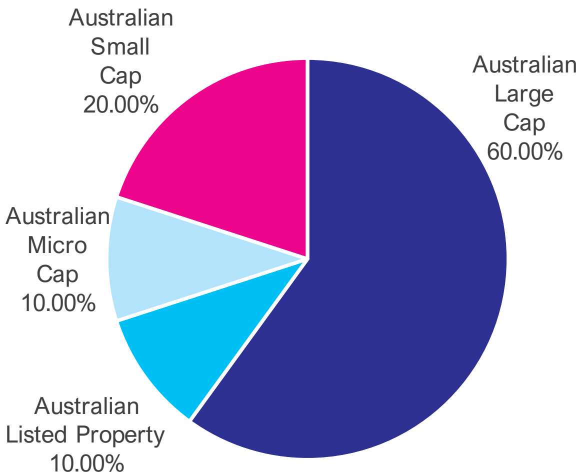
| | 1m | 3m | 6m | 1y | 2y (p.a) | 3y (p.a) | Inception (p.a) |
|---|---|---|---|---|---|---|---|
| **Seneca Australian Equity SMA** | **1.05%** | **14.82%** | **4.32%** | **5.05%** | **-** | **-** | **4.63%** |
| Benchmark | 1.10% | 13.89% | 5.58% | 6.66% | 9.11% | 9.27% | 10.08% |
| **Excess return** | **-0.05%** | **0.93%** | **-1.26%** | **-1.61%** | **-** | **-** | **-5.45%** |

## Cumulative Returns (since inception)




Please refer to important disclaimers on the final page

## 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 model returned +1.05% in the first month of 2024 which was largely in line with the benchmark ASX 300 index and the fund sector/peer group. The largest contributions to performance came from small cap and value-oriented managers. Perennial Value Smaller Companies returned +1.97% while Macquarie Australian Small Companies returned +1.89%. After a period of strong performance, property securities had a relatively subdued month and, while finishing positive, were the notable laggard.

**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.

Model Portfolio performance is based on the theoretical performance of the Model Portfolio and does not take into account any fees applicable to the Model Portfolio. Actual portfolios may not perform in the same manner as the Model Portfolios, depending on customisations and timing issues. Accordingly, the actual after-tax returns you receive are likely to be different from the Model Portfolio returns and those of other investors. Rounding used in the presentation of data may result in minor variations. Past performance is no indicator of future performance. 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.

This report provides general information only and does not take into account the investment objectives, financial circumstances or needs of any person. To the maximum extent permitted by law, Seneca Financial Solutions Pty Ltd, its directors and employees accept no liability for any loss or damage incurred as a result of any action taken or not taken on the basis of the information contained in the report or any omissions or errors within it. Applications can only be made on the form in the current Product Disclosure Statement PDS. The PDS can be obtained by contacting Seneca. Potential investors should consider the PDS before deciding whether to invest, or continue to invest in the product. It is advisable that you obtain professional independent financial, legal and taxation advice before making any financial investment decision. Seneca does not guarantee the repayment of capital, the payment of income, or the performance of its investments.