

# Seneca Australian Shares SMA



## Monthly Update

As at 31 January 2024

### Description

An actively managed portfolio of 20-40 Australian shares from inside the S&P/ASX 200 Index.

The manager has a focus on high quality companies trading at fair valuations, using a bottom-up, fundamental approach.

### Top 5 Holdings (alphabetical)

BHP GROUP LIMITED FPO	BHP	Materials
CSL LIMITED	CSL	Healthcare
MACQUARIE GROUP LIMITED	MQG	Financials
PILBARA MINERALS LIMITED	PLS	Materials
RESMED	RMD	Healthcare

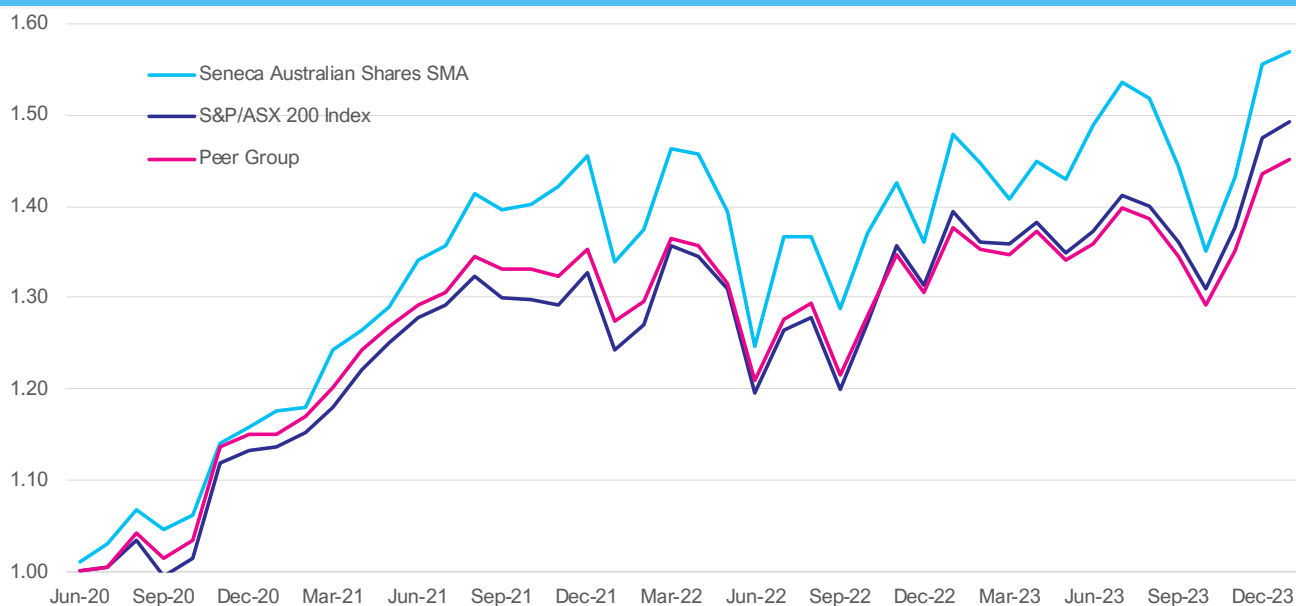
### Portfolio Details

<b>Portfolio Manager</b>	Luke Laretive
<b>Inception Date</b>	16/06/2020
<b>Management Fee</b>	0.45% p.a
<b>Performance Fee</b>	nil
<b>Time Horizon</b>	At least 5 years
<b>Authorised Invest.</b>	S&P/ASX 200
<b>Platform Avail</b>	Praemium
<b>Portfolio Yield (net)</b>	4.08%
<b>Liquidity</b>	Daily
<b>Number of Stocks</b>	20-40
<b>Cash Allocation</b>	0-10%
<b>Min Investment</b>	AUD \$25,000

### Performance (before fees)

	1m	3m	6m	1y	2y (p.a)	3y (p.a)	Inception (p.a)
<b>Seneca Australian Shares SMA</b>	<b>0.84%</b>	<b>16.23%</b>	<b>2.21%</b>	<b>6.07%</b>	<b>8.23%</b>	<b>10.11%</b>	<b>13.23%</b>
S&P/ASX 200 Accumulation Index	1.19%	13.99%	5.79%	7.09%	9.62%	9.56%	11.50%
<b>Excess return</b>	<b>-0.35%</b>	<b>2.24%</b>	<b>-3.58%</b>	<b>-1.02%</b>	<b>-1.39%</b>	<b>0.55%</b>	<b>1.73%</b>

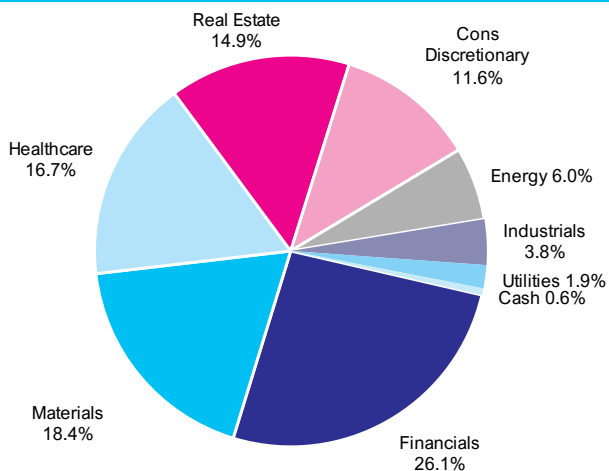
### Cumulative Returns (since inception)



Peer Group = FE Fundinfo ACS Equity Australia managed fund sector

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## Sector Allocation



## Portfolio Commentary

The Seneca Australian Shares SMA added a further 0.84% during January 2024, however despite more than half our positions outperforming the index, we underperformed the S&P/ASX 200 Accumulation Index by -0.35% during the month. We remain ahead of the benchmark since inception, with 13.23% p.a. annualized returns.

ResMed (RMD) was our best performing position during January, adding 15% for the month as it reported strong sales and expanding margins, against a wider market narrative of an Ozempic-induced sales decline. We also saw material and positive contributions from NIB Holdings (NHF), CSL Limited (CSL) and our banking positions.

For the benchmark, Energy, led by the bull market in Uranium, was the best performing sector while Gold, Metals & Mining, Utilities and Consumer Staples all underperformed with negative returns for the month.

During the month we used some of our available cash to take advantage of the pull back in some of these sectors. We added to our holdings in the likes of BHP Group (BHP), New Hope Group (NHC), Pilbara Minerals (PLS), Arcadium Lithium (LTM) and ARB Corporation (ARB) at what we believe will be favourable prices in the fullness of time.

## Benefits of a SMA

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

## 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%), Lontown 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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