Seneca Global Equity SMA

Monthly Update
As at 31 January 2024

Description

An actively-managed, diversified portfolio of global equities managers. 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 quarterly basis with tactical tilts made to take advantage of opportunities in specific regions, different manager styles and across currencies. Manager selection is driven by quantitative factors and internal and external research.

Top 5 Holdings (alphabetical)

AORIS INTERNATIONAL FUND D	Global Large Cap
FAIRLIGHT GLOBAL SMALL & MID	Global Small/Mid Cap
FIDELITY ASIA	Global Emerging Markets
GQG PARTNERS EMERGING	Global Emerging Markets
GQG PARTNERS GLOBAL EQUITY	Global Large Cap

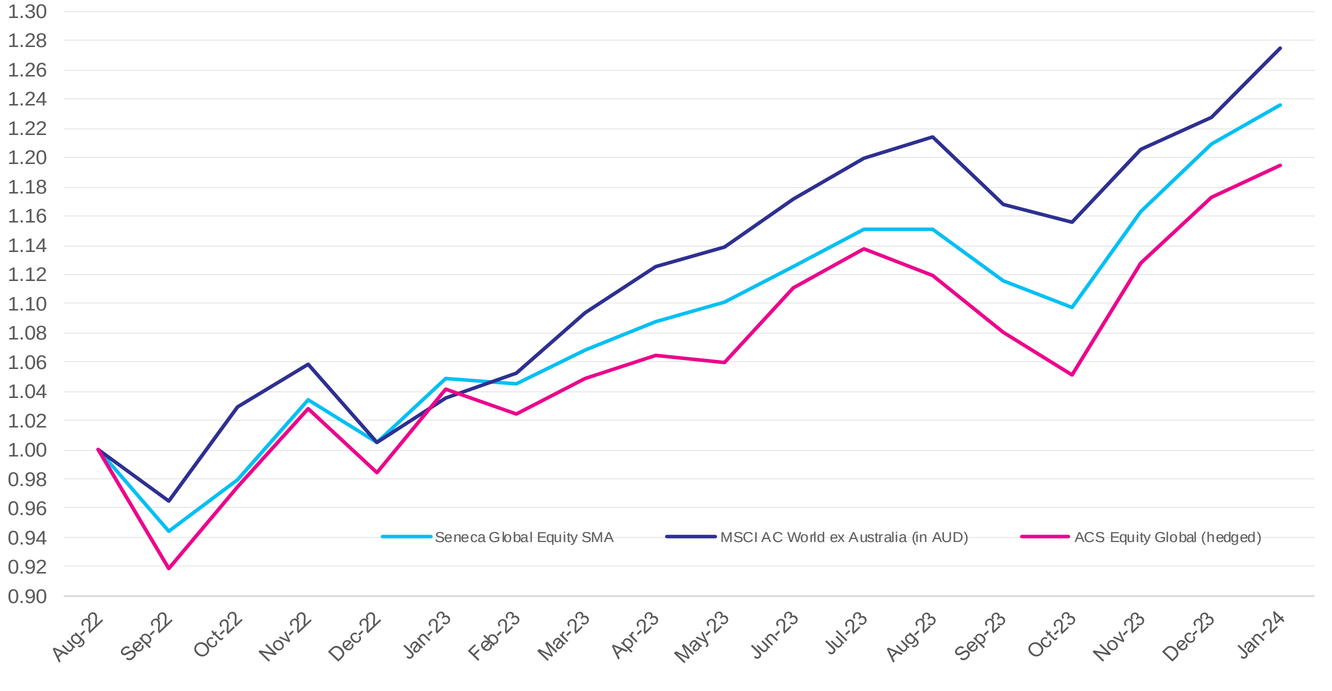
Portfolio Details

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)	1.66%
Benchmark	MSCI AC World Ex-Australia (AUD)
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 Global Equity SMA	**2.20%**	**12.64%**	**7.43%**	**17.80%**	**-**	**-**	**11.77%**
Benchmark	3.89%	10.32%	6.28%	23.16%	6.48%	12.06%	14.44%
Excess return	**-1.69%**	**2.32%**	**1.15%**	**-5.36%**	**-**	**-**	**-2.67%**

Cumulative Returns (since inception)



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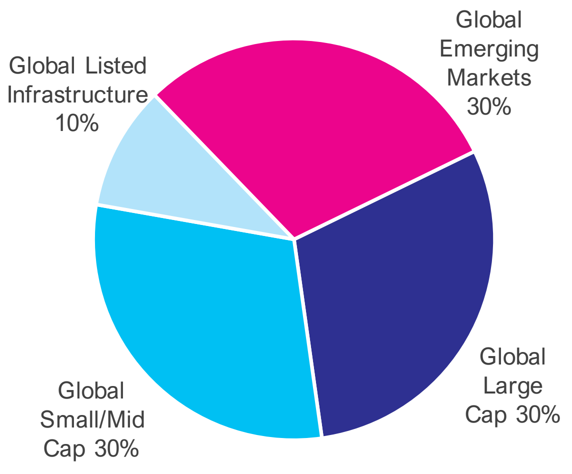
Target Sector Allocation



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 model returned +2.20% in January. The A$ fell by around 3.50% against the greenback which boosted the performance of the unhedged benchmark. This, combined with the relative underperformance of Asian equities and global listed infrastructure as well as a weaker month for Fairlight's Global SMID strategy resulted in underperformed against the benchmark ACWI ex Australia equity index of 169bps. The model finished 36bps ahead of the ACS Equity Global (hedged) fund sector/peer group, however.

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.

Invest today from $50,000
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senecafs.com.au

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.