Seneca Absolute Return SMA

Monthly Update

As at 29 February 2024

Description

The portfolio is focused primarily on active managers running absolute return strategies such as systematic global macro (managed futures), equity long/short, relative value and non-traditional credit. Asset and sector allocation is strategic with tactical tilts made as the outlook for various strategies change over time. Manager selection and portfolio construction is driven by our Investment Committee, with diligent is driven by internal desk based qualitative and quantitative research and external research ratings.

Top 5 Holdings (alphabetical)

CC SAGE CAPITAL ABSOLUTE	Global Eq Market Neutral
CT PYRFORD GLOBAL ABSOLUTE	Multi-Asset / Multi-Strat
GMO SYSTEMATIC GLOBAL MACRO	Global Systematic Macro
MAN AHL ALPHA	Global Systematic Macro
WINTON GLOBAL ALPHA	Global Systematic Macro

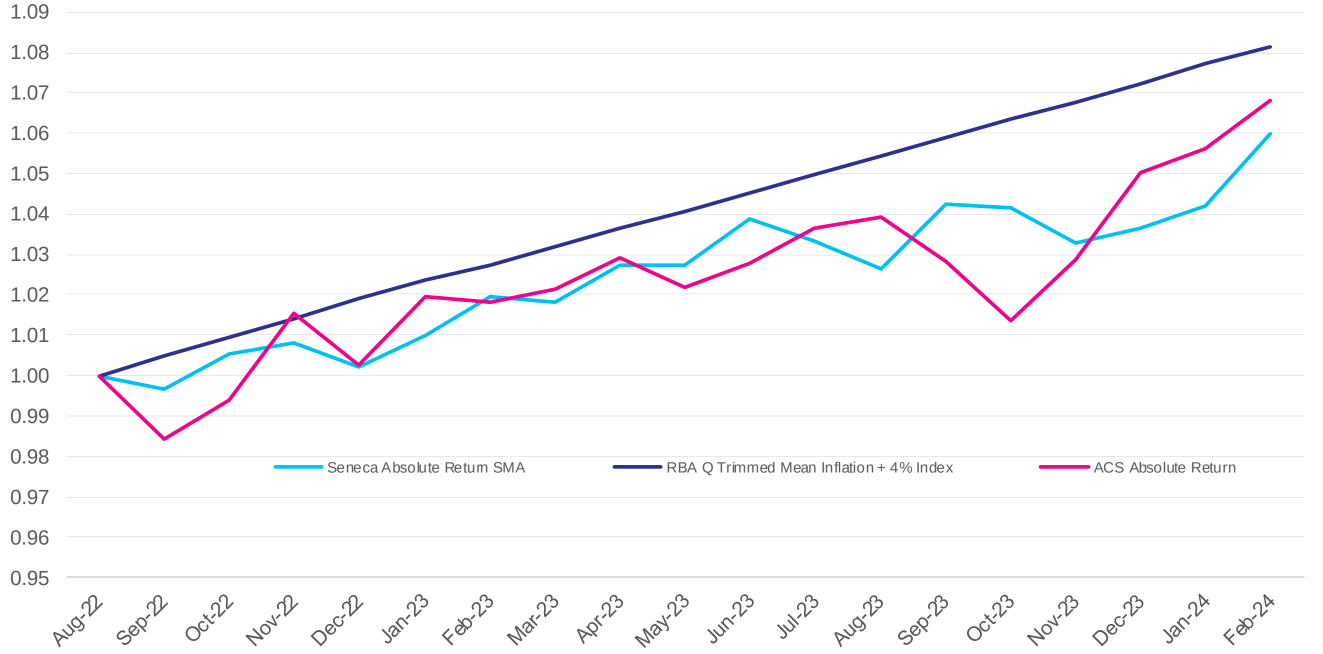
Portfolio Details

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)	n/a
Benchmark	RBA CPI plus 4%[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 Absolute Return SMA	**1.73%**	**2.60%**	**3.26%**	**3.96%**	**-**	**-**	**4.07%**
Benchmark	0.41%	1.28%	2.58%	5.25%	5.47%	5.27%	5.38%
Excess return	**1.32%**	**1.32%**	**0.68%**	**-1.29%**	**-**	**-**	**-1.31%**

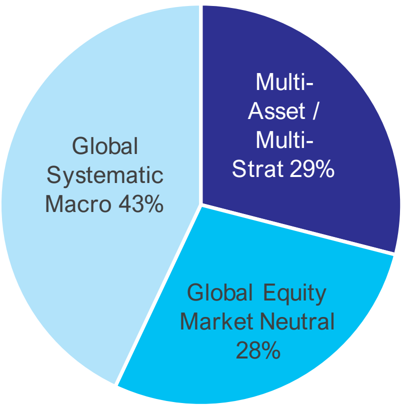
Cumulative Returns (since inception)



[1] RBA Quarterly Trimmed Mean Inflation + 4% Index

Please refer to important disclaimers on the final page

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

February was a solid month for our hedge fund portfolio with a return of +1.73%. The ACS Absolute Return fund sector returned +1.13% and the portfolio's absolute return benchmark (CPI+4%) returned +0.82%. Winton (global macro) was, again, a standout performer returning +4.65%, narrowly beaten by Man AHL who produced a return of +4.66%. Long positions in Japanese and US indices were profitable, as were some currencies and energies. The real profit driver in commodities has been in Cocoa however, with the spot up 32.14% in February and up 50.34% over the past 3 months. GMO Systematic Global Macro were the main laggard, returning -0.80%

Market Commentary

The global benchmark (MSCI All World Index) was again up in February, adding 3.12% in USD terms.

Japan was the top performing region AGAIN, adding a further 6.43% to January's +8.43%. The Japanese Yen depreciated against the USD by a further 1.65%.

Latin America (-0.76%) was the worst-performing major market.

On the local exchange, the S&P/ASX 200 was up 0.79% led by Technology companies. The top performers included Altium (ALU, +30%) which received a takeover bid from Renesas and Lovisa Holdings (LOV, +41%) on a strong 1H result.

The worst-performing companies in February were Strike Energy (STX, -50%), Corporate Travel Limited (CTD, -22%), Healius (HLS, -20%) and Neuren Pharma (NEU, -18%).

The Australian Dollar depreciated 1.06% against the US Dollar during the month, to close the month at US$0.6498.

Outlook

The RBA and the US Federal Reserve continue to perform a modern economic miracle – accelerating GDP growth, declining inflation and full employment. While we think unemployment may rise to c. 5% over the next 12 months, this is supportive of our 'peak interest rates' thesis.

Commodity prices are also assisting the RBA with the price of iron ore declining 11.65% during the month of February.

The Australian 10-year bond yields continued to moderate during February and the first two weeks of March, with a yield of 3.96% at the time of writing. Declining yields are supportive of continued growth across our Aggressive and Defensive Income Portfolios.

After reviewing the vast majority of company 1H'24 reports during February, we remain highly constructive on Australian Equities across both large-cap and especially, small-cap investment universes.

There is also a significant opportunity in Emerging Markets, where valuations are at multi-year lows. We are overweight in the Global Equity SMA.

Invest today from $50,000
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Seneca

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