

Seneca Aggressive Income SMA



Monthly Update

As at 29 February 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

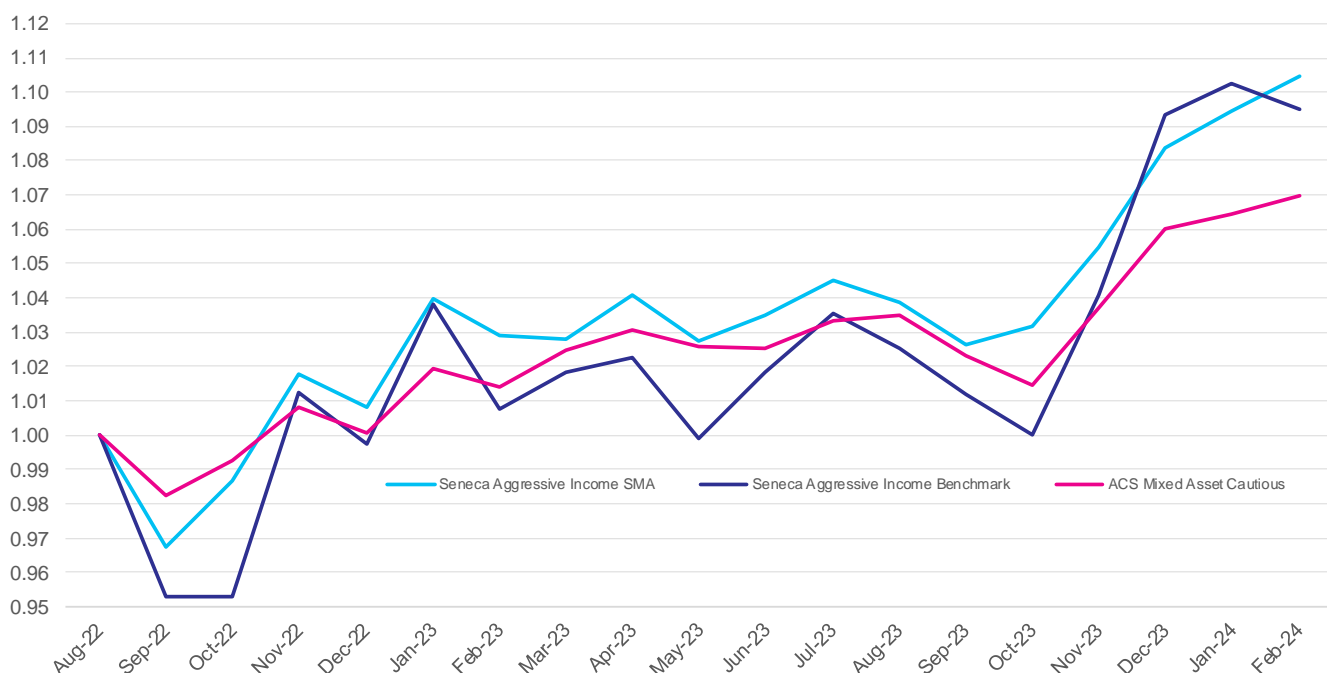
Portfolio Details

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)	8.00%
Benchmark	Custom Composite ¹
Liquidity	Daily
# of holdings	4 to 8
Cash Allocation	0-10%
Min Investment	AUD \$50,000

Performance (before fees)

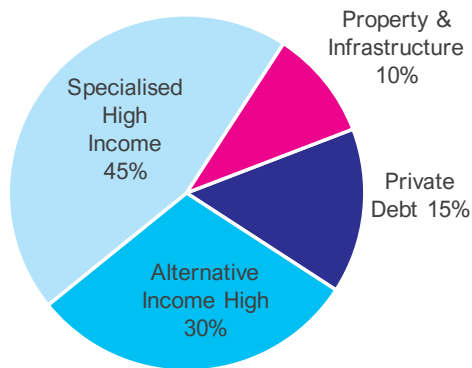
	1m	3m	6m	1y	2y (p.a)	3y (p.a)	Inception (p.a)
Seneca Aggressive Income SMA	0.95%	4.74%	6.39%	7.35%	-	-	6.37%
Benchmark	-0.68%	5.17%	6.78%	8.65%	0.86%	-0.21%	4.94%
Excess return	1.63%	-0.43%	-0.39%	-1.30%	-	-	1.43%

Cumulative Returns (since inception)



¹Bloomberg 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 +0.95% in February. Performance was well ahead of the -0.68% produced by the portfolio's composite benchmark and 46bps ahead of its fund sector/peer group. Pleasingly, with the exception of one global bond manager, all holdings in the portfolio advanced. Two of our listed alternative credit vehicles, KKR Credit Income was, again, one of the standout performers returning +1.33%. Neuberger Berman's global credit LIT led the way though with a return of +1.47%.

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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