# Seneca Aggressive Income SMA

Monthly Update
As at 30 June 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)

| | |
|---|---|
| BENTHAM GLOBAL INCOME | Alternative Income High |
| 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 |

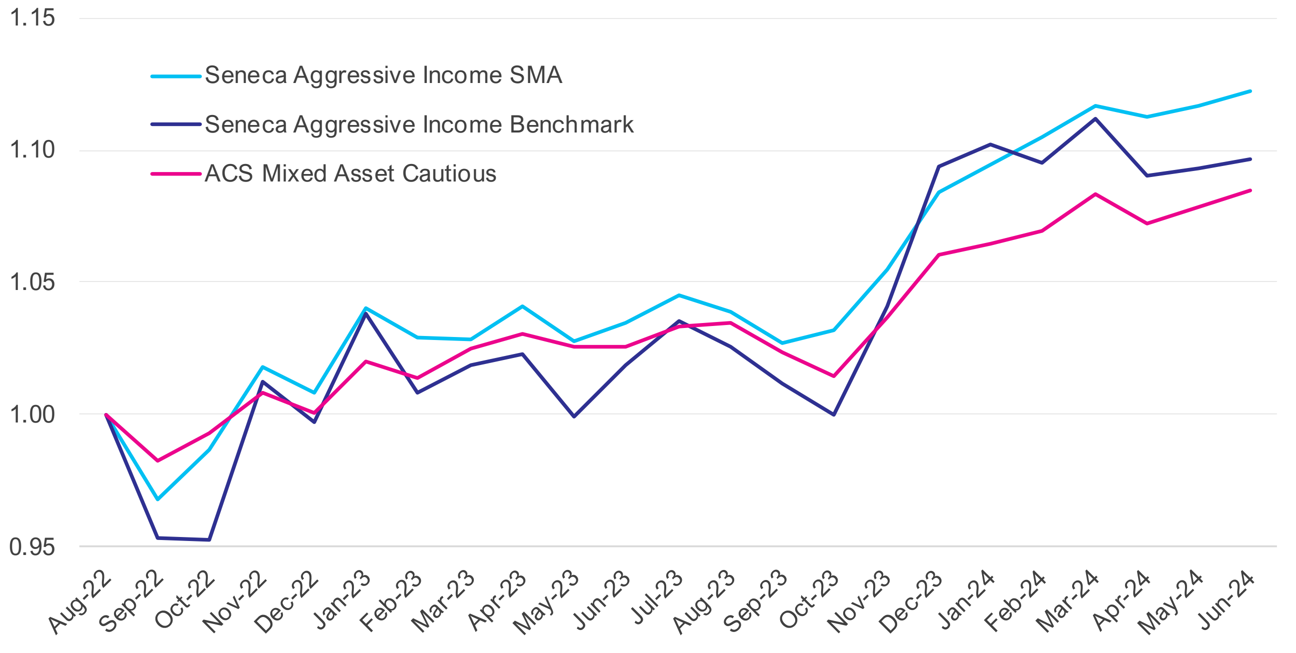
## Portfolio Details

| | |
|---|---|
| **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)** | 7.69% |
| **Benchmark** | Custom Composite[1] |
| **Liquidity** | Daily |
| **# of holdings** | 4 to 8 |
| **Cash Allocation** | 0-10% |
| **Min Investment** | AUD $50,000 |

## Performance (before fees)

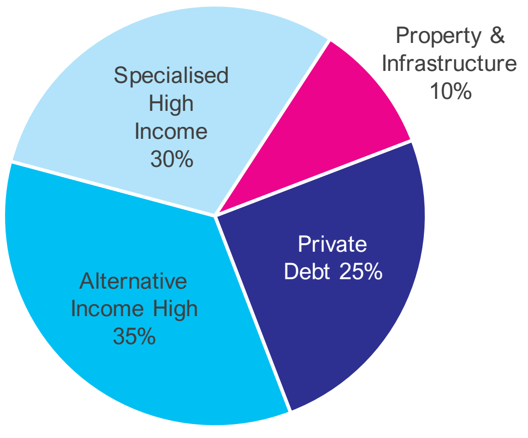
| | 1m | 3m | 6m | 1y | 2y (p.a) | 3y (p.a) | Inception (p.a) |
|---|---|---|---|---|---|---|---|
| **Seneca Aggressive Income SMA** | **0.49%** | **0.49%** | **3.55%** | **8.46%** | **-** | **-** | **6.08%** |
| Benchmark | 0.33% | -1.41% | 0.27% | 7.65% | 5.84% | -0.34% | 4.11% |
| **Excess return** | **0.16%** | **1.90%** | **3.28%** | **0.81%** | **-** | **-** | **1.97%** |

## Cumulative Returns (since inception)




[1]Bloomberg Global Aggregate Index (hedged) 50% / iShares S&P/ASX Dividend Opps ETF 50%
Please refer to important disclaimers on 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**

The portfolio returned +0.49% in June and +8.46% for the 2024 financial year. June's performance exceeded the portfolio's composite benchmark by 16bps but underperformed the portfolio's fund sector/peer group by 7bps. The portfolio finished ahead of both benchmark and peer group over the 12 months to 30 June. Metrics performed well after last month's capital raise, returning +1.97%. Bentham (global diversified credit) also had a solid month producing +0.96%. KKR Credit (listed investment company) was the main laggard with -1.85% but is currently trading at a ~5% discount to NAV.

**Market Commentary**

The MSCI All World Index, the global benchmark for equities, added 3.10% during June as Indian equities ripped higher (up 6.83%) after prime minister Narendra Modi won the national election and entered his third term. Chinese equities (-4.17%) were weakest, with sluggish growth and consumers weighed down by the bear market in real estate.

In the US, markets pushed towards new highs with the S&P 500 up 4.30% during June. Artificial Intelligence beneficiaries such as Adobe (ADBE +24%), Autodesk (+24%) and ServiceNow (NOW, +23%) were the big winners. NVIDIA (NVDA, +12) also continued its momentum but it wasn't all positive for the AI/Semiconductor sector. Microchip Tech (MCHP, -5%), ON Semiconductor (ON, -5%) and Advanced Micro Devices (AMD, -3%) all underperformed. The US 10-year bond yield fell from 4.50% to 4.31%.

The S&P/ASX 200 index declined in June, but dividends from the REIT sector pushed it into positive territory, adding 1.01%. The banks continued to drive index returns, with 5.47% average returns across the big 4 during the month, CBA now trades on an all-time high valuation of over 22x earnings.

The 10-year Australian Government Bond yield fell from 4.4% at the start of June to 4.312% at the close. The Australian Dollar gained 0.55% on the US Dollar during the month, to close June at US$0.6748.

**Outlook**

While our positioning has changed, our overall views of the market remain. We feel confident that many of our portfolio holdings are undervalued and suspect that earnings season in August may shine some light on the quality, resilient earnings these businesses can generate for shareholders.

Our views on the 'popular' areas/geographies of the market (too expensive), inflation (flat to moderating), bond yields (trending lower) and where the opportunities are (resources, property, China, travel, gaming, traditional bonds), have not changed since last month.

Seneca