

Seneca Defensive Income SMA



Monthly Update
As at 30 June 2024

Description

Domestic and international fixed income securities via a diversified portfolio of actively managed fixed income funds focused on more defensive (investment grade) income generating assets and strategies. Allocations are strategic with tactical tilts made as the outlook for various segments of the fixed income market change over time. Manager selection is driven by internal desk based qualitative and quantitative research and external research ratings.

Top 5 Holdings (alphabetical)

BENTHAM GLOBAL INCOME	Alternative Income High□
MUTUAL HIGH YIELD	Alternative Income High□
PERPETUAL DIVERSIFIED INCOME	Specialised High
PIMCO DYNAMIC BOND W	Diversified Bonds
YARRA ENHANCED INCOME FUND	Alternative Income High□

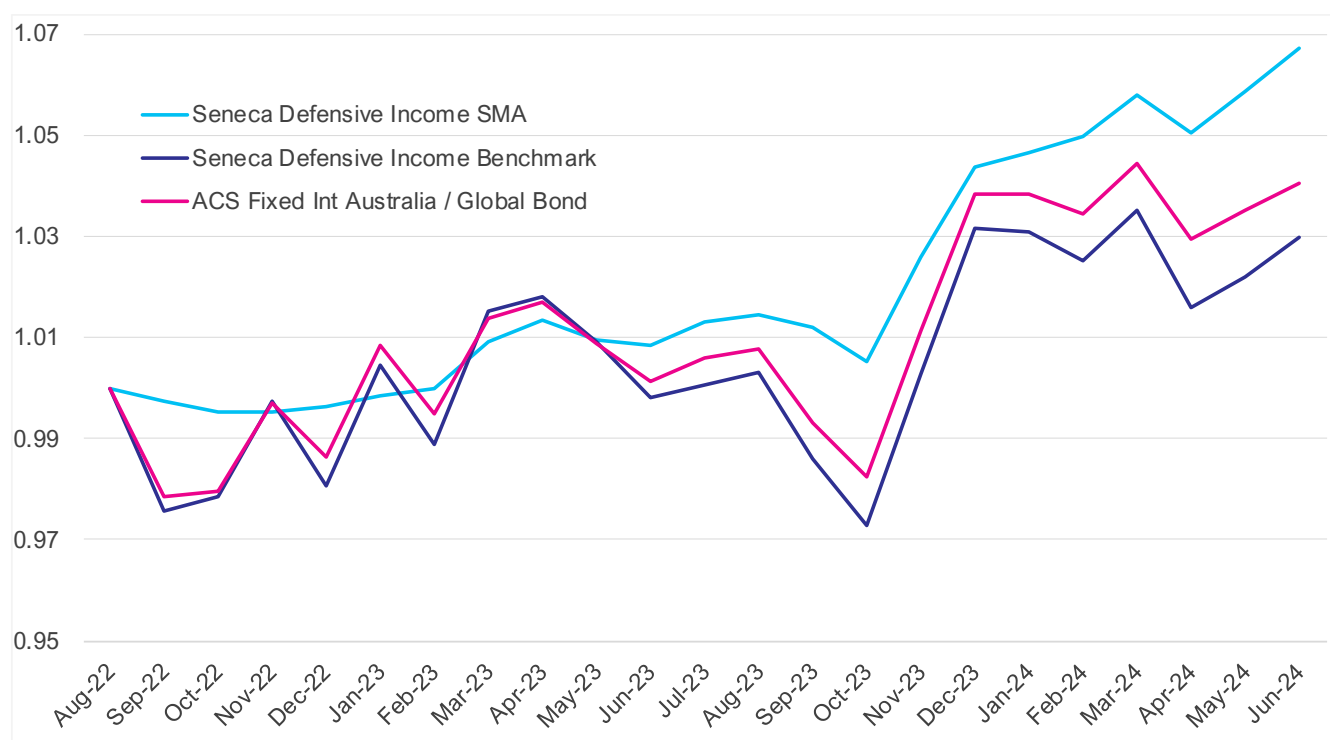
Portfolio Details

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)	5.42%
Benchmark	Custom Composite ¹
Liquidity	Daily
# of holdings	4 to 8
Cash Allocation	0-10%
Min Investment	AUD \$50,000

Performance (before fees)

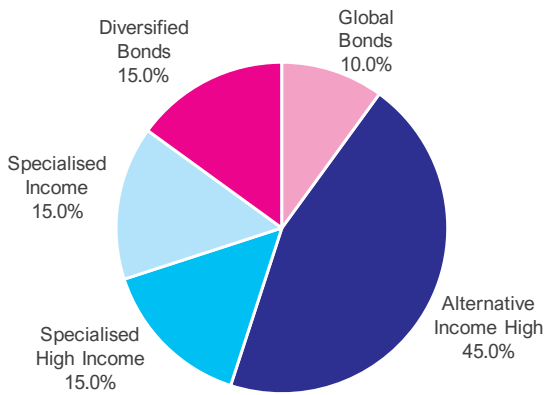
	1m	3m	6m	1y	2y (p.a)	3y (p.a)	Inception (p.a)
Seneca Defensive Income SMA	0.80%	0.85%	2.26%	5.84%	-	-	3.56%
Benchmark	0.78%	-0.50%	-0.15%	3.18%	1.60%	-2.75%	0.68%
Excess return	0.02%	1.35%	2.41%	2.66%	-	-	2.88%

Cumulative Returns (since inception)



¹Bloomberg AusBond Composite Index 50% / Bloomberg Global Aggregate Index (hedged) 50%
Please refer to important disclaimers on the final page

Target Sector Allocation



Portfolio Commentary

The portfolio returned +0.80% in June and +5.48% for the 2024 financial year. June's performance was largely in line with the portfolio's composite benchmark and 27bps ahead of its fund sector/peer group. The portfolio finished ahead of both benchmark and peer group over the 12 months to 30 June. All holdings in the portfolio contributed positively to performance with +4.00% from our long duration US treasuries holding (GGOV) leading the way. Bentham Global Income also had a good month, returning +0.96%. Domestic bond yields are now expected to be marginally higher by year end while US and European bond yields are generally predicted to be lower.

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, -

Benefits of a SMA

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

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.

Invest today from \$50,000
For more information call (03) 8639 1600

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.

This report provides general information only and does not take into account the investment objectives, financial circumstances or needs of any person. To the maximum extent permitted by law, Seneca Financial Solutions Pty Ltd, its directors and employees accept no liability for any loss or damage incurred as a result of any action taken or not taken on the basis of the information contained in the report or any omissions or errors within it. Applications can only be made on the form in the current Product Disclosure Statement PDS. The PDS can be obtained by contacting Seneca. Potential investors should consider the PDS before deciding whether to invest, or continue to invest in the product. It is advisable that you obtain professional independent financial, legal and taxation advice before making any financial investment decision. Seneca does not guarantee the repayment of capital, the payment of income, or the performance of its investments.