Seneca Global Equity SMA

Monthly Update
As at 30 June 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	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

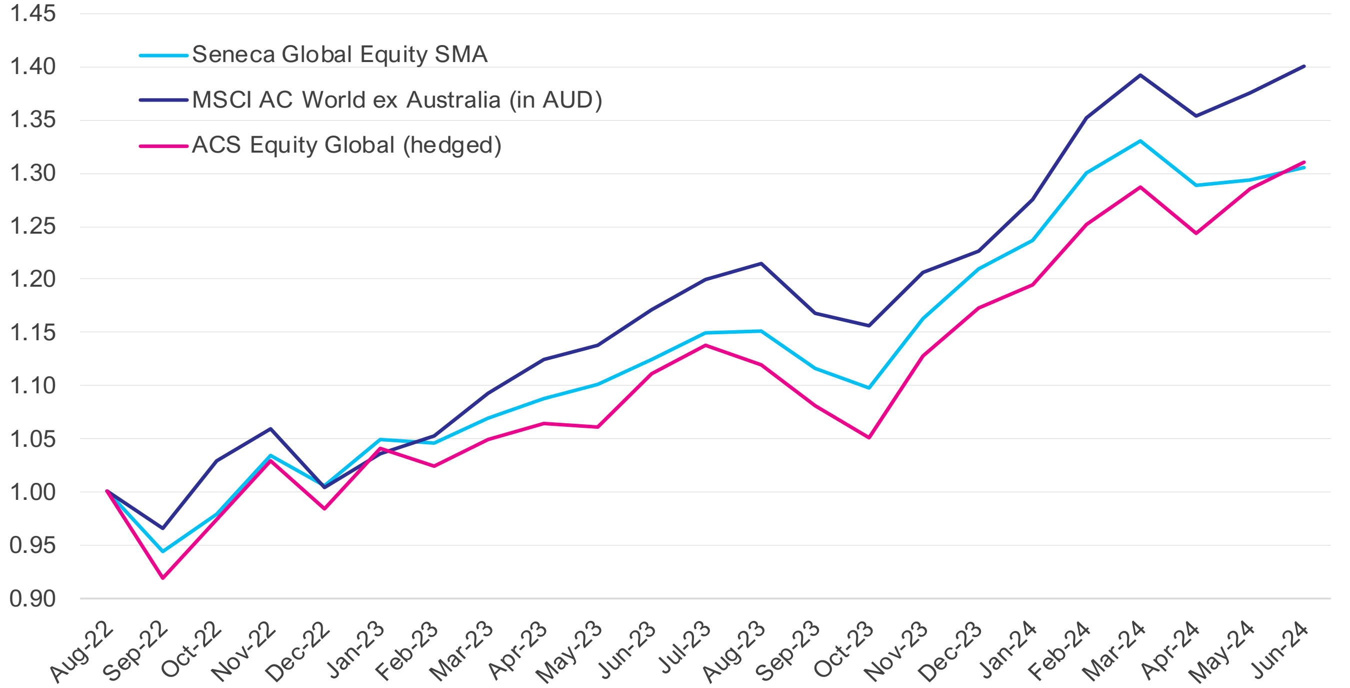
Portfolio Details

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)	1.21%
Benchmark	MSCI AC World Ex-Australia (AUD)
Liquidity	Daily
# of holdings	4 to 8
Cash Allocation	0-10%
Min Investment	AUD $50,000

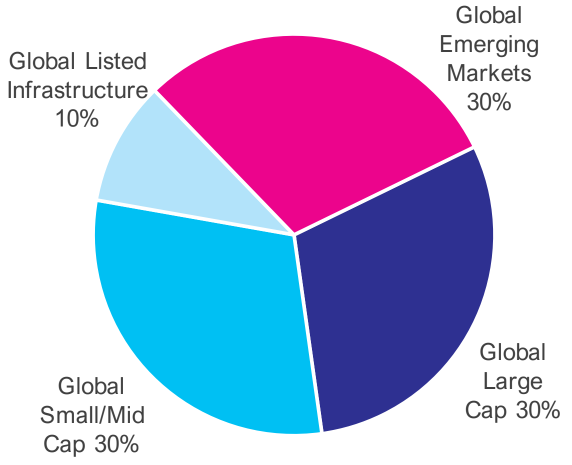
Performance (before fees)

	1m	3m	6m	1y	2y (p.a)	3y (p.a)	Inception (p.a)
Seneca Global Equity SMA	**0.93%**	**-1.89%**	**8.00%**	**16.10%**	**-**	**-**	**12.32%**
Benchmark	1.84%	0.65%	14.18%	19.63%	20.37%	10.19%	16.82%
Excess return	**-0.91%**	**-2.54%**	**-6.18%**	**-3.53%**	**-**	**-**	**-4.50%**

Cumulative Returns (since inception)



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 +0.98% in June; 91bps behind the MSCI All Country World Index ex Australia Index in AUD terms (i.e. unhedged). The AUD finished the month mildly stronger against the USD. Asia equities, global infrastructure and global small/mid caps exposures all struggled in June and were the main contributors to underperformance against MSCI AC World. We still believe there is value and alpha to be generated in these allocations/exposures against a benchmark heavily weighted toward expensive geographies like the US and expensive sectors like tech and financials.

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.

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