

Student Managed Investment Fund December 2024 Update



December 2024 Fund Update

Dollar values are in AUD unless stated otherwise.

Fund Update

The SMIF recorded a return of -2.49% across December 2024, overperforming the benchmark by 0.71% (ASX: XAO -3.20%). December brought a mixed bag for global markets as investors weighed the prospects of interest rate cuts against lingering economic uncertainties. Despite broader market fluctuations, our fund saw returns in Industrials. Furthermore, Perenti Limited (ASX: PRN) surged 12.50%, benefiting from new contract wins. James Hardie Industries (ASX: JHX) slowed, as it recorded a dip in price by -10.92%. Meanwhile, Brambles Limited (ASX: BXB) recorded a 1.10% gain, as investor sentiment remained positive towards its defensive business model and strategic pricing initiatives. Nevertheless, the fund remains well-diversified and strategically positioned to navigate market conditions heading into 2025, focusing on companies with strong fundamentals and growth potential.

Market Update

Global

In December, global markets faced a mix of optimism and caution. The U.S. equity markets, which had rallied post-election, stumbled as concerns over new trade policies weighed on investor sentiment. While the S&P 500 declined 2.5%, enthusiasm around artificial intelligence, strong corporate earnings, and expectations of economic resilience heading into 2025 kept sentiment somewhat upbeat. Across the globe, European markets remained resilient, bolstered by Germany's fiscal stimulus. In China, GDP growth hit 5%, aligning with expectations as government stimulus supported a slowing economy. However, continued weakness in the property sector and subdued domestic demand remain as key risks.

National

The ASX 200 declined 3.28% in December, as broader market weakness weighed on investor sentiment. The materials sector saw gains, supported by rising commodity prices, particularly in iron ore and gold, while energy stocks benefited from stabilising oil prices. In contrast, consumer discretionary and financials struggled, with high interest rates dampening spending and borrowing activity. The Reserve Bank of Australia kept the cash rate on hold at 4.35%, as inflation continued to ease, with the Consumer Price Index rising 0.2% in the December quarter, bringing annual inflation down to 2.4%. Looking ahead, the outlook for the Australian equity market remains cautiously optimistic, as easing inflation supports confidence, though global uncertainties and domestic challenges continue to pose risks.

Positions Update

Perenti Limited (ASX: PRN 12.50%)

During December, Perenti Limited (ASX:PRN) recorded a strong 12.50% rise in its share price, reflecting positive investor sentiment towards the company's operational performance and growth outlook, closing the month at \$1.40. As a leading mining services provider, Perenti has continued to benefit from strong demand in the resources sector, particularly in underground and surface mining. The company's disciplined capital allocation and strategic contract wins have supported its earnings growth, while ongoing efficiency improvements have helped mitigate cost pressures. Institutional confidence in Perenti remains strong, with notable shareholder backing. As global commodity markets stabilise and mining activity remains robust, Perenti is well-positioned to capitalise on industry tailwinds and deliver sustained growth into 2025.

Brambles Limited (ASX: BXB 1.10%)

During the month of December, Brambles Limited (ASX:BXB) saw a 1.10% increase in its share price closing the month at \$19.24, reflecting investor confidence in its robust operational performance and defensive business model. The company, a global leader in supply chain logistics through its CHEP-branded pallet pooling services, has continued to benefit from resilient demand across key markets. Despite broader economic challenges, Brambles has successfully navigated cost pressures by implementing pricing initiatives and operational efficiencies, contributing to margin expansion. Analysts remain optimistic about BXB's long-term prospects, indicating further potential upside. Strong cash flows, disciplined capital allocation, and ongoing investments in digital and automation initiatives further reinforce its competitive position. As supply chain stability improves and demand for pallet pooling services remains solid, Brambles is well-positioned for continued growth heading into 2025.

Car Group Limited (ASX: CAR -13.18%)

During the month of December, Car Group Limited (ASX:CAR) experienced moderate fluctuations in its share price, closing at \$36.03. The company continues to benefit from its dominant market position in online automotive classifieds, leveraging its strong brand presence across Australia and international markets. Despite broader economic uncertainty and softening consumer sentiment impacting vehicle sales, Car Group has demonstrated resilience through its diversified revenue streams, including strong growth in dealer and finance-related services. Analysts maintain a positive outlook on CAR, suggesting potential upside per the S&P Capital IQ. The company's continued investment in digital innovation, data analytics, and international expansion positions it well for long-term growth. As demand for online vehicle marketplaces remains strong and macroeconomic conditions stabilise, Car Group is well-placed to capitalise on emerging opportunities in 2025.

James Hardie Industries (ASX: JHX -10.92%)

During the month of December, James Hardie Industries (ASX:JHX) saw its share price fluctuate amid broader market movements, closing at \$50.07. The company has navigated a challenging macroeconomic environment, with ongoing pressures from rising interest rates and slowing housing construction activity in key markets, particularly the U.S. Despite this, James Hardie Industries continues to demonstrate resilience, supported by its strong pricing power and operational efficiencies. The company has maintained healthy margins through cost-cutting measures and strategic investments in high-growth segments, including its expansion in fibre cement products. Analysts remain optimistic about JHX's long-term prospects, with Morningstar valuing the stock at \$55, indicating potential upside. Additionally, James Hardie's robust balance sheet and disciplined capital management provide a solid foundation for future growth. As housing market conditions stabilise and renovation demand remains strong, JHX is well-positioned to capitalise on improving industry trends heading into 2025.

Performance Summary

Ticker	Name	Value	Weighting	Total Return	Contribution
MQG	Macquarie Group Ltd	28,657.64	5.49%	-4.09%	-0.22%
RUL	Rpmglobal Hldgs Ltd	26,938.08	5.16%	-2.24%	-0.12%
CSL	Csl Limited	23,424.26	4.49%	-0.23%	-0.01%
IDX	Integral Diagnostics	17,788.64	3.41%	-0.34%	-0.01%
BXB	Brambles Limited	16,251.62	3.11%	1.10%	0.03%
CAR	Car Group Limited	14,483.50	2.77%	-13.18%	-0.37%
PWH	Pwr Holdings Limited	14,222.24	2.72%	-8.92%	-0.24%
JHX	James Hardie Indust	14,164.92	2.71%	-10.92%	-0.30%
RMD	Resmed Inc	13,900.80	2.66%	-4.24%	-0.11%
NST	Northern Star	13,167.52	2.52%	-11.82%	-0.30%
WES	Wesfarmers Limited	13,073.06	2.50%	-0.42%	-0.01%
SUN	Suncorp Group Ltd	13,002.00	2.49%	-3.50%	-0.09%
QBE	Qbe Insurance Group	12,960.00	2.48%	-4.00%	-0.10%
PRN	Perenti Limited	12,830.28	2.46%	12.50%	0.31%
CWY	Cleanaway Waste Ltd	11,309.76	2.17%	-7.99%	-0.17%
QUB	Qube Holdings Ltd	10,009.70	1.92%	-0.25%	0.00%
BHP	Bhp Group Limited	9,128.25	1.75%	-2.51%	-0.04%
SHL	Sonic Healthcare	8,199.59	1.57%	-5.46%	-0.09%
JLG	Johns Lyng Group	7,921.10	1.52%	-10.53%	-0.16%
CLW	Chtr H Lwr	7,837.60	1.50%	-5.88%	-0.09%
INA	Ingenia Group	7,660.85	1.47%	-9.31%	-0.14%
DTL	Data#3 Limited	7,213.54	1.38%	-17.97%	-0.25%
APA	Apa Group	6,541.32	1.25%	0.44%	0.01%
SPK	Spark New Zealand	4,868.05	0.93%	1.51%	0.01%
MHJ	Michael Hill Int	4,520.08	0.87%	2.61%	0.02%
ELD	Elders Limited	4,268.92	0.82%	-5.08%	-0.04%
RIO	Rio Tinto Limited	4,256.64	0.82%	-0.66%	-0.01%
IPH	Iph Limited	3,524.90	0.68%	-0.40%	0.00%
IGO	Igo Limited	2,041.85	0.39%	-1.65%	-0.01%
CASH	CASH	188,004.97	36.00%	0.00%	0.00%
Total		522,171.68	100.00%		-2.49%

Performance Overview

	1 Month	3 Months	6 Months	1 Year	Since Inception p.a.*
SMIF	-2.49%	-1.15%	2.41%	5.43%	8.20%
All Ordinaries Accumulation Index	-3.20%	-1.38%	5.07%	7.55%	6.21%
Alpha	0.71%	0.23%	-2.66%	-2.12%	1.99%

* Return since fund inception on 19 November 2018

Sector Breakdown

Sectors	% Weight	% Return
Healthcare	12.12%	-1.82%
Materials	10.65%	-3.22%
Financials	10.46%	-3.93%
Industrials	9.39%	-3.26%
IT	6.54%	-5.57%
Communication Services	3.71%	-9.49%
Consumer Discretionary	3.59%	-6.14%
Consumer Staples	3.32%	-1.57%
Real Estate	2.97%	-7.57%
Utilities	1.25%	0.44%
Energy	0.00%	0.00%
Cash	36.00%	0.00%
Total	100%	-2.49%

Contributors to Returns

Top 5 Contributors (%)	
PRN	0.31
BXB	0.03
MHJ	0.02
SPX	0.01
APA	0.01
Top 5 Detractors (%)	
CAR	-0.37
NST	-0.30
JHX	-0.30
DTL	-0.25
PWH	-0.24

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Information on the Fund and Disclaimer

This update has been prepared by the student portfolio managers of the University of Queensland Business School Student Managed Investment Fund. The Fund was seeded by the University with \$200,000 in 2018 and the first investments were made in November 2018. The University of Queensland is the sole owner of the assets in the Fund and no fees are payable by the University for the management of the Fund. The Fund recognises the support of Morgans Brisbane as stockbroker to the Fund.

The information in this update is prepared primarily for educational purposes and to keep internal and external Fund stakeholders informed. Any views expressed in this update are the views of the student portfolio managers. The accuracy, reliability or completeness of data or information presented in this update is not guaranteed. The information is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to an investment.