

Student Managed Investment Fund May 2025 Update



May 2025 Fund Update

Dollar values are in AUD unless stated otherwise.

Fund Update

The SMIF portfolio recorded a return of 4.25% over the month of May 2025, outperforming the benchmark by 0.42% (ASX: XAO 3.83%). The S&P/ASX 200 saw a 3.80% increase in May 2025, driven by further cash rate cuts and a rollback of most of the tariffs that the United States and China imposed on each other in their trade war. The Fund saw positive contributions across all but one sector: Consumer Discretionary. Macquarie Group's strong performance (ASX: MQG 13.05%) was the largest contributor in the Fund, contributing 0.86%. While other strong contributors include Perenti Limited (ASX: PRN 15.38%), NextDC Limited (ASX: NXT 10.82%), Qbe Insurance Group (ASX: QBE 7.27%), and Chtr H Lwr (ASX: CLW 7.55%). Lining the bottom in terms of returns were Propel Funeral (ASX: PFP), James Hardie Indust (ASX: JHX), Rio Tinto Limited (ASX: RIO), PWR Holdings Limited (ASX: PWH), and CSL Limited (ASX: CSL) with returns of -13.32%, -4.22%, -3.79%, -2.34%, and -1.65% respectively.

Market Update

Global Markets

Global markets experienced a strong recovery in May as investors responded positively to de-escalation in U.S.-China trade tensions and monetary policy developments. The VIX declined sharply from its elevated April levels as volatility subsided following the announcement of tariff reductions, and the S&P 500 rallied approximately 5.61% marking its strongest monthly performance since late 2023 and breaking a three-month losing streak. The breakthrough came on May 8th when the U.S. and China agreed to substantially reduce tariffs, with the U.S. cutting tariffs on Chinese products to 30% and China reducing tariffs on American products to a 10% minimum for 90 days. The Federal Reserve held rates steady at 4.25%-4.50% at its May 6-7 meeting, maintaining its cautious stance amid persistent inflation concerns. Treasury yields remained relatively stable as markets continued to price in potential rate cuts later in 2025, with the U.S. 10-year yield hovering around 4.35%. European equities continued their strong performance, climbing 3.18% during May, benefiting from the improved global trade outlook. Chinese markets rebounded strongly on the tariff relief, helping drive the broader recovery in Asian equities, with the Nikkei 225 closing the month up 4.74%. Emerging markets also performed well, supported by a more stable global economic environment.

National

Australian equities experienced a strong rally in May, with the S&P/ASX 200 increasing by 3.80% with the Information Technology, Energy, and Communication Services sectors seeing the highest gains of 15.16%, 10.10%, and 4.65% respectively. The Reserve Bank of Australia (RBA) cut the cash rate by 25 basis points to 3.85% at its May 20 meeting, marking the second rate cut of 2025. The decision reflected easing inflationary pressures, with annual trimmed mean inflation falling to 2.9% - below 3% for the first time since 2021 - and headline inflation at 2.4%, comfortably within the RBA's 2-3% target band. The RBA considered a larger 50 basis point cut due to global trade uncertainty but opted for a measured approach to maintain policy predictability. Bond markets remained relatively stable as markets digested the rate cut and improved global trade outlook. As markets assess the trajectory of inflation, growth, and monetary policy in a post-tariff reduction environment, investors remain cautiously optimistic, balancing expectations for further rate cuts against ongoing global economic uncertainties.

Positions Update

Top 5 Contributors

Macquarie Group Ltd (ASX: MQG, 13.05%)

On May 9th, Macquarie Group announced their full-year FY25 results, with the strong performance underpinning the strong returns for the month. The results highlighted a ~5% increase in NPAT, a 2H25 increase in profit of ~30% and large final dividend announced. These strong results were also accompanied by ongoing rate cuts, with the surprise RBA rate cut on 20th May to 3.85%.

Perenti Limited (ASX: PRN, 15.38%)

Perenti Limited rose 15.38% following major contract wins, including a A\$500 million extension at Gold Fields' Agnew gold mine and an A\$1B Obuasi mining contract with AngloGold Ashanti. The strong momentum reflected growing demand for underground mining services amid elevated gold prices. This contributed 0.52% to the portfolio.

NextDC Limited (ASX: NXT, 10.82%)

NextDC gained 10.82% in May as contracted utilisation increased by 16MW (7%) to 244MW, driven by strong AI and cloud computing demand. Major contract wins included 10MW of capacity at its Kuala Lumpur data centre, representing 15% of planned capacity. These wins allowed NextDC's pro forma order book to reach a record level of 135MW. This contributed 0.49% to the portfolio.

Qbe Insurance Group (ASX: QBE, 7.27%)

QBE Insurance Group gained 7.27% in May 2025 following Standard & Poor's upgrade of QBE's operating entities to AA-, the highest rating the company has achieved from S&P. The insurer also benefited from the broader Financials sector rally as well as lower catastrophe losses and disciplined underwriting. This contributed 0.45% to the portfolio.

Chtr H Lwr (ASX: CLW, 7.55%)

Charter Hall Long WALE REIT rose 7.55%, benefiting from the RBA's 25 basis point rate cut to 3.85%, which reduced borrowing costs and improved property valuations. CLW's defensive characteristics, including its 9.3-year weighted average lease expiry and long-term government and corporate tenants, attracted investors seeking long-term investments amidst global trade uncertainty. This contributed 0.45% to the portfolio.

Top 5 Detractors

Propel Funeral Partners (ASX: PFP, -13.32%)

Propel Funeral Partners fell 13.32% in May 2025 amid investor concerns over its CEO succession, following Albin Kurti's retirement announcement after 14 years. The company also faced margin compression from rising operating costs and lower revenue per funeral at recently acquired homes. This resulted in a loss of 0.31% for the portfolio.

James Hardie Industries (ASX: JHX, -4.22%)

On the back of its recent controversial acquisition of AZEK, James Hardie Industries' share price continued to slide during May amid concerns of soft-end market demand. On May 20th, fourth quarter financial results were released revealing a 3% decrease in North American sales volume YoY and Net Income down 17%. These cautious earnings saw the share price fall approximately 5.25% on release.

Rio Tinto Limited (ASX: RIO, -3.79%)

Despite the US announcement of a 90-day pause on Chinese tariffs on 12th May, which boosted Chinese exposed mining stocks such as Rio Tinto, the share price still fell amid sector rotation. This decline extended on May 22nd as Jakob Stausholm, CEO, announced himself stepping down after in the year, ending his 7-year stint at the company where he was appointed CEO in January 2021.

Pwr Holdings Limited (ASX: PWH, -2.34%)

Besides the recently depressed share price from interim results in February indicating a 2.1% YoY revenue growth, institutional shareholder changes drove the decline in price. On 20th May, JPMorgan Chase & Co. sold approximately \$35.6m shares, worth approximately 5.58% of the total registry. Further, on the 29th of May, Fisher Funds Management Ltd. acquired \$39.1m of shares.

Csl Limited (ASX: CSL, -1.65%)

Csl Limited reported a small decline in the share price of -1.65% during the month of May, mainly due to ongoing industry trends, rather than company specific announcements. CSL continued to experience selling pressure, with a 14.7% YTD decline prior to May, resulting from decreased projected FY25 revenue figures and less aggressive earnings growth than prior periods.

Performance Summary

Ticker	Name	Value	Weighting	Total Return	Contribution
MQG	Macquarie Group Ltd	33,845.18	6.56%	13.05%	0.86%
QBE	Qbe Insurance Group	32,007.12	6.20%	7.27%	0.45%
SUN	Suncorp Group Ltd	30,924.37	5.99%	1.83%	0.11%
CLW	Chtr H Lwr	30,628.08	5.93%	7.55%	0.45%
ORG	Origin Energy	25,416.18	4.92%	1.69%	0.08%
NST	Northern Star	24,147.98	4.68%	9.38%	0.44%
NXT	NextDC Limited	23,414.46	4.54%	10.82%	0.49%
CAR	Car Group Limited	22,651.72	4.39%	6.75%	0.30%
PRN	Perenti Limited	17,462.03	3.38%	15.38%	0.52%
RMD	Resmed Inc	15,964.32	3.09%	3.61%	0.11%
SHL	Sonic Healthcare	15,495.27	3.00%	2.26%	0.07%
IDX	Integral Diagnostics	15,412.98	2.99%	0.00%	0.00%
INA	Ingenia Group	15,238.08	2.95%	3.06%	0.09%
CSL	Csl Limited	15,066.39	2.92%	-1.65%	-0.05%
BHP	Bhp Group Limited	14,994.00	2.91%	0.16%	0.00%
PWH	Pwr Holdings Limited	14,437.02	2.80%	-2.34%	-0.07%
JHX	James Hardie Indust	14,105.12	2.73%	-4.22%	-0.12%
WES	Wesfarmers Limited	13,947.36	2.70%	6.00%	0.16%
RIO	Rio Tinto Limited	13,857.18	2.68%	-3.79%	-0.10%
ELD	Elders Lintied	12,978.00	2.51%	-0.47%	-0.01%
PFP	Propel Funeral Partners	11,853.60	2.30%	-13.32%	-0.31%
JLG	Johns Lyng Group	11,689.20	2.26%	14.86%	0.34%
BXB	Brambles Limited	10,690.59	2.07%	13.01%	0.27%
QUB	Qube Holdings Ltd	10,629.68	2.06%	7.07%	0.15%
CWY	Cleanaway Waste Ltd	10,391.38	2.01%	8.08%	0.16%
RUL	Rpmglobal Hldgs Ltd	7,681.14	1.49%	11.64%	0.17%
DTL	Data#3 Limited	6,360.08	1.23%	2.06%	0.03%
CASH	CASH	44,826.58	8.69%	0.00%	0.00%
Total		516,115.09	100.0%		4.25%

Performance Overview

	1 Month	3 Months	6 Months	1 Year	Since Inception p.a.*
SMIF	4.25%	2.71%	0.26%	4.83%	8.21%
All Ordinaries Accumulation Index	3.83%	3.05%	-0.45%	9.68%	6.26%
Alpha	0.42%	-0.34%	-0.71%	-4.85%	1.95%

* Return since fund inception on 19 November 2018

Sector Breakdown

	% Weight	% Return
Communication Services	4.39%	6.75%
Consumer Discretionary	5.09%	-7.61%
Consumer Staples	5.22%	2.78%
Financials	18.75%	7.40%
Healthcare	12.00%	1.06%
Industrials	8.41%	10.78%
IT	7.26%	9.39%
Materials	16.39%	4.01%
Real Estate	8.89%	2.27%
Utilities	4.92%	1.69%
Cash	8.69%	0.00%
Total	100%	4.25%

Contributors to Returns

Top 5 Contributors (%)	
MQG	0.86%
PRN	0.52%
NXT	0.49%
QBE	0.45%
CLW	0.45%
Top 5 Detractors (%)	
PFP	-0.31%
JHX	-0.12%
RIO	-0.10%
PWH	-0.07%
CSL	-0.05%

Portfolio Management Team

<i>Name</i>	<i>Current Enrolment and Contact</i>
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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.