

Student Managed Investment Fund June 2025 Update



June 2025 Fund Update

Dollar values are in AUD unless stated otherwise.

Fund Update

In June, SMIF saw a monthly return of 2.10%, outperforming the ASX All-Ordinaries Index benchmark which recorded a return of 1.30%. The strong overall performance can be largely attributed to gains in sectors such as industrials, communication services, and financials. Additionally, expectations of further rate cuts, and a strong recovery from April's "Liberation Day" tariffs bolstered confidence throughout the month.

The portfolio's worst performers included BHP (3.92%), Ingenia Group (4.37%), Rio Tinto (4.91%), and Northern Star (11.58%). Conversely, the fund's top performers included Johns Lyng Group +24.31%, James Hardie +17.66%, NextDC +10.60% and Macquarie +6.78%. Industrials and communication services saw the strongest returns of +5.76% and +5.23% respectively. Real Estate (2.04%) and Utilities (0.28%) were the worst performing.

Market Update

Global Markets

In June, global equity markets delivered broadly positive returns as investor sentiment was buoyed by a continued recovery in risk assets following April's tariff-driven volatility, resilient labour market data, and easing inflation concerns. The MSCI World ex-Australia index rose approximately 3.9% for the month, while emerging markets significantly outperformed with the MSCI Emerging Markets index gaining around 6.1%, driven by strong inflows and standout gains in Eastern European and Asian markets, particularly South Korea, which surged on the back of its technology heavyweights. The U.S. S&P 500 advanced roughly 4.53%, reaching a fresh all-time high of 6,205 on the final day of the month, led by Information Technology (8.76%) and Communication Services (+6.47%), as tariff fears continued to ease and corporate earnings remained resilient. European equities also posted gains, with developed market international equities (MSCI EAFE) rising around +2.37%, supported by financials and defensive sectors. Japanese shares also recorded strong returns throughout the month with the Nikkei 225 up approximately 8.05%. Fixed income markets proved supportive for once, with U.S. Treasury yields falling across the curve, 2-year Treasuries dropped 16 basis points to 3.78% and 30-year Treasuries fell 21 basis points to 4.78%, contributing to positive returns across investment-grade, high-yield, and mortgage-backed securities. Overall, continued recovery from Liberation Day tariff shocks, solid employment figures, subdued inflation readings, and broad capital inflows into risk assets underpinned the upbeat global market trend throughout June 2025.

National

Australian equities performed well in June with the S&P/ASX 200 up approximately 1.5%, as the index closed the financial year at 8,542, capping off a ~9.9% gain for FY25. Financials were the standout sector, led by the major banks with Commonwealth Bank continuing its remarkable run, while information technology also posted solid gains supported by AI-driven optimism and robust earnings. Healthcare and energy lagged over the period, with the Healthcare Index facing regulatory pressures and global pricing headwinds, and the Energy Index weighed down by softness in Woodside Energy and declining crude prices. Australian bonds delivered a positive contribution over the month, supported by easing domestic inflation and market expectations of further RBA rate cuts following the central bank's first two reductions of the year. Commodity markets were mixed, with gold performing strongly and providing a tailwind for select materials stocks, while lithium and iron ore prices remained under pressure, dampening sentiment in parts of the resources sector. Overall, the broad recovery from April's "Liberation Day" tariff shock, continued RBA easing expectations, and the heavyweight contribution from financials and technology underpinned the local market's strong finish to the 2024/25 financial year throughout June 2025.

Positions Update

Top 5 Contributors

Johns Lyng Group (ASX: JLG, +24.31%)

Johns Lyng's sharp outperformance in June was primarily driven by a major corporate-control development: on 11 June, JLG confirmed it had received a conditional and non-binding takeover proposal from Pacific Equity Partners (PEP) after a period of exclusive due diligence that had commenced on 29 May. The market reacted strongly to the \$1.3b takeover bid from its private equity suitor, with the share price surging approximately 15% on the day. The prospect of a binding agreement to follow, combined with the involvement of a credible and well-resourced private equity bidder, supported strong takeover-arbitrage buying interest and underpinned the stock's gain throughout the month.

James Hardie Industries (ASX: JHX, +17.66%)

James Hardie's strong outperformance in June was primarily driven by a recovery from the steep sell-off that had followed the company's controversial US\$8.75 billion acquisition of The AZEK Company, announced in March 2025. As the AZEK transaction advanced toward its eventual close on 1 July and U.S. tariff fears eased materially through the month, investor sentiment toward JHX improved considerably. The market began looking through near-term governance concerns and increasingly priced in the strategic merits of the combined business, including an expanded total addressable market and greater exposure to the U.S. repair and remodel segment, supporting a sharp share price recovery throughout June 2025.

NextDC (ASX: NXT, +10.60%)

NextDC's strong outperformance in June was driven by a series of significant announcements reinforcing the company's position as Australia's leading AI infrastructure provider. On 12 June, NextDC committed A\$2 billion to build an AI Factory and Technology Campus at Fishermans Bend in Melbourne, signalling the scale of its long-term AI infrastructure ambitions. This was further bolstered on 23 June by the announcement of A\$2.2 billion in new senior debt facilities, lifting total available debt to A\$5.1 billion and strengthening the company's balance sheet to fund its accelerating capital expenditure program, supporting a re-rating of the stock throughout June 2025.

Macquarie Group Ltd (ASX: MQG, +6.78%)

Macquarie's solid outperformance in June was primarily driven by continued positive momentum following the company's strong FY25 full-year results, announced in May 2025, which revealed a 5% increase in net profit after tax to \$3.715 billion, underpinned by a standout 33% rise in Macquarie Asset Management earnings. As broader ASX financials continued to re-rate higher through June on the back of RBA rate cut expectations and improved investor sentiment, MQG benefited from renewed institutional buying interest, with the market increasingly pricing in a stronger FY26 earnings recovery and the ongoing deployment of Macquarie's \$9.5 billion capital surplus across infrastructure, renewable energy, and private credit.

Suncorp Group Ltd (ASX: SUN, +4.75%)

Suncorp's solid outperformance in June was primarily driven by a broad re-rating of ASX financial and insurance stocks, as growing expectations of further RBA rate cuts and improving domestic economic sentiment boosted investor appetite for yield-oriented financials. As a newly simplified pure-play general insurer, following the completion of its Suncorp Bank sale to ANZ in July 2024, the market increasingly recognised Suncorp's cleaner earnings profile, with investors anticipating a strong full-year result underpinned by premium rate increases, lower reinsurance costs, and natural hazard claims tracking below allowance. This positive earnings momentum, combined with the broader ASX financials rally throughout June 2025, supported renewed buying interest in the stock.

Top 5 Detractors

Northern Star Resources (ASX: NST, -11.58%)

Northern Star's underperformance in June was primarily driven by a sustained correction in the gold price, which had pulled back approximately 11% from its April 2025 peak and was trading in a relatively narrow range of US\$3,303–\$3,432 per ounce through the period, dampening sentiment across ASX gold miners broadly. Compounding this, the May completion of Northern Star's A\$5 billion all-scrip acquisition of De Grey Mining introduced meaningful share count dilution and persistent overhead supply, as former De Grey shareholders, including Gold Road Resources with a ~4.5% stake in the enlarged entity, were widely expected to sell down their newly received Northern Star shares throughout June 2025.

Rio Tinto Limited (ASX: RIO, -4.91%)

Rio Tinto's underperformance in June was primarily driven by severe weakness in its core iron ore business, as Chinese crude steel output fell by a decade-high ~9.2% year-on-year during the month, while new real estate starts, the largest driver of steel demand, declined by over 20%. As the world's largest iron ore producer, Rio Tinto is acutely exposed to Chinese steel sector conditions, and the combination of collapsing domestic construction activity, persistent property sector weakness, and rising global iron ore supply weighed heavily on commodity prices and investor sentiment toward the stock throughout June 2025.

Ingenia Communities Group (ASX: INA, -4.37%)

Ingenia Communities' underperformance in June was primarily driven by sector rotation within the broader A-REIT space, as investor capital flowed toward retail and diversified REITs at the expense of residential and lifestyle-focused trusts. While the broader A-REIT index recovered strongly through the June quarter, Ingenia lagged as the stock had already re-rated meaningfully earlier in the financial year following its January 2025 earnings guidance upgrade, and with no new company-specific catalysts to support further gains, the stock drifted lower against an otherwise positive backdrop for the listed property sector throughout June 2025.

BHP Group Limited (ASX: BHP, -3.92%)

BHP's underperformance in June was driven by simultaneous headwinds across its two largest earnings contributors: iron ore and copper. Iron ore sentiment was weighed down by a decade-high ~9.2% year-on-year decline in Chinese crude steel output and a 20% drop in new real estate starts, while copper prices pulled back sharply after the U.S. announced that refined copper would be exempted from Section 232 tariffs, collapsing the significant COMEX premium that had been building throughout 2025 as traders front-loaded stockpiles. Together, these commodity price headwinds weighed heavily on BHP's earnings outlook throughout June 2025.

CSL Limited (ASX: CSL, -3.04%)

CSL's underperformance in June was primarily driven by sustained sector-wide pressure on global biopharmaceutical stocks following President Trump's 12 May executive order directing the implementation of "Most Favoured Nation" drug pricing, a policy that would require pharmaceutical manufacturers to offer U.S. patients the lowest price available in any comparable developed nation. With the substantial majority of its revenues derived from the U.S. market, CSL was particularly exposed to the earnings uncertainty created by the policy, prompting investors to reassess the long-term pricing power of its plasma, vaccine, and nephrology portfolios.

Performance Summary

Ticker	Name	Value	Weighting	Total Return	Contribution
BHP	Bhp Group Limited	14,406.00	2.74%	(3.92%)	(0.11%)
JHX	James Hardie Indust	16,596.60	3.15%	17.66%	0.56%
NST	Northern Star	21,351.05	4.06%	(11.58%)	(0.47%)
PRN	Perenti Limited	17,960.94	3.41%	2.86%	0.10%
RIO	Rio Tinto Limited	13,176.99	2.50%	(4.91%)	(0.12%)
BXB	Brambles Limited	10,796.62	2.05%	0.99%	0.02%
CWY	Cleanaway Waste Ltd	10,058.56	1.91%	(3.20%)	(0.06%)
JLG	Johns Lyng Group	14,531.28	2.76%	24.31%	0.67%
QUB	Qube Holdings Ltd	10,729.96	2.04%	0.94%	0.02%
CAR	Car Group Limited	23,836.54	4.53%	5.23%	0.24%
CLW	Chtr H Lwr	30,257.28	5.75%	0.30%	0.02%
INA	Ingenia Group	14,572.08	2.77%	(4.37%)	(0.12%)
CSL	Csl Limited	14,608.28	2.78%	(3.04%)	(0.08%)
IDX	Integral Diagnostics	16,177.26	3.08%	4.96%	0.15%
RMD	Resmed Inc	16,566.35	3.15%	3.77%	0.12%
SHL	Sonic Healthcare	15,564.99	2.96%	0.45%	0.01%
DTL	Data#3 Limited	6,514.16	1.24%	2.42%	0.03%
NXT	Nextdc Limited	25,897.00	4.92%	10.60%	0.52%
RUL	Rpmglobal Hldgs Ltd	7,280.82	1.38%	(5.21%)	(0.07%)
ELD	Elders Limited	12,978.00	2.47%	3.47%	0.09%
WES	Wesfarmers Limited	14,238.00	2.71%	2.08%	0.06%
MQG	Macquarie Group Ltd	36,139.34	6.87%	6.78%	0.47%
QBE	Qbe Insurance Group	32,324.98	6.14%	0.99%	0.06%
SUN	Suncorp Group Ltd	32,393.39	6.16%	4.75%	0.29%
ORG	Origin Energy	25,345.71	4.82%	(0.28%)	(0.01%)
PFP	Propel Funeral	11,959.20	2.27%	0.89%	0.02%
PWH	Pwr Holdings Limited	14,954.94	2.84%	3.59%	0.10%
CASH	CASH	44,826.58	8.52%	0.00%	0.00%
Total		526,042.90	100.0%		2.49%

Performance Overview

	1 Month	3 Months	6 Months	1 Year	Since Inception p.a.*
SMIF	2.10%	8.63%	6.28%	8.92%	15.01%
All Ordinaries Accumulation Index	1.30%	8.94%	4.19%	9.47%	6.39%
Alpha	0.80%	(0.31%)	2.09%	(0.55%)	8.62%

* Return since fund inception on 19 November 2018

Sector Breakdown

	% Weight	% Return
Materials	15.87%	0.02%
Industrials	8.77%	5.76%
Communication Services	4.53%	5.23%
Real Estate	8.52%	(2.04%)
Healthcare	11.96%	1.54%
IT	7.55%	2.60%
Consumer Staples	5.17%	2.78%
Financials	19.17%	4.17%
Utilities	4.82%	(0.28%)
Consumer Discretionary	5.12%	2.24%

Contributors to Returns

Top 5 Contributors (%)	
JLG	0.67%
JHX	0.56%
NXT	0.52%
MQG	0.47%
SUN	0.29%
Top 5 Detractors (%)	
NST	(0.47%)
RIO	(0.12%)
INA	(0.12%)
BHP	(0.11%)
CSL	(0.08%)

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.

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