

# Student Managed Investment Fund August 2025 Update



# August 2025 Fund Update

*Dollar values are in AUD unless stated otherwise.*

## Fund Update

In August, the SMIF portfolio saw a positive monthly return of 4.50%, outperforming the ASX All-Ordinaries Index benchmark (2.71%) with an alpha of 1.79%. The market's performance can be attributed to continued cash rate cuts by the Reserve Bank to 3.60%, signals from the Fed Chair, Jerome Powell, that rate cuts may be on the way, and a strong reporting season with companies meeting analyst' expectations.

The portfolio's best performers for the month to 31 August include Perenti Limited (34.47%), Northern Star (21.32%), Nextdc Limited (13.71%), Charter Hall Long WALE REIT (10.12%), and Origin Energy (10.71%). At the opposite end, the biggest laggards for the month include James Hardie (-24.55%), CSL Limited (-21.41%), Sonic Healthcare (-12.89%), QBE Insurance Group (-5.20%), and QUBE Holdings (-3.89%). This aligns with continued interest in AI investment and infrastructure and a rise in the price of gold and other minerals, causing two of the largest sector contributors of the fund to be Information Technology (15.91%) and Materials (9.50%).

## Market Update

### Global Markets

Global markets posted modest gains in August 2025 amid mixed signals from economic data and central bank policy. The S&P 500 gained 3.56% and closed at a record 6,460.26 on 29 August, marking its fourth consecutive monthly advance, though volatility remained elevated as investors balanced optimism about rate cuts against persistent inflation concerns. Nearly 81% of S&P 500 companies reported actual revenues above estimates, which is above the five-year average of 61%. Investors are expecting a reduction in the Fed funds rate, boosting market sentiment and outlook. The July U.S. labour market report released on August 1 showing nonfarm payroll growth for July was well below expectations, rising by only +73,000 compared to a consensus of +115,000, raising concerns about economic momentum. Treasury yields remained elevated, with the U.S. 10-year yield hovering around 4.25%. European markets faced headwinds from softer PMI data and weakness in Germany's manufacturing sector. Emerging markets outperformed, buoyed by renewed hedge-fund buying, especially in Chinese equities, while India and Mexico showed resilience to U.S. tariff pressures. The late-month pullback in technology stocks highlighted fragility beneath the surface despite record market highs.

### National

Australian equities reached record highs in August 2025, with the S&P/ASX 200 crossing the 9,000-point threshold for the first time and rising 3.59% to end at 8,973.10. This strong performance occurred amid the August reporting season, where companies released their Full Year 2025 results. The Reserve Bank of Australia cut the cash rate by 25 basis points to 3.60% at its August 12 meeting, marking the third rate cut of 2025 following reductions in February and May. The RBA cited that "inflation has fallen substantially since the peak in 2022", providing further relief to borrowers and supporting market sentiment. Consumer sentiment rose 5.8% to 98.5 in August, with all internal indices rising in tandem following the RBA's rate cut. Bond markets saw yields rise slightly, with the 10-year benchmark bond yield finishing August down 3 basis points at 4.30%. Despite stretched valuations, with the ASX currently trading at a P/E ratio of 23.29x, well above the historical average of 14x – 16x, investors remained optimistic, buoyed by the RBA's easing cycle and signals from the U.S. Federal Reserve that rate cuts were approaching.

## Positions Update

### Top 5 Contributors

#### Perenti Limited (ASX: PRN, 34.47%)

Perenti Limited rose following the announcement of record FY25 results on August 25th, with strong financial performance underpinning the positive returns for the month. This came amidst an already strong month from the broader market and a rise in the price of gold. The results highlighted record revenue of A\$3.49 billion, record EBITDA and EBIT(A), and an increased final dividend of 4.25 cents per share (bringing total FY25 dividends to 7.25 cents per share, up 21% from FY24). These strong results were accompanied by record free cash flow, demonstrating the company's strengthened EBIT(A) margin and commitment to financial discipline across the business.

#### Northern Star (ASX: NST, 21.32%)

Northern Star Resources rose following the announcement of record FY25 results on August 21st, with strong financial performance underpinning positive returns for the month. The results highlighted record revenue of A\$6.41 billion (up ~30%), underlying EBITDA of A\$3.5 billion (up ~60%), and a fully franked final dividend of 30 cents per share. These strong results were driven by elevated gold prices, with Northern Star achieving an average realised gold price of A\$3,922 per ounce (up ~29% from FY24).

#### Nextdc Limited (ASX: NXT, 13.71%)

NEXTDC rose following two major announcements in August, with strong financial performance and strategic funding underpinning positive returns for the month. On August 14th, the company announced A\$3.5 billion in new senior debt facilities to accelerate data centre expansion for AI infrastructure. This was followed by record FY25 results on August 28th, which highlighted net revenue growth of 14% to A\$350.2 million, underlying EBITDA growth of 6% to A\$216.7 million, and a record forward order book of 133.9MW, reflecting surging demand for AI and hyperscale workloads.

#### Charter Hall Long WALE REIT (ASX: CLW, 10.12%)

Charter Hall Long WALE REIT rose following the announcement of FY25 results on August 6th, with solid operational performance underpinning positive returns for the month. The results highlighted a return to profitability with a full-year profit of \$118.3 million, operating earnings of \$178.6 million, and distributions of 25 cents per security representing a 6.1% yield. These results demonstrated the company's successful navigation of the interest rate cycle, supported by 99.8% occupancy, a 9.7-year weighted average lease expiry, and ongoing rate cuts providing a favourable backdrop for the sector.

#### Origin Energy (ASX: ORG, 10.71%)

Origin Energy rose following the announcement of FY25 results on August 14th, with solid financial performance underpinning positive returns for the month. The results highlighted statutory profit of \$1,481 million, underlying profit of \$1,490 million (up \$307 million), and a fully franked final dividend of 30 cents per share, bringing total FY25 dividends to 60 cents per share (up from 55 cents in FY24). These strong results were driven by higher earnings from Integrated Gas relating to LNG trading, which offset lower earnings from Energy Markets.

## Top 5 Detractors

### James Hardie Industries (ASX: JHX, -24.55%)

James Hardie fell sharply following disappointing Q1 FY26 results on August 19th, with weaker-than-expected financial performance weighing heavily on the stock. The results highlighted a 60% decline in net income to US\$62.6 million and significantly downgraded FY26 guidance falling 21% below consensus at the midpoint. These disappointing results were driven by challenging demand conditions in North American repair & remodel and new construction markets, with homeowners deferring projects and affordability issues constraining housing starts.

### CSL Limited (ASX: CSL, -21.41%)

August was a difficult month for CSL with the announcement of FY25 results on August 19th, indicating a disappointing guidance and major restructuring plans. The results highlighted revenue growth of only 5% to \$15.56 billion, lower-than-expected FY26 revenue guidance of 4-5%, and announcement of significant restructuring including closure of 22 underperforming US plasma centres and reduction of net headcount by up to 15%.

### Sonic Healthcare (ASX: SHL, -12.89%)

Sonic Healthcare released their FY25 results on August 21st, with lower-than-expected earnings and disappointing guidance weighing heavily on the stock. The results highlighted revenue of \$9.6 billion and EBITDA of \$1.73 billion (below consensus estimates of \$1.76 billion), while FY26 EBITDA guidance of \$1.87-\$1.95 billion fell below market estimates of \$1.98 billion. These disappointing results were driven by contract losses in Alabama, cyber disruption, rising interest expenses, and ongoing cost pressures in a largely frozen price environment.

### QBE Insurance Group (ASX: QBE, -5.20%)

QBE released their 1H25 results on August 8th, with the share price falling nearly 8% despite strong financial performance. The results highlighted statutory net profit of \$1.02 billion (up from \$802 million in 1H24), adjusted net profit of \$997 million, and gross written premium growth of 6% to \$13.8 billion. However, markets focused on concerns around moderating premium rate increases (averaging 1.5% for the nine-month period) and increasing competition that could lower future rate increases, overshadowing the company's improved combined operating ratio of 92.8% and strong return on equity of 19.2%.

### Qube Holdings Limited (ASX: QUB, -3.89%)

August was a difficult month for Qube Holdings with the announcement of FY25 results on August 21st, indicating disappointing statutory profit despite strong underlying performance. The results highlighted statutory NPAT of only \$51.0 million (down 77.0% from FY24) and statutory NPATA of \$66.9 million (down 71.6%), impacted by a \$127.6 million impairment of Qube's investment in MITCo due to the ongoing poor financial performance of the MLP Interstate Rail Terminal.

## Performance Summary

Ticker	Name	Value	Weighting	Total Return	Contribution
MQG	Macquarie Group Ltd	35,575.28	6.34%	3.58%	0.23%
CLW	Chtr H Lwr	33,891.12	6.04%	10.12%	0.61%
SUN	Suncorp Group Ltd	31,898.72	5.68%	4.87%	0.28%
ORG	Origin Energy	30,349.08	5.41%	10.71%	0.58%
QBE	Qbe Insurance Group	29,920.30	5.33%	-5.20%	-0.28%
NXT	Nextdc Limited	29,469.00	5.25%	13.71%	0.72%
PRN	Perenti Limited	26,165.32	4.66%	34.47%	1.61%
CAR	Car Group Limited	25,760.28	4.59%	5.92%	0.27%
NST	Northern Star	21,742.39	3.87%	21.32%	0.83%
IDX	Integral Diagnostics	18,533.79	3.30%	11.13%	0.37%
JLG	Johns Lyng Group	17,877.60	3.19%	0.00%	0.00%
RMD	Resmed Inc	17,715.68	3.16%	-0.65%	-0.02%
BHP	Bhp Group Limited	16,930.48	3.02%	10.04%	0.30%
PWH	Pwr Holdings Limited	16,789.24	2.99%	-0.64%	-0.02%
INA	Ingenia Group	15,717.60	2.80%	13.00%	0.36%
WES	Wesfarmers Limited	15,424.08	2.75%	7.07%	0.19%
ELD	Elders Limited	15,326.40	2.73%	2.62%	0.07%
RIO	Rio Tinto Limited	14,202.81	2.53%	6.21%	0.16%
SHL	Sonic Healthcare	13,973.05	2.49%	-12.89%	-0.32%
PFP	Propel Funeral	13,675.20	2.44%	11.40%	0.28%
CSL	Csl Limited	12,986.29	2.31%	-21.41%	-0.50%
JHX	James Hardie Indust	12,405.66	2.21%	-24.55%	-0.54%
BXB	Brambles Limited	11,962.95	2.13%	8.53%	0.18%
QUB	Qube Holdings Ltd	10,529.40	1.88%	-3.89%	-0.07%
CWY	Cleanaway Waste Ltd	10,280.44	1.83%	-3.47%	-0.06%
RUL	Rpmglobal Hldgs Ltd	9,432.54	1.68%	11.87%	0.20%
DTL	Data#3 Limited	7,883.76	1.40%	22.15%	0.31%
CASH	CASH	44,826.58	7.99%	0.00%	0.00%
<b>Total</b>		<b>561,245.04</b>	<b>100.0%</b>		<b>4.25%</b>

## Performance Overview

	1 Month	3 Months	6 Months	1 Year	Since Inception p.a.*
SMIF	4.50%	9.39%	12.94%	14.74%	17.11%
All Ordinaries Accumulation Index	2.71%	6.73%	8.66%	11.14%	7.05%
Alpha	1.79%	2.66%	4.28%	3.60%	10.06%

\* Return since fund inception on 19 November 2018

## Sector Breakdown

	% Weight	% Return
Communication Services	4.59%	5.92%
Consumer Discretionary	5.43%	5.38%
Consumer Staples	5.48%	4.85%
Financials	17.35%	1.08%
Healthcare	11.26%	-5.96%
Industrials	9.02%	0.29%
IT	8.34%	15.91%
Materials	16.29%	9.50%
Real Estate	8.84%	11.56%
Utilities	5.41%	10.71%
Cash	7.99%	0.00%
<b>Total</b>	<b>100%</b>	<b>4.25%</b>

## Contributors to Returns

Top 5 Contributors (%)	
PRN	1.61%
NST	0.83%
NXT	0.72%
CLW	0.61%
ORG	0.58%
Top 5 Detractors (%)	
JHX	-0.54%
CSL	-0.50%
SHL	-0.32%
QBE	-0.28%
QUB	-0.07%

## 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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