

# Student Managed Investment Fund February 2026 Update



# February 2026 Fund Update

*Dollar values are in AUD unless stated otherwise.*

## Fund Update

February saw the ASX All-Ordinaries Index (ASX: XAO) record a monthly return of +2.95%, recovering from sell-offs in Week 1 of the Australian reporting season. Investors reassessed company outlooks in the context of sticky inflation and a tightening rate environment, with debt markets pricing in the possibility of further RBA rate hikes to the mid-year. Nevertheless, equities were supported by selective earnings resilience across key sectors of the market.

Against this backdrop, SMIF delivered a monthly return of -0.44% in February, underperforming the benchmark by -3.39%. Weaknesses in Healthcare (-5.86%), IT (-3.09%) and Real Estate (-3.28%) weighed heavily on portfolio successes in Industrials (+4.29%), Utilities (+2.97%) and Materials (+1.63%).

From an individual holdings perspective, the portfolio's best performers were BHP Group (+15.50%), Brambles (+11.96%), Rio Tinto (+10.41%) and QBE Insurance Group (+10.08%). The largest detractors were Data#3 (-28.73%), CSL (-19.10%), Perenti (-16.37%) and Suncorp Group (-12.51%).

## Market Update

### Global Markets

Global equities performed well during the month (MSCI World +1.41%), despite continued pessimism surrounding rapid AI developments and revisions to US protectionist trade policy.

In the US, large-cap equities in the S&P 500 sagged 0.9% relative to January-end, driven by aggressive repricing in SaaS and insurance stocks. Investors were increasingly sceptical of technology firms' ability to service large CapEx undertakings, while newly released AI plug-ins and Anthropic's updated model threatened to disintermediate certain industry incumbents. Fears spilled into the financial sector due to the concentration of many private market investments in software companies. Simultaneously, lingering concerns over delayed private equity exits and private credit exposure - following the collapse of Market Financial Solutions - contributed to a resumed drawdown in six alternative asset managers, which are now down 43.1% from their all-time highs. The small-cap-centralised Russell 2000 index (+0.7%) bested the larger-cap benchmarks for the second consecutive month (Dow Jones +0.2%).

European equities advanced, with the MSCI Europe index climbing +3.92% to mark its eighth straight month of gains, supported by stronger-than-expected corporate updates. Emerging markets delivered a very strong performance, rising 5.49%. This was partly attributable to a +10.45% rally in Taiwan's TAIEX index, reflecting enduring semiconductor demand.

### National

Australian equities recorded their best February since 2019, producing a +3.72% rise in the S&P/ASX 200. Rate-sensitive sectors – Information Technology (-9.10%), Consumer Discretionary (-5.85%) and Real Estate (-3.56%) – weathered the majority of the sell-off as the RBA board unanimously voted to raise the cash rate 25bps to 3.85%. Australian 3-year yields, the rate expectations barometer, rose to their highest levels since 2023, closing out February at 4.266%: with headline inflation steady at 3.8%, debt markets expect further rate hikes as early as the March meeting. Investors' flight to safety away from market uncertainty put downward pressure on Australian 10-year yields, dropping 8.4bps to 4.715% at February 25<sup>th</sup>. Financials (+9.22%) and Materials (+9.06%) led the gains, with defensives, Consumer Staples (+6.14%) and Utilities (+4.54%), not far behind. Oil prices were volatile throughout the month amidst US-Iran tensions, dropping to as low as US\$66.3/b, though rounding out at US\$72.5/b for a 2.5% rise. The S&P GSCI Gold closed February up +10%.

## Positions Update

### Top 5 Contributors

#### BHP Group Ltd. (ASX: BHP, +15.50%)

BHP reported pleasing HY26 results as resources revenue grew 11% to US\$27.9bn, underlying EBITDA jumped +25% to US\$15.5bn – of which the copper division contributed 51% (US\$8bn) – and net profit climbed 28% to US\$5.6bn. Investors maintain a positive outlook for CY26 as China's transport and machinery manufacturing offset housing sector and infrastructure investment moderation, and India's copper and steel demand grows strongly. Earnings composition shifts toward copper was viewed favourably as the energy transition and digitisation continue to shape demand patterns.

#### Brambles Ltd. (ASX: BXB, +11.96%)

Brambles offset subdued consumer demand in the key markets of the US and Europe via significant net new customer growth, lifting sales revenue 2% (FX constant). Free cash flow before dividends was upgraded to US\$950-1,100M from US\$850-950M, inspiring positive sentiment. Management believes operation discipline/efficiencies will provide resilience against any further quelled consumer demand throughout 2026. Their Serialisation+ technology program, targeting bolstered efficiency and supply visibility, has had notable uptake in Chile, with pilot programs in the US and UK ongoing.

#### Rio Tinto Ltd. (ASX: RIO, +10.41%)

The collapse of Rio Tinto-Glencore merger discussions, which would have created a \$300bn mining giant, pushed the share price down 1.41% on February 5<sup>th</sup>. Glencore's proposed 60-40 split was considered too high a premium for Rio shareholders to pay, despite the ten copper growth projects in Glencore's pipeline. While Rio reported flat underlying earnings and missed consensus, stronger copper performance – driven by the ramp-up at the Oyu Tolgoi mine – offset weaker iron ore prices. Investors viewed the growing contribution from copper favourably amid structural demand from AI infrastructure and the energy transition.

#### QBE Insurance Group Ltd. (ASX: QBE, +10.08%)

QBE's February move was driven by strong FY25 earnings and underwriting performance. The insurer reported a 21% increase in net profit to US\$2.16bn. Targeted organic growth across several classes towards higher return areas in North America and International markets pushed gross written premium above guidance to 7%. As market sentiment waxed and waned, investors sought comfort in the non-cyclical and defensive nature of insurance.

#### PWR Holdings Ltd. (ASX: PWR, +7.73%)

Investors rallied behind PWR Holdings in the final week of February as Motorsports category revenue increased 40%, and Aerospace and Defence delivered 31% growth in HY26. The cooling technology company reported a 27.8% rise in total revenue. A 38.6% rise in NPAT enabled the board to lift PWR's fully franked interim dividend by 50%, signalling management confidence in sustained profitability growth.

## Top 5 Detractors

### Data#3 Ltd. (ASX: DTL, -28.73%)

Investor enthusiasm was tempered by structural margin pressure in Data#3's Software Solutions business, where gross margin on sales declined to 9%. Gross profit in the segment fell 4.6% and profit 9.4% following Microsoft's FY26 restructuring of its partner incentive programs, which reduced Azure rebates for regular consumption from 4% to 3%, and for reservations and savings plans from 10% to 3%. Management expects second-half earnings to pick up to FY25 levels with mitigation strategies and automation initiatives in place. Project Services gross sales fell -13.2% to \$36.7M, as QLD and VIC clients delayed larger projects. Customers reprioritising IT budget spend lowered People Solutions sales 4.8%.

### CSL Ltd. (ASX: CSL, -19.10%)

Shares sunk to an eight-year low on an 81% drop in first-half NPAT to \$401M in HY26, a day after the exit of CEO Paul McKenzie. Investors' faith in CSL's leadership continues to disintegrate off the back of protests surrounding remuneration at CSL's AGM late last year. Shareholders, however, welcomed interim CEO Gordon Naylor, credited with leading the creation of Seqirus. Results were further weighed down by \$1.1bn in impairments, reflecting reduced expected cash flows from the sa-mRNA vaccine platform amid US regulatory requirements and slashed Health Department funding, and reduced COVID burden. Additional write-downs were driven by generic competition eroding VENOFR profitability, and redundant manufacturing assets, signalling weaker long-term revenue potential from these assets.

### Perenti Ltd. (ASX: PRN, -16.37%)

Despite recording record HY26 EBITA of \$160M, Perenti shares fell as investors fixated on macro and transition risks. Concerns centred on currency headwinds from an appreciating AUD, which may pressure translated earnings from its significant international operations. The portfolio transition in Contract Mining, as legacy projects wind down and new contracts ramp up, warranted investor caution. Normalised free cash flow fell 8% from the prior period, attributed to debtor receipt collection. Nevertheless, analysts expect a favourable gold environment driven by geopolitical uncertainty, from which Perenti derives 76% of its revenue.

### Suncorp Group Ltd. (ASX: SUN, -12.51%)

Profit plunged 76% to \$263M as the insurer faced nine declared natural hazard events, generating over 71,000 claims at a net cost of \$1.3bn. This exceeded the half-year allowance by \$453M. Resultantly, the Consumer Insurance portfolio swung to a trading loss of \$137M, compared with a previous \$509M profit. Mark-to-market losses, attributable to higher bond yields, depressed investment income, overshadowing modest premium growth for investor sentiment.

### Propel Funeral Partners Ltd. (ASX: PFP, -9.13%)

Investors digested a 50bps compression in EBITDA margin to 25.50%, primarily driven by lower-margin New Zealand acquisitions which shifted the geographic revenue mix away from higher-margin Australian operations. Investors will continue to monitor margin trends as Propel pursues further expansion opportunities in the hopes of diversifying away potential region concentration risks. Management's long-term growth outlook is centred on favourable ageing population trends across demographics.

## Performance Summary

Ticker	Name	Value (AUD\$)	Weighting	Total Return	Contribution
NST	Northern Star	34,852.28	6.40%	4.63%	0.28%
MQG	Macquarie Group Ltd	33,729.84	6.20%	0.61%	0.04%
QBE	Qbe Insurance Group	30,030.86	5.52%	10.08%	0.51%
ORG	Origin Energy	28,540.35	5.24%	2.97%	0.15%
CLW	Chtr H Lwr	27,884.16	5.12%	-3.59%	-0.19%
PRN	Perenti Limited	26,054.45	4.79%	-16.37%	-0.94%
NXT	Nextdc Limited	24,789.68	4.55%	4.20%	0.18%
BHP	Bhp Group Limited	22,896.72	4.21%	15.50%	0.56%
SUN	Suncorp Group Ltd	21,930.37	4.03%	-12.51%	-0.59%
PWH	Pwr Holdings Limited	21,644.74	3.98%	7.73%	0.29%
RIO	Rio Tinto Limited	20,581.59	3.78%	10.41%	0.36%
JLG	Johns Lyng Group	18,290.16	3.36%	0.00%	0.00%
CAR	Car Group Limited	16,893.24	3.10%	-3.91%	-0.13%
IDX	Integral Diagnostics	15,540.36	2.85%	-6.87%	-0.21%
RMD	Resmed Inc	15,185.47	2.79%	-3.69%	-0.11%
ELD	Elders Limited	14,955.60	2.75%	-1.49%	-0.04%
SHL	Sonic Healthcare	13,845.23	2.54%	3.83%	0.09%
JHX	James Hardie Indust	13,619.56	2.50%	3.29%	0.08%
WES	Wesfarmers Limited	13,376.16	2.46%	-2.74%	-0.07%
QUB	Qube Holdings Ltd	12,560.07	2.31%	5.03%	0.11%
RUL	Rpmglobal Hldgs Ltd	12,484.98	2.29%	0.20%	0.00%
INA	Ingenia Group	12,147.84	2.23%	-2.58%	-0.06%
PFP	Propel Funeral	11,827.20	2.17%	-9.13%	-0.22%
BXB	Brambles Limited	11,561.88	2.12%	11.96%	0.23%
CWY	Cleanaway Waste Ltd	9,429.90	1.73%	3.24%	0.05%
CSL	Csl Limited	8,952.36	1.64%	-19.10%	-0.39%
DTL	Data#3 Limited	5,966.32	1.10%	-28.73%	-0.44%
CASH	CASH	44,826.58	8.23%	0.00%	0.00%
<b>Total</b>		<b>544,397.95</b>	<b>100.00%</b>		<b>-0.44%</b>

## Performance Overview

	1 Month	3 Months	6 Months	1 Year	Since Inception p.a.*
SMIF	-0.44%	0.09%	-1.62%	5.45%	8.73%
All Ordinaries Accumulation Index	2.95%	5.80%	2.08%	6.83%	6.85%
Alpha	-3.39%	-5.71%	-3.70%	-1.38%	1.88%

\* Return since fund inception on 19 November 2018

## Sector Breakdown

Sector	% Weight	% Return
Materials	21.68%	1.63%
Financials	15.74%	-0.27%
Healthcare	9.83%	-5.86%
Industrials	9.52%	4.29%
IT	7.94%	-3.09%
Real Estate	7.35%	-3.28%
Consumer Discretionary	6.15%	1.10%
Utilities	5.24%	2.97%
Consumer Staples	5.20%	-2.09%
Communication Services	3.10%	-3.91%
Cash	8.23%	0.00%
Total	100.00%	-8.51%

## Contributors to Returns

Top 5 Contributors (%)	
BHP	0.56%
QBE	0.51%
RIO	0.36%
PWH	0.29%
NST	0.28%

Top 5 Detractors (%)	
PRN	-0.94%
SUN	-0.59%
DTL	-0.44%
CSL	-0.39%
PFP	-0.22%

## 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.