The University of Queensland Business School

THE UNIVERSITY OF QUEENSLAND
AUSTRALIA
CREATE CHANGE

Student Managed Investment Fund May 2026 Update



May 2026 Fund Update

Dollar values are in AUD unless stated otherwise.

Fund Update

In May, SMIF saw a monthly total return of +0.47%, underperforming the ASX All-Ordinaries Index benchmark which recorded a return of +0.87%. The RBA's decision to raise the cash rate by 25 basis points to 4.35% on the 5th of May, its third consecutive rise this year, drove a rotation towards minerals and energy as escalating Middle East conflict pushed up oil and commodity prices. Brent crude traded above $100 a barrel during the first half of the month then dropped to around $90 a barrel by 29th May. This was compounded mid-month when CSL Limited announced a US $5 billion impairment triggering a nearly 20% plunge in stock price dragging down the broader market and weighing down the healthcare sector heavily.

The portfolio's worst performers included Brambles (-26.78%), CSL (-22.32%), Elders (-18.53%), and Northern Star (-10.43%). Brambles fell sharply in its worst trading day in two decades, after cutting its FY26 profit growth guidance to 3-5% from an 8-11% margin, due to operational conflicts in its US pallet repair network. Conversely, the fund's top performers included Data#3 (+12.33%), BHP (+15.99%), Perenti (+14.05%), and Rio Tinto (+10.89%). IT and Materials sectors were the strongest in the portfolio, returning +5.88% and +7.25%, respectively. Utilities, Healthcare, and Consumer Staples were the worst performing sectors, returning -10.17%, -5.72% and -5.83%, respectively.

Market Update

Global Markets

In May, global equity markets delivered strongly with the MSCI World Index gaining approximately 4.5% for the month, driven primarily by the growth in AI related technology and semiconductor stocks. The S&P 500 rose around 5.3%, reaching a new all-time high at $7,519 USD per share. Investors shrugged off geopolitical headwinds from the ongoing conflicts in Iran. Furthermore, Emerging markets significantly outperformed, with the MSCI Emerging Markets Index surging approximately 9.5%, led by Korea and Taiwan with their exceptional semiconductor and memory chip earnings. A late month decline in oil prices, driven by the investor confidence in the Iran war de-escalating, eased inflation concerns and supported the broader risk-on rally. European equities performed well with the MSCI EAFE Index rising by 3.1%. This was supported by growth in regional AI related technology companies. Finally, Japanese shares were a standout, with the Nikkei 225 hitting consecutive all-time highs throughout the month, crossing the 65,000 margins for the first time in 75 years, and extending its 2026 year-to-date gain to around 29%, driven by the same AI and Semiconductor tailwinds alongside easing geopolitical investor risk.

National

Australian equities performed moderately well in May with the ASX All-Ords rising 1.15% for the month, while the small-cap S&P/ASX Small Ordinaries outperformed, gaining 2.03%. Materials was the standout sector, increasing 10.51% on the back of a broad commodities rally, with copper reaching a record high on structural demand from AI data centre buildout and the energy transition. The RBA's third consecutive rate hike, lifting the cash rate to 4.35%, was widely anticipated and had a muted impact following softer than expected inflation data. Healthcare was the markets biggest downturn, falling 9.15% for the month and remaining the worst-performing sector year to date. This was largely driven by CSL Limited's large downgrade and multi-billion-dollar impairment announcement mid-month. Over the period, Utilities, Energy, Communication Services, Financials, and Consumer Staples also underperformed. Fixed income delivered modest gains with the S&P/ASX iBoxx Australian Fixed Interest index rising around 2% as housing and labour market data tempered expectations for further rate hikes.

Positions Update

Top 5 Contributors

BHP Group Limited (ASX: BHP, +15.99%)

BHP delivered a standout month as the Materials sector surged on the back of a broad commodities rally, with copper reaching record highs on structural demand from AI data centre buildout and the global energy transition. Rising commodity prices, combined with the RBA's rate hike reinforcing expectations of continued resource sector strength amid Middle East-driven energy cost pressures, supported investor conviction in BHP's diversified exposure to iron ore, copper and other structural commodities.

Perenti Limited (ASX: PRN, +14.05%)

Perenti was one of the ASX's standout performers in May after its Barminco subsidiary secured a major four-year underground mining contract worth approximately $850 million from Bellevue Gold. The contract materially improves Perenti's forward revenue visibility in a core Australian mining jurisdiction and reinforced investor confidence in the company's earnings growth trajectory and cash generation outlook.

Rio Tinto Limited (ASX: RIO, +10.89%)

Rio Tinto benefited from the same Materials sector tailwinds as BHP, with mining equities rallying on stronger commodity prices and structural demand from the energy transition and AI-driven infrastructure buildout. Investors remained constructive on Rio's long-term copper growth exposure, which continues to underpin its medium-term production outlook amid a broader rotation towards resources.

Nextdc Limited (ASX: NXT, +7.02%)

Nextdc continued to benefit from sustained AI-driven data centre demand, with the stock supported by growing enterprise and hyperscale interest in Australian colocation capacity. Investors remained constructive on the company's expansion pipeline across Australia and Asia, viewing Nextdc as a direct beneficiary of the structural buildout in digital infrastructure underpinning the broader AI investment cycle.

Pwr Holdings Limited (ASX: PWH, +9.13%)

Pwr Holdings contributed positively during May as investors responded favourably to the company's continued diversification into aerospace and defence, alongside resilient demand across its core motorsports cooling business. Confidence in the company's record order book and expanding international footprint supported sentiment, reinforcing the market's view of Pwr Holdings as a high-quality growth story beyond its traditional automotive base.

Top 5 Detractors

Origin Energy (ASX: ORG, -10.17%)

Origin Energy detracted from performance during May as weaker energy prices and broader uncertainty across commodity markets weighed on the stock. Softer energy prices reduced investor appetite for utilities with exposure to wholesale electricity and gas markets, while investors increasingly rotated towards other areas of the market. Despite Origin's longer-term exposure to Australia's energy transition and its diversified generation portfolio, weaker near-term commodity conditions and cautious sentiment towards the energy sector contributed to the decline in its share price.

Northern Star (ASX: NST, -10.43%)

Northern Star detracted from performance during May as gold miners retreated following a strong period of outperformance. A pullback in the gold price from recent highs encouraged investors to take profits across the sector, placing pressure on Northern Star's share price. The decline came despite the company maintaining solid production and cost performance across its operations. With gold equities having benefited considerably from elevated safe-haven demand in preceding months, the moderation in gold prices and improved investor risk appetite contributed to weaker sentiment towards the stock.

Elders Limited (ASX: ELD, -18.53%)

Elders was a significant detractor during May as weaker conditions across the agricultural sector weighed on investor sentiment. Softer livestock prices and uncertainty surrounding seasonal conditions placed pressure on the outlook for rural services businesses, particularly those exposed to farmer spending and agricultural activity. Given Elders' sensitivity to livestock markets, seasonal conditions and broader agricultural commodity cycles, investors remained cautious around the company's near-term earnings outlook.

Brambles Limited (ASX: BXB, -26.78%)

Brambles was one of the largest detractors during May, with the stock falling sharply amid concerns surrounding global logistics demand and the outlook for operating margins. Investors remained cautious around the pace of volume growth across Brambles' global pallet-pooling operations as uncertainty around global economic activity continued to affect expectations for logistics demand. This weaker sentiment placed pressure on the stock despite Brambles' established market position, geographically diversified operations and recurring-revenue business model.

CSL Limited (ASX: CSL, -22.32%)

CSL detracted significantly from performance during May as healthcare stocks remained under pressure and investors continued to reassess the company's near-term earnings outlook. Caution surrounding plasma collection trends and expectations for future earnings growth weighed on sentiment, while broader rotation towards more cyclical areas of the market provided an additional headwind for healthcare stocks. Despite CSL's established global position across plasma therapies, vaccines and biotechnology, uncertainty around the pace of earnings recovery continued to pressure the company's valuation.

Performance Summary

Ticker	Name	Value	Weighting	Total Return	Contribution
BHP	Bhp Group Limited	24,425.52	4.75%	15.99%	0.76%
JHX	James Hardie Indust	12,704.16	2.47%	9.69%	0.24%
NST	Northern Star	21,650.31	4.21%	(10.43%)	(0.44%)
PRN	Perenti Limited	23,393.57	4.55%	14.05%	0.64%
RIO	Rio Tinto Limited	22,832.49	4.44%	10.89%	0.48%
BXB	Brambles Limited	7,638.77	1.49%	(26.78%)	(0.40%)
CWY	Cleanaway Waste Ltd	8,468.42	1.65%	3.15%	0.05%
JLG	Johns Lyng Group	18,290.16	3.56%	0.00%	0.00%
QUB	Qube Holdings Ltd	12,560.07	2.44%	(0.60%)	(0.01%)
CAR	Car Group Limited	15,823.08	3.08%	(2.09%)	(0.06%)
CLW	Chtr H Lwr	25,659.36	4.99%	(1.14%)	(0.06%)
INA	Ingenia Group	10,176.48	1.98%	(3.78%)	(0.07%)
RMD	Resmed Inc	12,103.75	2.35%	(3.18%)	(0.07%)
CSL	Csl Limited	5,893.21	1.15%	(22.32%)	(0.26%)
IDX	Integral Diagnostics	13,820.73	2.69%	(2.69%)	(0.07%)
SHL	Sonic Healthcare	11,341.12	2.20%	(1.26%)	(0.03%)
DTL	Data#3 Limited	7,721.12	1.50%	12.33%	0.19%
NXT	Nextdc Limited	27,218.64	5.29%	7.02%	0.37%
RUL	Rpmglobal Hldgs Ltd	12,484.98	2.43%	0.00%	0.00%
ELD	Elders Limited	11,453.60	2.23%	(18.53%)	(0.41%)
WES	Wesfarmers Limited	13,404.72	2.61%	9.42%	0.25%
MQG	Macquarie Group Ltd	37,690.90	7.33%	3.53%	0.26%
QBE	Qbe Insurance Group	31,288.48	6.08%	1.34%	0.08%
SUN	Suncorp Group Ltd	26,052.62	5.06%	1.58%	0.08%
ORG	Origin Energy	25,533.63	4.96%	(10.17%)	(0.50%)
PFP	Propel Funeral	9,556.80	1.86%	(4.49%)	(0.08%)
PWH	Pwr Holdings Limited	20,371.52	3.96%	9.13%	0.36%
CASH	CASH	44,826.58	8.71%	0.00%	0.00%
Total		**514,384.79**	**100.0%**		**0.47%**

Performance Overview

	1 Month	3 Months	6 Months	1 Year	Since Inception p.a.*
SMIF	0.47%	(4.02%)	(3.92)%	3.39%	7.32%
All Ordinaries Accumulation Index	0.87%	(4.99%)	0.52%	3.52%	5.90%
Alpha	(0.40%)	0.97%	(4.44%)	(0.13%)	1.42%

* Return since fund inception on 19 November 2018

Sector Breakdown

	% Weight	% Return
Materials	20.42%	7.25%
Industrials	9.13%	(5.27%)
Communication Services	3.08%	(2.09%)
Real Estate	6.97%	(1.91%)
Healthcare	8.39%	(5.72%)
IT	9.22%	5.88%
Consumer Staples	2.23%	(5.83%)
Financials	18.47%	2.27%
Utilities	4.96%	(10.17%)
Consumer Discretionary	8.42%	4.38%

Contributors to Returns

Top 5 Contributors (%)	
BHP	0.76%
PRN	0.64%
RIO	0.48%
NXT	0.37%
PWH	0.36%

Top 5 Detractors (%)	
ORG	(0.50%)
ELD	(0.41%)
NST	(0.44%)
BXB	(0.40%)
CSL	(0.26%)

Portfolio Management Team

Name	*Current Enrolment and Contact*
Andrew Zhuang	Bachelor of Advanced Finance & Economics andrew.zhuang@student.uq.edu.au
Angus Slater	Bachelor of Advanced Finance & Economics angus.slater@student.uq.edu.au
Camille McConnell	Bachelor of Advanced Finance & Economics c.mcconnell@student.uq.edu.au
Cooper Hansen	Bachelor of Advanced Finance & Economics cooper.hansen@student.uq.edu.au
Danthila Jayasinghe	Bachelor of Advanced Finance & Economics danthila.jayasinghe@student.uq.edu.au
Joel Byers	Bachelor of Advanced Finance & Economics joel.byers@student.uq.edu.au
Oscar Roati	Bachelor of Advanced Finance & Economics o.roati@student.uq.edu.au
Rudrodipto Roy	Bachelor of Advanced Finance & Economics rudrodipto.roy@student.uq.edu.au
Sienna Hockaday	Bachelor of Advanced Finance & Economics s.hockaday@student.uq.edu.au
Zach Allen	Bachelor of Advanced Finance & Economics zach.allen@student.uq.edu.au

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.