



Australian
National
University

ANU Student Managed Fund

Mid-semester report – Semester 2, 2024

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Notes:

All dollar amounts in this report are Australian dollars.

This report is written by the members of the Relationship Team (RT) of The Australian National University (ANU) Student Managed Fund (SMF), in conjunction with other SMF team members. It has been reviewed by the SMF Convenors, the Director of the ANU Research School of Finance, Actuarial Studies and Statistics (RSFAS) and the Communications team of the ANU College of Business and Economics (CBE). Any enquiries, feedback or comments can be directed to smf.rsfas@anu.edu.au.

Further information on the ANU SMF can be found at: <https://rsfas.anu.edu.au/study/student-managed-fund>.

Disclaimer:

The sole purpose of this document is to report on the activities of the SMF and its related courses. It has been prepared by ANU staff and students who are not licensed to provide financial product advice under the Corporations Act 2001. The information provided on the investments does not constitute, and should not be relied upon as, financial product advice. For financial product advice that takes account of your particular objectives, financial situation and needs, readers should consider seeking that advice from an Australian Financial Services licensee.

Glossary

AA – Asset Allocation
AAE – Active Australian equities
ANN – Ansell Limited
ANU – The Australian National University
AUM – Assets Under Management
BBRMF – Behavioural Bias Risk Management Framework
BXB – Brambles Limited
CBE – ANU College of Business and Economics
CIO – Chief Investment Officer
CPI – Consumer Price Index
CMT – Cash Management Trust
CRO – Chief Risk Officer
CSA – Candidate stock analysis
CSL – CSL Limited
EBIT – Earnings before Interest and Taxes
ESG – Environmental, social and governance
ETF – Exchange-traded fund
EM – Emerging markets equities
FC – Franking credits
FY – Financial year
IAC – Investment Advisory Committee
IPS – Investment Policy Statement
IOZ – iShares Core S&P/ASX 200 ETF
ORA – Orora Limited
LLC – Lendlease Group
PC – Portfolio construction
R&C – Risk and Compliance
ROE – Return on equity
RSFAS – ANU Research School of Finance, Actuarial Studies and Statistics
RT – Relationship Team
RWC – Reliance Worldwide Corporation
SMF – ANU Student Managed Fund
SRI – Socially responsible investment
SUN – Suncorp Group Limited
WBC – Westpac Banking Corporation
YTD – Year-to-date

Chief Investment Officer (CIO) report

The SMF has performed exceptionally well so far in 2024, beating the Fund's reference portfolio comprising the ASX200 and other exchange-traded funds (ETFs) considering our current asset allocation. The Fund also exceeded its target return of 4.5% plus inflation, ensuring our continued ability to fund the SMF's philanthropic objectives. From 1 January 2024 to 30 August 2024, the SMF portfolio generated a year-to-date (YTD) return of 13.79%, outperforming the reference portfolio by 4.36%. It also exceeded our target return of 6.59% by 7.20%, largely due to our equity allocation as detailed below. This is a remarkable result for the SMF and a testament to the contributions of every SMF student who has helped the Fund reach its current position. Since its inception, the Fund has achieved an annualised return of 9.71%, outperforming the reference portfolio by 0.62% per annum (p.a.) and exceeding our target return by 1.63% p.a. As of 30 August, assets under management (AUM) is \$895,284.

Active Australian Equities (AAE) security selection contributed 4.68% to the Fund's outperformance relative to the reference portfolio, with Westpac Banking Corporation (WBC), Suncorp Group (SUN), and Brambles Limited (BXB) being the key contributors. WBC benefited from rising interest margins, SUN saw strong insurance premium growth driven by natural disaster recovery efforts, and BXB capitalised on increased global demand for supply chain logistics and pallet services. In addition, worthy of mention is Orora Limited (ORA), which contributed 0.69% to the outperformance since the SMF purchased it in May of this year, following its rejection of a buyout proposal from US private equity firm Lone Star.

This semester, the SMF welcomed ten new members to the team. These juniors adapted quickly to the SMF's fast pace and demonstrated immediate dedication to learning what is required as an SMF member. Integrating juniors into the Fund is essential for perpetuating the SMF's 'Five Key Values,' which ensures all students contribute to the Fund's legacy, perpetuating successful continuity beyond their tenure. Junior team members have already demonstrated a clear understanding of these values through their contributions to both Fund and sub-team meetings. Much of this success can be credited to the senior members who have excelled in conveying the Fund's objectives and strategic direction. The leadership team has smoothly transitioned into their roles, sharing insight with, and encouraging juniors to participate in SMF discussions.

Several key initiatives have been undertaken this semester. First, we focused on enhancing the SMF's brand and external engagement. By optimising our LinkedIn presence, both as individuals and as a Fund, we have already increased our follower count by approximately 20% from the previous semester. We are also collaborating with ANU and the CBE communications teams to produce stories covering the SMF, as we undertake our call for applications and move towards the end of the semester. This initiative aims to broaden the Fund's visibility within the ANU, the alumni network, and the financial industry more broadly. Additionally, the Risk and Compliance (R&C) team's role is expanding to include quantitative risk measures in their analysis of potential AAE and Asset Allocation (AA) investments. This has strengthened the research process and helps to ensure a potential investment's alignment with the SMF's long-term objectives.

Both the macro-economy and equity markets have been challenging to assess during Semester 2, 2024. In Australia, a two-speed economy has emerged, with older generations spending, while younger generations face cost-of-living pressures. This has led to modest economic growth and persistent inflation, particularly in the services sector. Globally, slow growth and ongoing inflation prompted central banks to consider loosening monetary policies, with the US Federal Reserve signalling a possible rate cut in September. Despite these uncertainties, Australian and US equity markets hit record highs, complicating portfolio positioning. This created a challenging environment for both the AAE and AA teams, whilst also providing a valuable learning opportunity.

Key achievements and focus areas for each sub-team during Semester 2, 2024 include:

- AAE advanced two companies, Reliance Worldwide Corporation (RWC) and Lendlease Group (LLC), to the in-depth research stage and rebalanced our SUN position to its 10% target weighting within the AAE portfolio.

- AA conducted preliminary macroeconomic analysis for input into the Portfolio construction (PC) Model and began developing an investment case for incorporating a corporate bond ETF into the portfolio.
- R&C performed environmental, social and governance (ESG) analysis on six companies, and are investigating integrating quantitative-risk measures, including portfolio beta, and both past and future-looking Sharpe-ratios, when assessing potential investments.
- The Relationship Team (RT) increased their social media efforts, with highlights including interviews with the SMF's equity scholarship recipients.

The SMF also welcomed two guest speakers so far this semester. William Hart, Director of ESG and Sustainable Investing at E&P Financial Group discussed the evolving nature of ESG, helping the Fund understand ESG implementation in industry. His presentation marked a milestone as one of the first ESG-focused guest speakers for the SMF. Additionally, we welcomed Ryan McCoy, an SMF alumnus and former AAE team member, who shared his experiences in Management Consulting and Private Equity, offering valuable insights on navigating recruitment post-university. In the second half of the semester, we look forward to welcoming esteemed professionals from MLC Asset Management, The Future Fund, and Westpac, as SMF guest speakers.

Harry Nielsen, Chief Investment Officer (CIO)

Team updates

The following updates introduce new members, detail activities and outline upcoming priorities for each sub-team.

Asset Allocation (AA) team

This semester, the AA team was excited to welcome two hard-working and diligent juniors, Rosie Sewell and Grace Cooper, who join returning seniors Jessica Zeltzer and Koh Dewar. They have already displayed their passion, professional capabilities, and analytical skills through their comprehensive economic research and forecasting, and high-quality presentations so far.

The team began the semester with a period of familiarisation of key processes and the requirements of both the AA team, and the SMF more broadly. This involved presenting AA's investment process (IP), and the SMF Charter and Governance Structure (CGS) during the Fund's weekly meeting. This was followed by the team's macroeconomic analysis, a crucial part of AA's research during the semester. This includes examining, in depth, the primary factors influencing the Fund's asset classes, such as economic growth, inflation, the cash rate, and the market's price-to-earnings (PE) and return-on-equity (ROE) ratios. The team benefitted from another valuable open tutorial, continuing the initiative from last semester, during which the macroeconomic forecasts and underlying assumptions were questioned and challenged by members of other sub-teams in an informal environment. This ensured the foundation of well-grounded macroeconomic forecasts that were presented formally to the SMF in Week 4, which now serve as the foundation for key inputs of the AA's PC Model.

This semester, the team also endeavoured to increase accessibility of the PC model, ensuring that all team members are equipped to not only understand, but also critique and challenge underlying model assumptions and outputs. This approach culminated in a renewed Model Update Presentation in Week 6, which served as a guide for justifying potential adjustments to the AA's target weights within the portfolio.

Underpinning all the research and work of the AA team this semester has been an examination into the viability of corporate bonds, as a new potential asset class for the Fund. The team believes that corporate bonds offer an exciting opportunity for portfolio expansion but will continue to investigate where this new asset class fits within the Fund's broader asset mix. By incorporating the potential for corporate bond ETFs into the PC model and combining model

output with theoretical knowledge and key macroeconomic findings, the AA team intend to make an investment decision that best aligns with the SMF's objectives.

As the team progresses towards finalising this recommendation and preparing a rebalancing report for the Investment Advisory Committee (IAC) in Week 11, there is no doubt the second half of this semester will be equally as challenging and rewarding.

Jessica Zeltzer, Head of AA

Active Australian Equities (AAE) team

This semester the AAE team welcomed five junior analysts: Kurtis Castorina, James Orr, Olaf Braaksma-Menks, Ben Manley, and Austin Chee Zhen Huang. The juniors have already impressed the SMF with their hard work, enthusiasm and willingness to learn. The SMF have had the pleasure of watching the juniors gain confidence, both in their presentation skills and in investment analysis. The seniors, Benjy Jacobson, Aiden Jacobson, and Gemma Saliba, have also displayed excellent mentorship to the juniors, guiding them through what can be a challenging experience.

The semester kicked off with the Candidate stock analysis (CSA) stage, an initial analysis into a pool of 14 shortlisted companies. During the process, the AAE team sought potential additions in the context of the overall portfolio, looking at industry groups that the SMF is not yet exposed to. The following industry groups were investigated: telecommunications, real estate, consumer staples/discretionary, capital goods, technology, and financials. Companies were assessed on their value, quality and dividend yield, with a focus on identifying companies with a sustainable economic moat. Given that the SMF currently holds a record six stocks, AAE in collaboration with R&C debated the feasibility of holding two promising equities within the same industry group from a portfolio construction perspective. Following completion of the CSA stage, the AAE team voted to progress RWC and LLC into the stage of further analysis.

Alongside the CSAs, the team completed revaluations of AAE's existing holdings. SUN was rebalanced down to its 10% target weight within the AAE portfolio, after exceeding the 3% rebalancing threshold per the SMF Investment Policy Statement (IPS), amidst news that Jim Chalmers had approved Australia and New Zealand Banking Group's (ANZ's) takeover of SUN's banking business. The primary reason underpinning the rebalance was that SUN was trading above our extant valuation – without franking credits (FC) – and further analysis was necessary to determine whether the initial investment thesis still holds. Ultimately, the AAE team had a positive outlook on the insurance sector and continued to see upside in holding SUN due to its strong market position, rising investment income and effective management of climate driven risks. Other revaluations that have occurred this semester include CSL Limited (CSL) and WBC, both of which the team recommended the SMF continue to hold positions in these companies.

The AAE team has been paying close attention to the current earnings season (FY24 results), updating forecasts and investment cases to reflect the inflow of new information. Some highlights from earnings season include BXB beating both analyst earnings before interest and taxes (EBIT) guidance and SMF forecasts, and Ansell (ANN) demonstrating early signs of a normalisation in healthcare sales, following previous de-stocking concerns.

Looking ahead, the AAE team will be busy conducting in-depth analysis on their chosen companies and potentially preparing for IAC recommendations. The team will also be conducting revaluations of BXB, ORA and ANN. Exciting times ahead!

Tom Mitchell, Head of AAE

Risk and Compliance (R&C) team

The R&C team welcomed two new members this semester – Darcy Niven and Uthej Reddy – who have joined the ranks as junior analysts under the supervision of Chief Risk Officer (CRO), Nick

Devlin and Senior Analyst, Aryaman Chhaya. The team has integrated exceptionally well, and its broad skillset has seen innovation become a key focus area.

The R&C team completed Socially responsible investment (SRI) compliance investigations of the six investment candidates during the CSA stage. This involved implementing stronger quantitative risk analysis measures in the CSA stage, further strengthening the collaboration between the AAE team and the R&C team at this stage of the investment process. Although environmental issues continue to be of concern, particularly given the SMF's preference for equities with lower carbon-intensity scores, several social and governance issues were identified and evaluated throughout the CSA process. Ultimately, all candidate equities were considered compliant with the SMF's SRI Policy.

R&C also continues to monitor and report on the SMF's performance via the Performance Attribution (PA) model. Under the guidance of the convenors, the PA model's data entry process has been streamlined significantly by reducing data entry duplication. This has allowed R&C Analysts to spend a greater amount of time analysing and interpreting the data.

Two key areas of developmental focus so far this semester have been the implementation of quantitative risk screening measures in the CSA stage and the overhaul of the Behavioural Bias Risk Management Framework (BBRMF) process. The R&C team's increased emphasis on quantitative risk analysis gives effect to IAC's emphasis on dispassionate investment cases and the SMF's overall objectives. By measuring each candidate equity's effects on the portfolio's Sharpe Ratio and Beta in the early stages of the investment process, analysts developed a greater understanding of the place RWC and LLC may hold in the portfolio, if successful.

Prompted by the feedback provided by the Fund on BBRMF implementation, R&C team overhauled the practice of BBRMF. Following extensive research of the principles upon which the BBRMF process was founded, industry practice and recent academic recommendations, R&C produced a new and by all accounts more effective BBRMF structure. With a greater emphasis on evaluating the key decision-making processes specific to each sub-team and the delivery of actionable feedback, the updated BBRMF process has given new life to an invaluable but previously underappreciated role of the R&C team within the Fund.

Moving forward, the R&C team is continuing to engage in in-depth analysis of the candidate investments. The team looks forward to contributing to the investment recommendations via in-depth SRI analysis, red-teaming and BBRMF analysis of investment presentations prior to IAC.

Nick Devlin, Chief Risk Officer (CRO)

Relationship Team (RT)

The RT had the privilege of welcoming Kristoforus Gantari as a Junior Relationship Officer this semester. Kristoforus has actively collaborated with RT Head Kyaw Paing Sat to raise awareness of the SMF among external stakeholders, ANU students, and industry professionals.

RT has promoted the Fund by publishing additional social media content and participation in events like the CBE Pizza Party and ANU Open Day. For Semester 2, 2024, we increased Facebook and LinkedIn posts to twice a week, based on insights from last semester's social media statistics, which indicated that higher post frequency boosted engagement. Our content has highlighted ongoing initiatives, such as the SMF Short Film Initiative, and interviews with RSFAS Equity Scholarship recipients. The statistical analysis of metrics from Facebook and LinkedIn engagement for the first half of the semester demonstrates the effectiveness of our revised strategy.

During the break, we finished editing the Short Film Initiative, a series of promotional videos produced from last semester featuring SMF members' experiences. Given its length of over 28 minutes, we split it into seven shorter videos, each focusing on a specific interview question, to maximise engagement ahead of the SMF application deadline. We also interviewed two RSFAS Equity Scholarship recipients over the winter break, with one interview already posted and the

second scheduled later this semester. These initiatives aim to highlight the positive impact of the Fund on the ANU community. We also reintroduced the sub-team spotlight series, providing an overview of each sub-team's role in the SMF to increase visibility and foster professional engagement.

In Week 2, RT hosted a booth at the Welcome to CBE & Info Market to raise awareness of the SMF among the ANU CBE student body. Further efforts included short presentations in undergraduate and postgraduate finance and statistics lectures during Weeks 5 and 6 to encourage applications for the Semester 1, 2025 intake.

Looking forward, RT will continue marketing for applications through lecture engagements in Week 7 and the Fund's application workshop, where we will assist students with stock pitches and answer questions before the application deadline. We will also keep external stakeholders updated as the Fund approaches the IAC meetings, and plan to conduct a finance workshop at the CBE Showcase during the CBE School Holiday Program in Week 9.

RT remains dedicated to supporting the growth and success of the SMF. We are focused on expanding the Fund's reach while developing our own skills, in line with the Fund's five core values and the broader responsibilities of the SMF community.

Kyaw Paing Sat, Head of RT

SMF team photos and roles

Chief Investment Officer



Harry Nielsen (CIO)

Convenors



Dr Dean Katselas (Fund Convenor)



Dr Hua Deng (Course Convenor)

Team Heads



L-R: Jessica Zeltzer (AA), Kyaw Paing Sat (RT), Harry Nielsen (CIO), Nick Devlin (CRO), Tom Mitchell (AAE)

Asset Allocation (AA) team



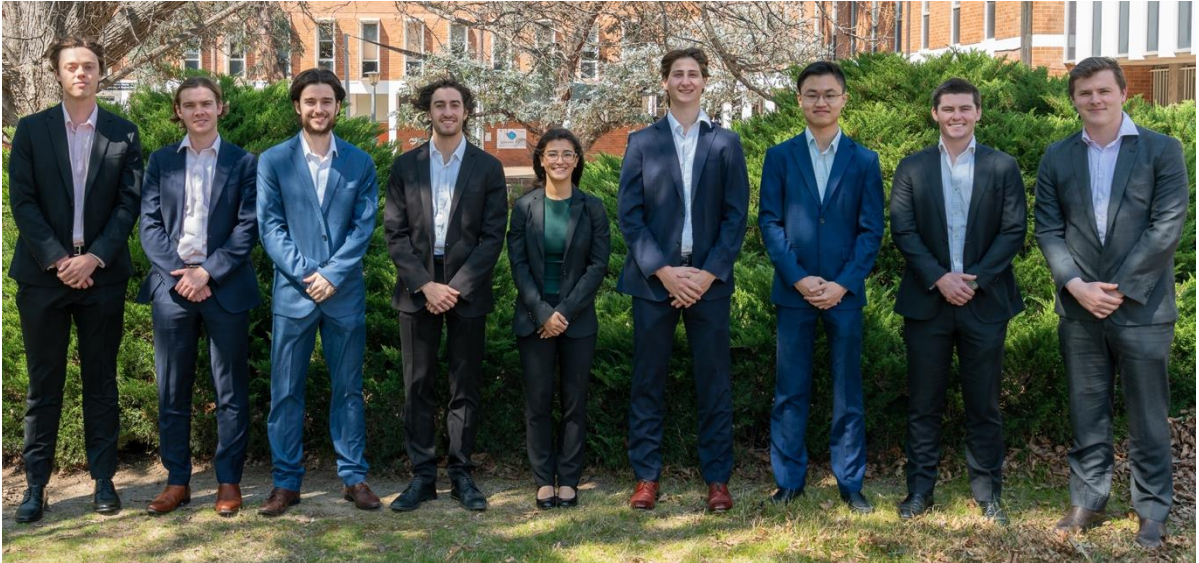
L-R: Koh Dewar (Senior Analyst), Rosie Sewell (Analyst), Jessica Zeltzer (Team Head), Grace Cooper (Analyst)

Relationship Team (RT)



L-R: Kyaw Paing Sat (Team Head), Kristoforus Gantari (Relationship Officer)

Active Australian Equities (AAE) team



L-R: Olaf Braaksma-menks (Analyst), Tom Mitchell (Team Head), Aiden Jacobson (Senior Analyst), Benjy Jacobson (Senior Analyst), Gemma Saliba (Senior Analyst), Kurtis Castorina (Analyst), Austin Chee Zhen Huang (Analyst), Ben Manley (Analyst), James Orr (Analyst)

Risk & Compliance (R&C) team



L-R: Nick Devlin (CRO), Darcy Niven (Analyst), Aryaman Chhaya (Senior Analyst), Uthej Reddy (Analyst)

Photography by Tram Pham and SMF.

Portfolio overview

Portfolio structure

As of 30 August 2024, the total value of the SMF portfolio was \$895,283.82. The SMF portfolio remains aligned with the reference portfolio allocation, maintaining 20% in defensive assets, including Australian fixed income (AFI) and Australian cash, and 80% in growth assets, which consist of Australian equities, developed market equities, hedged (DM,H), developed market equities, unhedged (DM,U), and emerging market equities (EM). The asset values and weights of these asset classes are presented in Figure 1. All positions are within the tolerance limits specified in the SMF IPS (see Figure 2 (a)). The SMF currently holds an overweight cash position, notably within the Cash Management Trust (CMT) account. As the AA team are preparing an AA Recommendation Report, which may result in changes to the SMF portfolio's target weights, this position will be reallocated to higher yielding assets depending on the outcome of the team's presentation to the IAC.

The AAE portion of the portfolio currently holds six active positions: ANN, BXB, CSL, ORA, SUN and WBC (see Figure 2 (b)). Each of these positions has a target weight of 10%. SUN was rebalanced on 28 June 2024 after exceeding its target weighting by 3.35%. As of 30 August 2024, no active position exceeds its target weight by more than the 3%, the rebalancing decision threshold, per the IPS.

Figure 1: Portfolio structure as of the 30 August 2024

Portfolio component	ETF used as benchmark	Asset values \$	SMF portfolio weight %	Reference portfolio weight %	Over (under) weight %
Australian equities					
AAE portfolio:					
iShares Core S&P/ASX 200 ETF		202,108	22.57		
Ansell Limited		43,940	4.91		
Brambles Limited		51,245	5.72		
CSL Limited		48,531	5.42		
Downer EDI Limited		0	0.00		
Orora Limited		48,400	5.41		
Suncorp Group Limited		42,761	4.78		
Westpac Banking Corporation		49,141	5.49		
Total AAE portfolio	iShares Core S&P/ASX 200	486,125	54.30	50	4.30
Held within AA portfolio:					
iShares Core S&P/ASX 200 ETF		12,012	1.34	10	-8.66
Total Australian Equities	iShares Core S&P/ASX 200	498,137	55.64	60	-4.36
Developed market equities, hedged	Vanguard International Shares Index, Hedged	52,638	5.88	10	-4.12
Developed market equities, unhedged	Vanguard International Shares Index	94,921	10.60	10	0.60
Emerging market equities	iShares MSCI Emerging Markets Index	79,714	8.90	0	8.90
Total international equities		227,272	25.39	20	5.39
Total equities		725,409	81.03	80	1.03
Australian fixed income	Vanguard Australian Government Bond Index	112,696	12.59	15	-2.41
Australian cash and accruals:					
BetaShares Australia High Interest Cash ETF		15,087	1.69		
BT Cash Management Trust		28,536	3.19		
Accrued interest and dividends		2,588	0.29		
Accrued franking credits		10,967	1.23		
Total cash and accruals	BetaShares Australia High Interest Cash	57,179	6.39	5	1.39
Total fixed income and cash		169,875	18.97	20	-1.03
Total value of SMF assets		895,284	100.00	100.00	0.00
Total portfolio value as reported in BT Panorama		884,317			
Accrued franking credits		10,967			
Total value of SMF assets		895,284			

Figure 2 (a): Asset allocation and active stock weights as of 30 August 2024

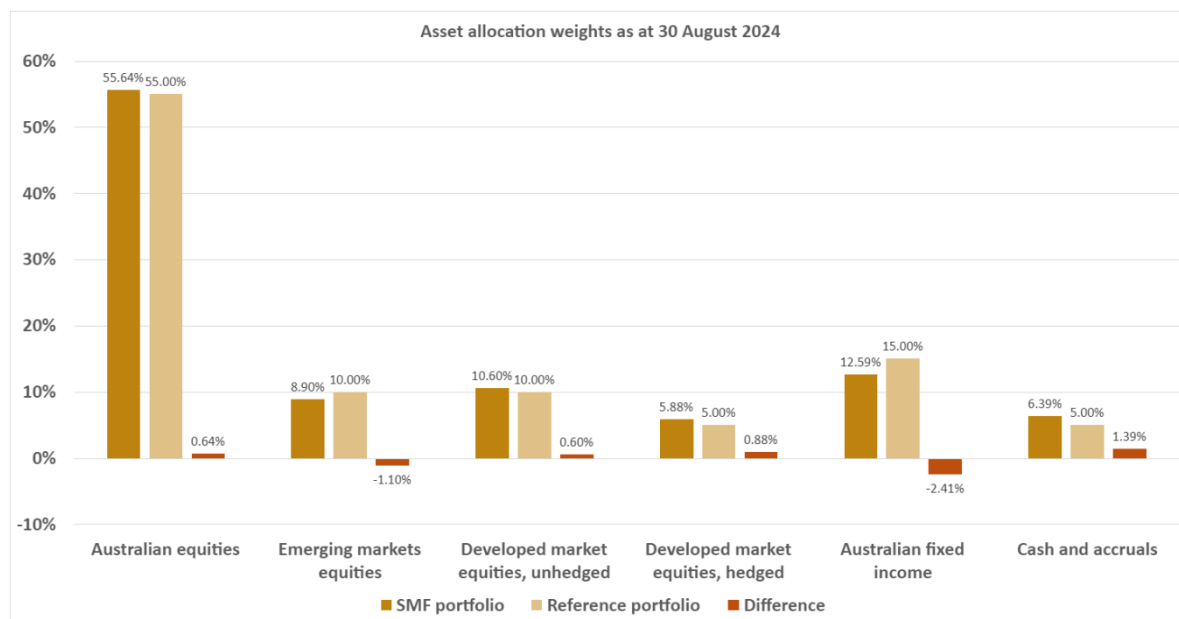
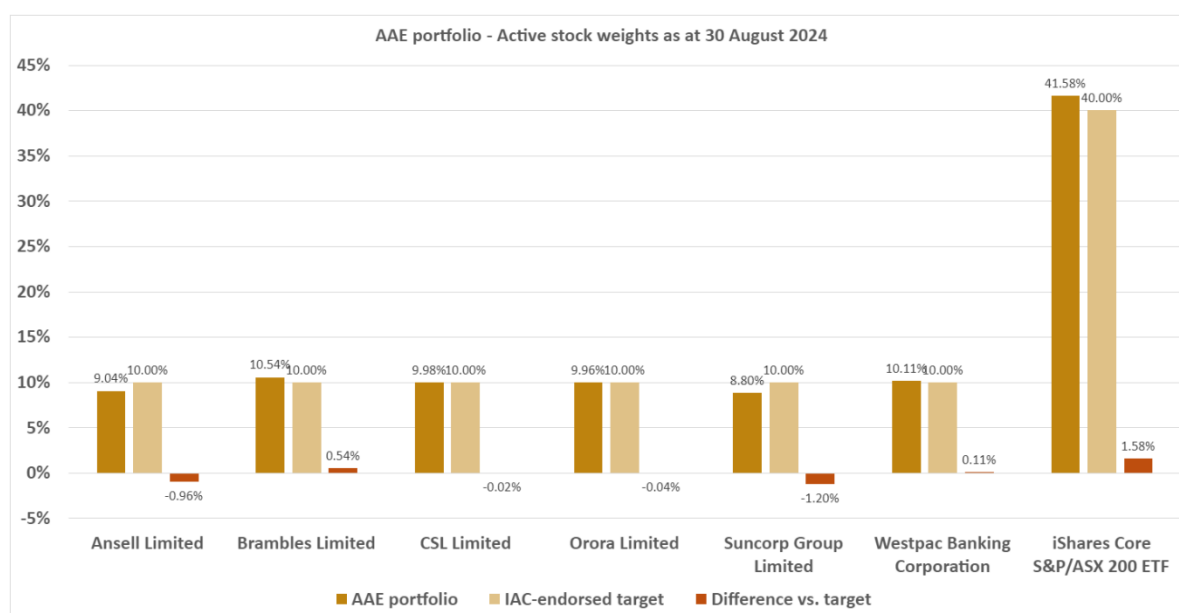


Figure 2 (b): AAE portfolio – active stock weights as of 30 August 2024



Portfolio performance¹

The SMF delivered a YTD return of 13.79% (Figure 3). This result puts the SMF on course to achieving one of its largest annual returns since inception, having already exceeded the SMF’s target return, its reference return, and its average annual return, for the YTD. The SMF has returned a total cumulative return of 80.46% equating to an annualised return of 9.71%, since inception. Thus, the SMF has outperformed both the reference portfolio and target return on an annualised basis by 0.62% and 1.73% respectively. On a cumulative basis, this amounts to an outperformance of 6.16% and 17.18%, respectively. Contributions to performance versus the reference portfolio are discussed in the attribution analysis section below.

¹ All return calculations include franking credits.

Attribution analysis

Figure 4 attributes the SMF's portfolio performance relative to the reference portfolio, into components of the investment process, namely asset allocation and security selection. The AA component measures performance attributable to deviations in asset class weights versus the reference portfolio. The security selection component measures the contribution from the AAE portfolio relative to its benchmark, the iShares Core S&P/ASX 200 ETF (IOZ). After accounting for administration fees, a residual difference versus the total portfolio returns as reported in Figure 3 is estimated and reported under 'Aggregation, cash portfolio and other effects' (Figure 4). This item reflects the approximate nature of attribution analysis.

Much of the positive AA contribution continues to stem from historic performance in 2020 and 2022. This continues to be a testament to the diligence of earlier members of the AA in constructing a fundamentally sound asset allocation portfolio that endured the turbulence of the pandemic. For the YTD, the EM portion of the asset allocation contributed 0.04%. Whilst relatively minor, it marks EM's first positive contribution to the attribution analysis since its addition to the portfolio, affirming the convictions of the cohorts that opted to maintain its position in the portfolio despite its underperformance. Foreign currency conversion has largely hamstrung the SMF's relative performance in its Developed market equities, hedged and Developed market equities, unhedged positions with YTD contributions of -0.23% and 0.03% respectively.

The AAE portfolio significantly outperformed the reference portfolio, the IOZ, for the YTD. Strong earnings by BXB have seen it return 34.19% YTD for a contribution to the SMF of 2.19%. Other key outperforming equities positions have had their returns driven by key events. SUN has returned 30.81% YTD largely on the back of its successful sale of its banking division to ANZ in June. SUN has contributed 2.25% above the IOZ benchmark on a YTD basis. After a sustained period of underperformance following the SMF's initial investment, ORA's returns were driven by an August takeover bid at \$2.55 per share (ORA was recommended to IAC with a target price of \$2.58 in May 2024). Overall, strong growth across the ASX200 has seen significant capital growth in the 23.8% of the portfolio held in IOZ. Subject to further revaluations, the AAE team is not currently pursuing a sell recommendation on any of its current holdings.

The 0.62% per annum outperformance of the SMF portfolio against the reference portfolio since inception comprises per annum contributions of +0.02% from asset allocation, +0.62% from security selection, -0.16% from fees deducted and +0.14% from aggregation, cash portfolio and other effects.

Figure 3: Portfolio performance since inception as of 30 August 2024

Year	2018	2019	2020	2021	2022	2023	2024	Since inception	
Opening date	10 April 2018	1 January 2019	1 January 2020	1 January 2021	1 January 2022	1 January 2023	1 January 2024	10 April 2018	
Closing date	31 December 2018	31 December 2019	31 December 2020	31 December 2021	31 December 2022	31 December 2023	30 August 2024	30 August 2024	
PORTFOLIO VALUES									
Opening portfolio value in BT Panorama*	\$615,079.04	\$608,598.58	\$705,485.10	\$704,774.44	\$796,753.31	\$722,051.16	\$800,951.02		
+ Accrued franking credits	\$0.00	\$3,235.76	\$9,732.74	\$7,719.98	\$7,806.53	\$9,938.76	\$14,926.07		
Opening portfolio value	\$615,079.04	\$611,834.34	\$715,217.84	\$712,494.42	\$804,559.84	\$731,989.92	\$815,877.09		
Closing portfolio value in BT Panorama	\$608,598.58	\$705,485.10	\$704,774.44	\$796,753.31	\$722,051.16	\$800,951.02	\$884,320.49		
+ Accrued franking credits	\$3,235.76	\$9,732.74	\$7,719.98	\$7,806.53	\$9,938.76	\$14,926.07	\$10,967.31		
Closing portfolio value	\$611,834.34	\$715,217.84	\$712,494.42	\$804,559.84	\$731,989.92	\$815,877.09	\$895,283.82		
Change in portfolio value	-0.53%	16.90%	-0.38%	12.92%	-9.02%	11.46%	9.73%		
CASH FLOWS									
- Distribution related to prior period	\$0.00	-\$27,746.21	-\$32,186.49	-\$32,067.23	-\$36,205.19	-\$33,127.65	-\$36,714.47		
+ Amount held by CBE, offset against distribution	\$0.00	\$7,983.83	\$0.00	\$0.00	\$0.00	\$4,189.31	\$6,403.00		
- Contributions	\$0.00	\$0.00	\$1,000.00	\$150.00	\$4,188.00	\$18,190.00	\$910.00		
Total cash flows	\$0.00	-\$19,762.38	-\$31,186.49	-\$31,917.23	-\$32,017.19	-\$10,748.34	-\$29,401.47		
RETURNS (%)								Cumulative	Per annum
SMF portfolio return (based on adjusted portfolio values)	-0.53%	20.77%	4.16%	18.20%	-5.25%	13.16%	13.79%	80.46%	9.71%
Target return (estimated as CPI + 4.5%)**	4.56%	6.16%	5.36%	8.00%	12.41%	8.55%	6.59%	63.28%	7.97%
SMF return less target return	-5.09%	14.61%	-1.20%	10.20%	-17.66%	4.61%	7.20%	17.18%	1.73%
Reference portfolio return	0.58%	21.91%	3.40%	15.55%	-4.09%	13.36%	9.44%	74.30%	9.08%
SMF return less reference portfolio return	-1.11%	-1.13%	0.76%	2.65%	-1.15%	-0.20%	4.36%	6.16%	0.62%
Note: Administration fees - BT Panorama		0.02%	0.23%	0.21%	0.23%	0.22%	0.14%	1.05%	0.16%

* Portfolio value for 10 April is estimated as at the time of portfolio inception trades.

** Based on realised CPI to June quarter 2024, and an estimated change in CPI from the June quarter 2024 to 30 August 2024.

Figure 4: Performance attribution since inception as of 30 August 2024

Contributions to performance vs. reference portfolio									
Period	2018	2019	2020	2021	2022	2023	2024	Since inception	
	%	%	%	%	%	%	%	Cumulative	Per annum
Opening date	10/4/18	1/1/19	1/1/20	1/1/21	1/1/22	1/1/23	1/1/24	10/4/18	
Closing date	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	30/8/24	30/8/24	
SMF portfolio vs. reference portfolio									
Asset allocation	0.17	-0.28	1.55	-0.24	0.50	-1.39	-0.15	0.12	0.02
Security selection - AAE portfolio	-1.26	-0.58	-0.66	2.50	-1.13	0.58	4.68	4.05	0.62
Contribution from positions held (prior BT fees)	-1.09	-0.87	0.89	2.26	-0.63	-0.81	4.524	4.17	0.64
Administration fees - BT Panorama	0.00	-0.02	-0.23	-0.21	-0.23	-0.22	-0.22	-1.05	-0.16
Aggregation, cash portfolio and other effects	-0.02	-0.24	0.09	0.60	-0.29	0.83	0.05	3.05	0.14
Total relative performance	-1.11	-1.13	0.76	2.65	-1.15	-0.20	4.36	6.16	0.62
Asset allocation attribution									
Australian equities	0.01	-0.04	0.44	0.02	-0.23	-0.01	0.00	0.19	0.03
Developed market equities, hedged	0.01	-0.01	-0.02	-0.03	0.00	-0.08	-0.23	-0.36	-0.06
Developed market equities, unhedged	0.01	0.01	0.02	-0.15	0.24	-0.57	0.03	-0.40	-0.06
Emerging market equities				-0.24	-0.68	-0.65	0.04	-1.52	-0.24
Australian fixed income	-0.02	-0.11	1.24	1.31	0.47	-0.01	0.07	2.98	0.46
Cash and accruals	0.16	-0.15	-0.14	-1.13	0.71	-0.05	-0.06	-0.66	-0.10
Time aggregation effect	0.00	0.00	0.00	-0.03	-0.03	-0.01	0.00	-0.07	-0.01
AA contribution to total portfolio performance	0.17	-0.28	1.55	-0.24	0.50	-1.39	-0.15	0.12	0.02
AAE portfolio vs. iShares Core S&P/ASX200 ETF (IOZ)									
iShares Core S&P/ASX 200 ETF	-0.01	-0.04	-0.07	-0.06	0.00	-0.21	-0.01	-0.40	-0.06
Ansell Limited						-0.95	0.80	-0.15	-0.02
Bingo Industries Limited	-3.21	1.89	-0.75	1.50				-0.65	-0.10
Brambles Limited				-0.63	1.62	0.62	2.19	3.83	0.59
CSL Limited						0.34	-0.18	0.17	0.03
Downer EDI Limited					-0.51	1.23	0.57	1.29	0.20
Inghams Group Limited		-2.43	-0.17	0.23	-2.19	-0.28		-4.78	-0.76
Rio Tinto Limited	-0.04	0.52	0.54					1.02	0.16
Sonic Healthcare Limited		-0.11	1.85	0.75				2.50	0.39
Orora Limited							0.69	0.69	0.10
Telstra Corporation Limited	0.62	0.53	-1.05	2.06	0.45			2.61	0.40
Suncorp Group Limited					-0.66	0.81	2.25	2.40	0.37
Westpac Banking Corporation		-1.49	-1.49	0.77	0.58	-0.57	2.44	0.18	0.03
Time aggregation effect	-0.02	-0.01	-0.04	0.01	-0.05	0.02	0.15	0.06	0.01
Relative performance vs. IOZ	-2.66	-1.14	-1.18	4.64	-1.92	1.01	8.91	7.36	1.12
Average AAE portfolio weight in SMF portfolio	47.37	50.88	55.49	53.83	58.61	57.47	52.54		
AAE contribution to total portfolio performance	-1.26	-0.58	-0.66	2.50	-1.13	0.58	4.68	4.05	0.62

Socially responsible investment (SRI) report

The SMF portfolio is managed in accordance with the Fund's SRI policy, which is directly derived from the University's SRI policy. This policy aims to support sustainable business practices beneficial for society while discouraging those that may cause social injury, all while considering potential implications for investment returns. The policy includes the following conditions:

- (i) Exclude companies that draw more than 20% of revenues from adult entertainment, coal, gambling, tobacco, alcohol, armaments, and exploitative lending practices
- (ii) Hold an active equity portfolio with 30% less carbon intensity than the S&P/ASX 200
- (iii) Avoid investments that are likely to cause an unacceptable level of 'social injury'
- (iv) Favour investments with 'social benefit'
- (v) Preference companies that actively pursue sustainable business activities as determined by the Fund, with a current focus on the following activities and practices related to ESG categories:

E. Climate change action

S. Equity, diversity and inclusion

G. Corporate trustworthiness, including transparency, compliance and accountability.

All active stock positions in the SMF portfolio are currently complying with the industry exclusion list outlined in condition (i). The industry exclusion list is applied to reviews of the SMF portfolio through a narrowing down of the list of candidate stocks at the CSA stage that are considered as part of the stock filtering process.

Figure 5 reports on compliance on carbon intensity (condition ii) with respect to the active stock positions with the AAE portfolio as of 30 August 2024. Sourced from the ANU Investment Office, the carbon intensity of the AAE component of the SMF portfolio is calculated from active stock positions using tonnes of CO₂ produced per \$1 million of revenue on a holdings-weighted basis. This is then compared with the carbon intensity of the S&P/ASX200 estimated on a market-capitalisation basis. The Fund is pleased to report a net carbon intensity for the AAE Portfolio that is -80.03% below the S&P/ASX200 index, which exceeds the 30% threshold target with a margin of +50.03%.

Figure 5: Carbon intensity of the AAE component as of 30 August 2024.

	S&P/ ASX200	ANN	BXB	CSL	ORA	SUN	WBC	Active position s vs. ASX200	Target improvement	Margin
Weighting in AAE portfolio (%)	41.58	9.05	10.54	9.99	9.95	8.81	10.10			
Carbon intensity	143.42	123.50	8.14	35.25	127.70	1.8	2.2	-80.03%	-30.00%	50.03%

Declaration

The Fund declares that it has complied with the University's SRI policy while effectively implementing the SMF SRI policy throughout 2024. The Fund remains committed to consistently reviewing and refining its SRI policy to support sustainable business practices while pursuing long-term returns.

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