



Australian  
National  
University

# ANU Student Managed Fund

Mid-semester report – Semester 1, 2025

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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 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](mailto: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  
**FMAA** – Financial Management Association of Australia  
**FMG** – Fortescue Metals Group  
**FC** – Franking credits  
**FY** – Financial year  
**IAC** – Investment Advisory Committee  
**IPS** – Investment Policy Statement  
**IOZ** – iShares Core S&P/ASX 200 ETF  
**I-REITs** – International Real Estate Investment Trusts  
**ORA** – Orora Limited  
**LLC** – Lendlease Group  
**PC** – Portfolio construction  
**PE** – Price-to-earnings  
**ROE** – Return on equity  
**RMD** – Resmed Inc  
**R&C** – Risk and Compliance  
**RSFAS** – 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 faced a particularly challenging period over the year-to-date (YTD), as broad market declines were compounded by ongoing geopolitical uncertainties and shifting macroeconomic conditions. Over the period, the Fund's value declined by 5.34%, largely due to unfavourable movement in equity holdings across the Active Australian Equities (AAE) and Asset Allocation (AA) portfolios. Overall, the Fund underperformed the reference portfolio YTD by 0.78%. Since inception, the SMF has achieved an annualised return of 9.17%, outperforming the reference portfolio by 0.44% per annum (p.a.) and exceeding our target return by 1.62% p.a. As of 28 March, the Fund's total assets under management (AUM) are \$878,051.

The investment environment has been shaped by both global instability and shifts in domestic monetary policy. In Australia, inflation has fallen to within the RBA's target range of 2–3%, prompting the central bank to cut rates by 25 basis-points in February, marking the first shift toward monetary easing. Globally, trade tensions, particularly between the US and China, have continued to weigh on market sentiment. Concerns over the impact of tariffs and geopolitical risks contributed to elevated volatility, as reflected in the VIX index. These pressures, coupled with slowing global growth, prompted a cautious outlook across developed markets, contributing to broader market underperformance which also impacted the Fund.

From a performance attribution perspective, asset allocation contributed positively, adding 0.36% to relative returns, whilst security selection within the AAE portfolio detracted 0.56%, reflecting subdued performance of several holdings. The Fund's asset mix contributed positively to relative performance, adding 0.36% YTD. Notably, the weighting in emerging market equities (EM) added 0.47% to performance relative to the reference portfolio. In contrast, the Fund's allocation to developed markets detracted from returns as ongoing macroeconomic uncertainty weighed on equities, however on a relative basis performance was neutral. Government bonds also played a stabilising role, softening equity market declines and reinforcing the Fund's diversified approach.

AAE portfolio underperformed the iShares Core S&P/ASX 200 ETF (IOZ) benchmark by -1.09%, primarily due to negative relative contributions from Orora Limited (ORA) and CSL Limited (CSL), which detracted -2.48% and -0.75%, respectively. ORA's underperformance reflected investor concerns around the integration of Saverglass, while CSL fell following a half-year result that missed expectations. Westpac Banking Corporation (WBC) also fell after weaker net interest margins on its Q1 trading update. On the positive side, Brambles Limited (BXB) and Suncorp (SUN) added 1.05% and 0.77% to relative performance. SUN's contribution followed the completion of its capital return post the banking-arm sale, while BXB and Ansell Limited (ANN) provided stability with modest gains despite broader market weakness.

This semester, the Fund welcomed 11 new members, all of whom have quickly adapted to the Fund's demanding workload. The transition has been seamless, with junior members demonstrating strong engagement and actively contributing to discussions. The senior cohort also warrants credit for their embodiment of the Fund's 'Five Key Values' and setting a strong example for the juniors. The leadership team has also played a key role in fostering a collaborative and supportive environment, ensuring new members feel confident in voicing their ideas and challenging assumptions.

A major focus this semester has been refining the Fund's investment decision-making processes within the AAE and AA teams. The senior cohort has worked to enhance the accessibility and functionality of the equities model, with ongoing improvements aimed at ensuring a smoother transition between cohorts. The AA team concurrently focused on refining the Portfolio Construction (PC) model to improve the reliability and practicality of its outputs. The team has also reviewed its thesis generation process to strengthen conviction in recommendations. The Risk and Compliance team (R&C) has continued building its quantitative risk measures to better understand the risk profile of the portfolio. RT team has played a crucial role in broadening the Fund's engagement, both within ANU and with external stakeholders. A highlight of the semester was the Fund's participation in the Careers Night event, held in collaboration with the Actuarial Finance Economics and Commerce Student Society (AFEC) and ANU Actuarial Society (ASOC).

The Fund has made significant progress on several key projects this semester and has multiple ongoing initiatives heading into the second half of Semester 1, 2025:

- The AA team has updated its macroeconomic outlook for the three and 10-year landing points and identified I-REITs as an area of focus, with an in-depth analysis currently underway.
- The AAE team has selected two buy recommendations for further analysis. The first is ResMed Inc (RMD), and the second is Fortescue Metals Group (FMG) where the team will undertake in depth analysis in preparation for Investment Advisory Committee (IAC).
- The R&C team has been progressing a broader risk-measurement initiative, focused on enhancing the Fund's overall risk framework through the development of new quantitative tools.
- The RT team has continued to drive key initiatives, including strengthening engagement with student societies and expanding alumni profiles.

The Fund was privileged to host several guest speakers in Week 5, offering valuable industry insights and perspectives. Ovidio Iglesias and Harry Crawford from Continuity Capital Partners delivered a presentation on private equity, discussing its role in a portfolio and providing an industry overview. Their discussion highlighted the intricacies of private equity investing, offering a deeper understanding of how private investment decisions are made. Armina Rosenberg, co-founder of Minotaur Capital, delivered an insightful presentation on the pioneering use of artificial intelligence in funds management. She discussed how Minotaur Capital integrates proprietary large language models into its investment process, demonstrating how AI-driven strategies are transforming asset management by improving decision-making and identifying market opportunities. Finally, the Fund had the pleasure of welcoming back Stephanie Trinh, an ANU SMF alumna now working on the Fixed Income and Foreign Exchange desk at the Royal Bank of Canada (RBC). Stephanie shared her experiences transitioning from the SMF to industry, offering insights on career progression and the key skills needed to succeed in financial markets. Her perspective was particularly valuable for current members looking to leverage their SMF experience for future opportunities.

Despite a tough market environment, the Fund remains committed to its long-term strategy. Continuous improvements to investment processes, risk management, and research methodologies reinforce a disciplined and rigorous approach. Strong engagement from new members and insights from guest speakers have further strengthened the Fund's foundation, positioning it well for future success.

*James Orr, 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 delighted to welcome three outstanding students – Sophia Laverty, Hugo Hegi and Owen Street – who joined returning seniors Rosie Sewell and Grace Cooper. Each new member has excelled within their analyst role, a testament to their strong work ethic, enthusiasm and aptitude for intensive research and collaboration. Furthermore, their extensive contributions to Fund meetings have been invaluable in supporting other sub-teams to engage more strongly with a macroeconomic perspective.

Following an introductory period where the juniors immersed themselves in the Fund's structure, policies and the AA investment process, the team embarked on a detailed examination of macroeconomic conditions and global markets. Their research explored key issues including the outcomes of global tariffs, persistence of service inflation and shifts within aggregate productivity – all factors that will have varying impacts on the performance of the portfolio's asset mix. The initial findings were first presented in an open tutorial in Week 3, providing an interactive forum for other sub-teams to engage with and challenge their assumptions. A refined version of their analysis was successfully delivered to the wider Fund in Week 4 during the Macro Outlook Presentation.

This research underpinned the team's forecasting of three-year metrics of economic growth, inflation, central bank rates, PE ratios and ROE– essential inputs into the forward-looking PC model. As a cornerstone of the AA investment process, the PC model enables the analysis of expected wealth paths of the Fund's holdings in a variety of economic scenarios. In Week 6, the team presented their Model Update Presentation, which serves as a guide each semester to justify potential changes to the AA target weightings ahead of the IAC meeting in Week 11.

In addition to their core responsibilities, the team undertook a valuable legacy initiative to enhance accessibility and understanding of the PC model. They created detailed walk-through videos, providing critical insights into the model's mechanics and embedded assumptions. These materials also sought to reinforce the role of Utility modelling relative to traditional Mean-Variance modelling, highlighting how the Fund's unique investment goals are incorporated into the broader process. Looking ahead, the team is excited to collaborate with R&C to integrate new risk quantification metrics within the investment process in the coming semesters.

Moving forward, the AA team has commenced an in-depth investigation into the potential inclusion of I-REITs as a new asset class within the portfolio. The objective is to evaluate whether I-REITs can enhance dividend stability and diversify current return drivers without increasing the portfolio's home-bias. The investigation will combine qualitative risk assessments with robust quantitative tools, such as stress testing, to ensure a balanced and objective evaluation of this asset class. As global trade tensions rise and equity market volatility intensifies, rigorous risk analysis is indispensable to safeguarding the Fund's long-term objectives.

Overall, the team's work this semester will be instrumental to inform future asset allocation decisions, supporting resilience in meeting the Fund's distribution goals and preserving the real value of the total portfolio.

*Grace Cooper, Head of AA*

### Active Australian Equities (AAE) team

The AAE team welcomed three junior analysts this semester, including Safi Wheeldon, Enrique Sinha, and Rhodri Bjerke, bringing our team size to seven analysts. The juniors impressed the Fund with their excellent work ethic, enthusiasm, and willingness to learn. It has been rewarding to see their confidence grow, particularly in presenting investment ideas and conducting investment analysis. This progress was made possible thanks to the leadership of our senior analysts, Ben Manley, Kurtis Castorina, and Olaf Braaksma-Menks, who have set a high standard and provided invaluable guidance.

The team began the semester by conducting Candidate Stock Analysis (CSA) on ten companies, with a mix of growth, cyclical, and defensive stocks. Our screening process focused on identifying high-quality businesses trading at attractive valuations, in conjunction with the Fund's investment objectives. Companies were also filtered with reference to quantitative valuation metrics and environmental, social and governance (ESG) qualities, with guidance from the R&C team. A particular emphasis this semester was placed on mining stocks, which have been underrepresented in the portfolio since the divestment of Rio Tinto in 2020. Due to recent underperformance of the sector amid declining commodity prices, we see value in potentially adding a mining stock to the equities portfolio. Other industries considered include healthcare, consumer discretionary, telecommunications, and infrastructure.

Following completion of the CSA stage, the team voted to progress RMD and FMG into the stage of in-depth analysis. RMD was selected due to its dominance in a growing global sleep apnoea market and proven ability to generate consistently increasing cash flows. On the other hand, the team identified potential value in analysing FMG, driven by its history of strong dividend payouts and weakened share price due to ongoing weakness in iron ore markets.

In the first half of the semester, the team successfully completed revaluations for WBC, ANN, and SUN. WBC was initially identified as a sell due to sustained net interest margin pressures and expensive valuations in the banking sector. However, upon conducting further analysis, the team sees value in maintaining exposure to the banking sector in the long run given the sector's



significant representation in the ASX200. Additionally, WBC's strong franked dividends and solid fundamentals align with the Fund's long-term objectives. Instead of selling WBC now and re-entering the banking sector later, the team decided to hold WBC and prioritise other investment opportunities this semester. ANN has been one of the portfolio's standout performers in 2024, as demand for its products normalised following post-pandemic destocking concerns. The team decided to recommend a hold as the margin of safety remains healthy following the company's robust earnings results in the first half of FY2025. The team also decided to recommend holding SUN as the initial investment thesis remains intact and outlook on the insurance sector continues to be favourable.

Looking ahead, the team will be working on conducting in-depth analysis on RMD and FMG in preparation for potential IAC recommendations. In addition, the team will undertake revaluations of CSL, BXB, ORA, and Lendlease Group (LLC) as part of the ongoing portfolio review process.

*Chee Zhen (Austin) Huang, Head of AAE*

### **Risk and Compliance (R&C) team**

This semester, the R&C team welcomed three new Junior Analysts – Will Higgins, Harry Trinick, and Angela Romero Martinez. The juniors have quickly and effectively taken up their new responsibilities in the team and are working well under the guidance of Senior Analyst Uthej Reddy and Chief Risk Officer (CRO) Darcy Niven.

One of R&C's core responsibilities is ensuring compliance with the SMF's Socially Responsible Investment (SRI) policies for both current and prospective holdings. Mining companies within the CSA list have particularly challenged R&C's evaluation methods due to the industry's heightened potential for social harm and environmental impact, creating reputational risks for the SMF. Consequently, R&C has expanded its approach beyond strict reliance on ESG frameworks and numerical ESG scoring. Moving forward, R&C will adopt a comprehensive and nuanced approach to SRI compliance, applying deeper qualitative analysis and engagement to exceed the minimum standards required by both the Fund and the University. This enhanced approach ensures our evaluations align closely with the spirit and objectives of responsible investing, rather than simply fulfilling baseline compliance requirements.

R&C's other responsibilities have continued smoothly. The overhauled Behavioural Bias Risk Management Framework (BBRMF) process from last semester has been successful. Providing more generalised comments with an emphasis on actionable feedback is a much more effective and amicable way of first identifying and then reducing behavioural biases in SMF members. Additionally, R&C's performance attribution role has continued with the aim this semester to keep refining R&C's PA Model and integrate new risk measures within.

The most exciting addition to R&C's function is our developing quantitative risk measures. The R&C team have started to investigate ways to effectively analyse key risk measures such as Sharpe ratios, correlation coefficients, drawdown ratios, and portfolio recovery times to ensure comprehensive reporting and risk transparency. These measures are critical for understanding the SMF's risk-adjusted performance, resilience during market downturns, and level of diversification and systemic risk exposure. The R&C team have been very deliberate in developing risk metrics that align with the SMF's long-term objectives of preserving capital and generating sustainable returns. As R&C's quantitative risk measures are still well within their infancy, there is much scope for further model refinement and the potential adoption of alternate risk measures such as factor models.

*Darcy Niven, Chief Risk Officer (CRO)*

### **Relationship Team (RT)**

This semester, RT welcomed two new juniors, Tanya Lee and Jeremy Zhu, as relationship officers. Their addition has provided valuable support under Team Head Kristoforus Arka Gantari, enhancing the team's capacity to pursue both new and ongoing initiatives. RT kicked off the semester with the goal of strengthening connections with both internal and external

stakeholders. The first step involved mapping ANU SMF alumni to track career trajectories, with the aim of fostering stronger ties between the current and past cohorts. The team also attended various events to further increase Fund awareness.

Specifically, the team started the semester by promoting the Fund internally within CBE, participating in CBE Welcome events and engaging with both undergraduate and postgraduate students. This was followed by attendance at the AFEC x ASOC Careers Cocktail Evening, hosted by ANU student societies AFEC and ASOC. The SMF also participated in ANU Open Day as part of CBE information sessions, where the CIO and Team Heads presented an overview of the Fund and shared insights into its structure and goals.

To promote the Fund to potential applicants, the RT and the SMF leadership team attended undergraduate and postgraduate finance and statistics lectures. Additionally, the team reached out to various ANU societies including FMAA (Financial Management Association of Australia), the ANU Consulting Society, AFEC, and ASOC – to help spread the word about applications for Semester 2, 2025. The team also partnered with ANU residential halls, requesting that they share promotional content via their Facebook pages.

Alongside these efforts, the team continued to actively publish weekly and bi-weekly content across the Fund's social media platforms to engage the wider community. RT is grateful for the opportunity to have the Fund featured on the ANU Reporter webpage. The team also communicated the current ANU SMF portfolio breakdown via social media, to update the public on the Fund's activities. Following that, RT concluded the first half of the semester with a teams' spotlight feature, offering insight into how the junior and senior cohorts feel and enjoy about the SMF.

Looking ahead, RT will pursue new initiatives including intended interviews with ANU SMF alumni and members of the IAC, followed by the publication of reports based on these conversations. The team will also host the Fund's application workshop to assist students in the application process. Finally, the team is committed to broadening the Fund's marketing potential by exploring previously untapped opportunities.

*Kristoforus Arka Gantari, Head of RT*



## SMF team photos and roles

Chief Investment Officer



*James Orr (CIO)*

Convenors

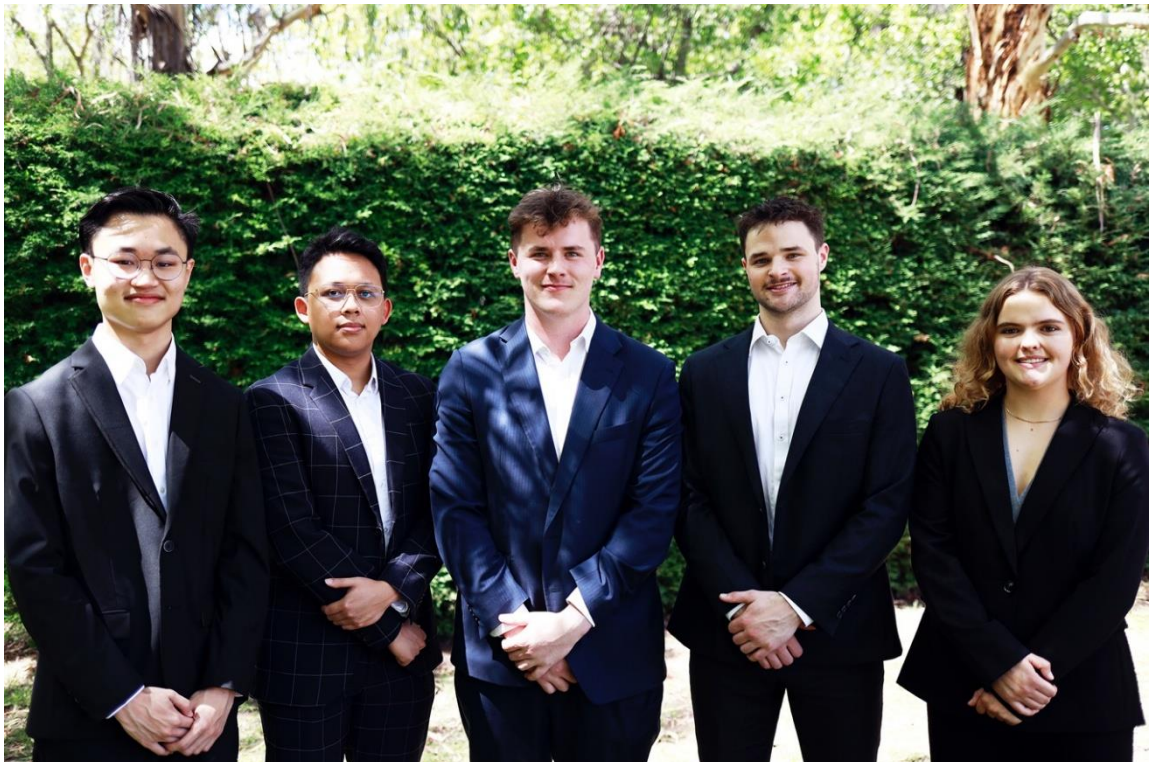


*Dr Dean Katselas (Fund Convenor)*



*Dr Hua Deng (Course Convenor)*

## Team Heads



*L-R: Chee Zhen (Austin) Huang (AAE), Kristoforus Arka Gantari (RT), James Orr (CIO), Darcy Niven (CRO), Grace Cooper (AA)*



## Asset Allocation (AA) team



*L-R: Rosie Sewell (Senior Analyst), Owen Street (Analyst), Grace Cooper (Team Head), Hugo Hegi (Analyst), Sophia Laverty (Analyst)*

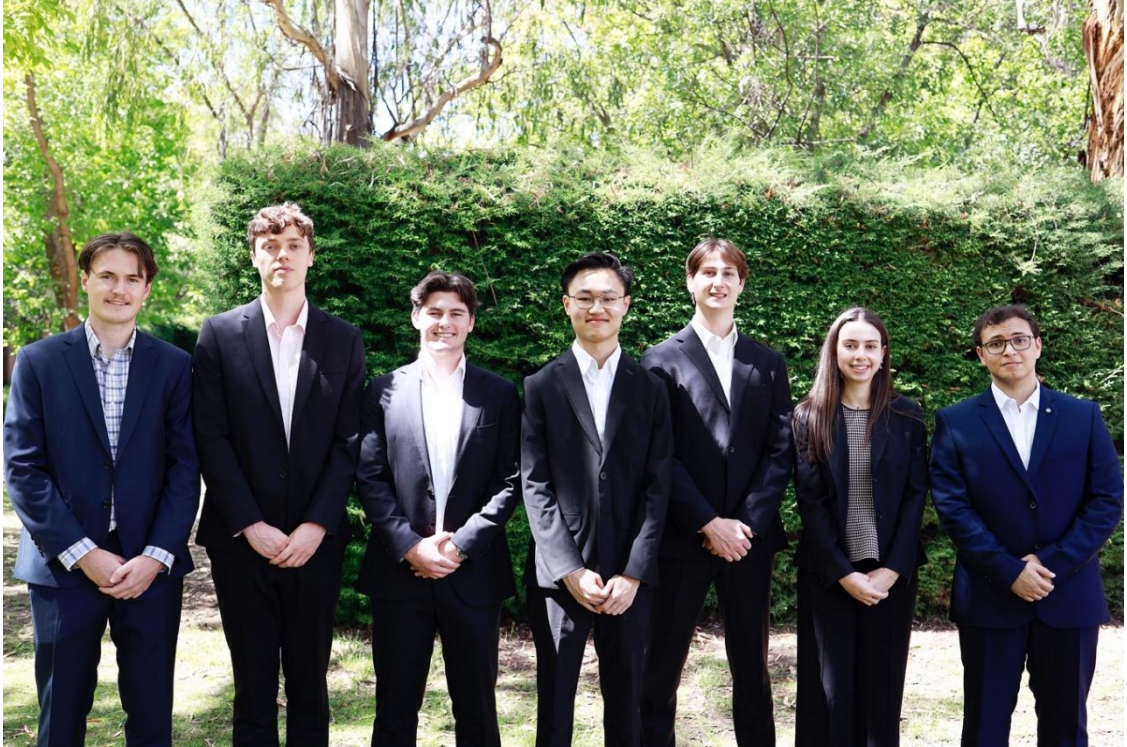
## Relationship Team (RT)



*L-R: Tanya Lee (Relationship Officer), Kristoforus Arka Gantari (Team Head), Jeremy Zhu (Relationship Officer)*



### Active Australian Equities (AAE) team



*L-R: Rhodri Bjerke (Analyst), Olaf Braaksma-Menks (Senior Analyst), Ben Manley (Senior Analyst), Chee Zhen (Austin) Huang (Team Head), Kurtis Castorina (Senior Analyst), Safi Wheeldon (Analyst), Enrique Sinha (Analyst)*

### Risk & Compliance (R&C) team



*L-R: Uthej Reddy (Senior Analyst), William Higgins (Analyst), Darcy Niven (CRO), Harrison Trinick (Analyst), Angela Romero Martinez (Analyst)*

## Portfolio overview

### Portfolio structure

As of 28 March 2025, the total value of the SMF portfolio was \$878,050.82. The portfolio remains largely aligned with the reference portfolio allocation, maintaining a 17.82% weighting in defensive assets, consisting of Australian fixed income and Australian cash, and 82.18% in growth assets, including Australian equities, developed market equities (hedged and unhedged), and emerging market equities (EM). The asset values and weights of these asset classes are presented in Figure 1. All positions remain within the tolerance limits specified in the SMF Investment Policy Statement (IPS) (see Figure 2 (a)).

Against the reference portfolio, the SMF is currently underweight in Australian equities (-5.60%) and hedged developed market equities (-3.94%), while maintaining a notable overweight position in emerging market equities (+9.92%). The allocation to Australian fixed income remains underweight (-2.32%), with the cash position in line with the reference portfolio. These deviations from the reference portfolio reflect the IAC-endorsed target weights of which all SMF asset weightings are currently in compliance with. The AA team is considering an allocation shift into I-REITs which may result in asset class weighting adjustments in the coming months.

The AAE portion of the portfolio holds seven active positions: ANN, BXB, CSL, LLC, ORA, SUN, and WBC (Figure 2 (b)). Each position has a target weight of 10%. ORA is the closest to exceeding the rebalancing threshold, currently underweight by 2.56%. As of 28 March 2025, no active position deviates more than 3% from the IPS rebalancing threshold.

Figure 1: Portfolio structure as of 28 March 2025

Portfolio component	ETF used as benchmark	Asset values \$	SMF portfolio weight %	Reference portfolio weight %	Over (under) weight %
<b>Australian equities</b>					
<b>AAE portfolio:</b>					
iShares Core S&P/ASX 200 ETF		152,745	17.40		
Ansell Limited		50,215	5.72		
Brambles Limited		57,288	6.52		
CSL Limited		39,930	4.55		
Lendlease		43,502	4.95		
Orora Limited		34,848	3.97		
Suncorp Group Limited		39,985	4.55		
Westpac Banking Corporation		50,163	5.71		
Total AAE portfolio	iShares Core S&P/ASX 200	468,675	53.38	50	3.38
<b>Held within AA portfolio:</b>					
iShares Core S&P/ASX 200 ETF		11,902	1.36	10	-8.64
<b>Total Australian Equities</b>	<b>iShares Core S&amp;P/ASX 200</b>	<b>480,577</b>	<b>54.73</b>	<b>60</b>	<b>-5.27</b>
Developed markets, hedged	Vanguard International Shares Index, Hedged	53,545	6.10	10	-3.90
Developed markets, unhedged	Vanguard International Shares Index	104,271	11.88	10	1.88
Emerging market equities	iShares MSCI Emerging Markets Index	87,594	9.98	0	9.98
<b>Total international equities</b>		<b>245,410</b>	<b>27.95</b>	<b>20</b>	<b>7.95</b>
<b>Total equities</b>		<b>725,987</b>	<b>82.68</b>	<b>80</b>	<b>2.68</b>
<b>Australian fixed income</b>	Vanguard Australian Government Bond Index	<b>111,974</b>	<b>12.75</b>	<b>15</b>	<b>-2.25</b>
<b>Australian cash and accruals:</b>					
BetaShares Australia High Interest Cash ETF		15,081	1.72		
BT Cash Management Trust		15,554	1.77		
Accrued interest and dividends		2,178	0.25		
Accrued franking credits		7,276	0.83		
<b>Total cash and accruals</b>	<b>BetaShares Australia High Interest Cash</b>	<b>40,090</b>	<b>4.57</b>	<b>5</b>	<b>-0.43</b>
<b>Total fixed income and cash</b>		<b>152,064</b>	<b>17.32</b>	<b>20</b>	<b>-2.68</b>
<b>Total value of SMF assets</b>		<b>878,051</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>
Total portfolio value as reported in BT Panorama		870,774.69			
Accrued franking credits		7,276.13			
<b>Total value of SMF assets</b>		<b>878,050.82</b>			

Figure 2 (a): Asset allocation and active stock weights as of 28 March 2025

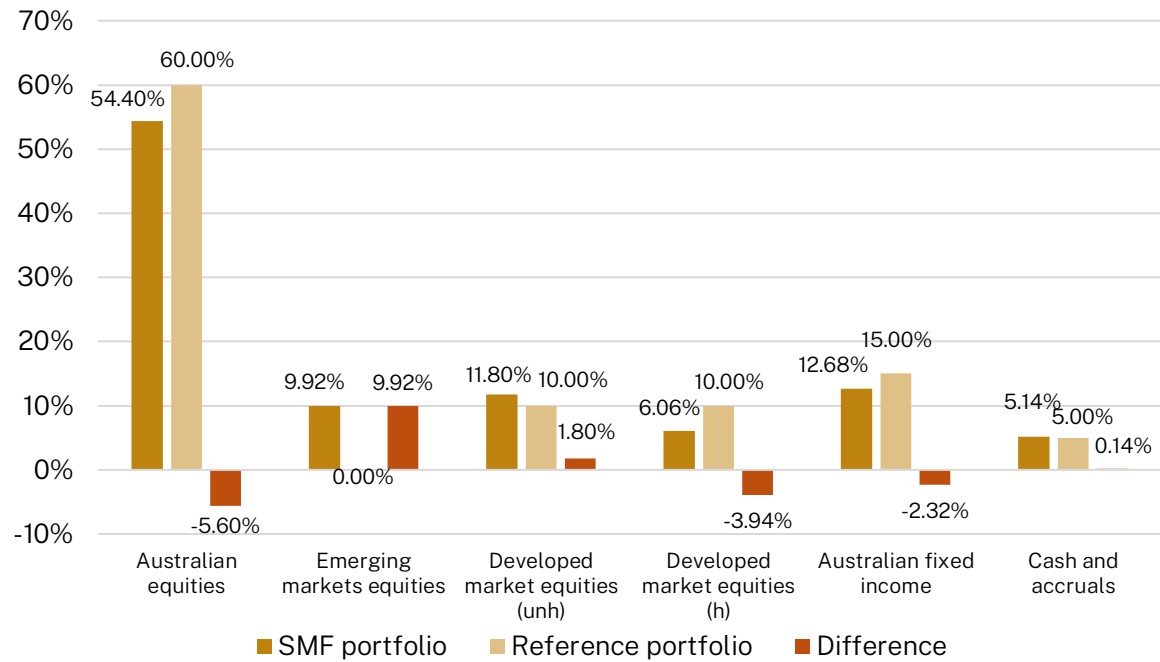
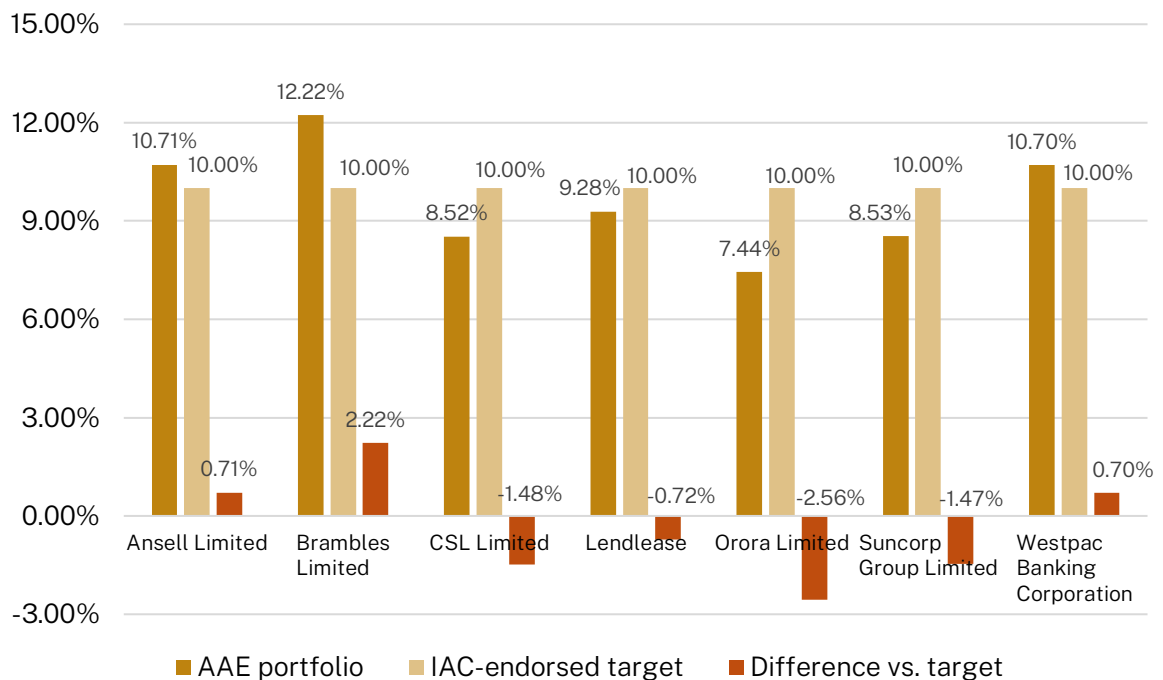


Figure 2 (b): AAE portfolio – active stock weights as of 28 March 2025





## Portfolio performance<sup>1</sup>

The SMF portfolio has experienced a -1.64% YTD return. Since inception, the portfolio has generated a total cumulative return of 83.90% equivalent to 9.17% p.a. On an annualised basis, the SMF has outperformed the reference portfolio and target return by 0.44% and 1.62% respectively. On a cumulative basis, this amounts to an outperformance of 4.80% to the reference portfolio and 17.94% above the target return. The SMF portfolio has also posted a -5.34% fall in value, however, this is more reflective of the annual distribution made than it is of portfolio performance. A full attribution analysis is provided in the subsequent section which details the key contributors and detractors to portfolio performance.

### Attribution analysis

Figure 4 attributes the performance of the SMF relative to the reference portfolio to the investment decisions of security selection (AAE portfolio) and asset allocation (AA portfolio). The AAE portfolio is compared to the performance of IOZ as a benchmark by the Fund. Similarly, AA's holdings and performance are compared against various equity, fixed income, and other asset class benchmarks. Combining AAE and AA's relative performance with administrative fees, aggregation, and other effects, gives a -0.78% underperformance behind the target portfolio YTD. Note in Figure 3 that a minor adjustment has been made to the franking credits held by CBE after realising franking credits and interest received from the ATO from FY2022-23 in the Fund's annual distribution.

In the 2025 YTD, the AAE portfolio delivered returns at a level -1.09% below the benchmark IOZ portfolio. Of the equity holdings, ORA has performed the worst with a -28.25% return YTD, contributing to a -2.48% relative to IOZ in the AAE attribution analysis. This is partially a result of low earnings from their Saverglass acquisition made in 2023. CSL is down -8.62% YTD off lower American vaccination rates, with -0.75% attribution in the AAE portfolio relative to IOZ. BXB and SUN have contributed the most to the Fund's performance relative to IOZ, contributing 1.05% and 0.77% respectively. The SUN return is comprised mainly of the proceeds returned to shareholders after the sale of Suncorp Bank to ANZ. These funds were received by way of a fully franked special dividend and cash capital return in March.

The AA portfolio has historically performed closer to the underlying reference portfolios, highlighting its ability to deliver strong returns with lower volatility. In the 2025 YTD, the 0.36% attribution contribution is largely a result of the high performance in emerging markets, a stark reversal from 2021 to 2023 in which these returns contributed negatively to overall attribution analysis. The emerging markets is not included within the reference portfolio, allocating a 9.92% weighting to emerging markets means that the AA portfolio can produce significantly more divergent returns to the benchmark, as have been the case YTD. The remaining allocations in developed market equities and fixed income perform in line with the reference portfolio given their weightings.

Since its inception in 2018, the Fund's actively held positions have outperformed the reference portfolio by an average of 0.58% annually. Of this figure, 0.48% is attributable to security selection (AAE), 0.10% to asset allocation (AA). However, total relative performance against the reference portfolio is moderated down to 0.44% p.a., accounting for fees charged by the wealth management platform BT Panorama (-0.17%) and adjusting for other aggregation and other effects (0.03%).

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<sup>1</sup> All return calculations include franking credits.

Figure 3: Portfolio performance since inception as of 28 March 2025

Year	2021	2022	2023	2024	2025	Since inception	
Opening date	1 January 2021	1 January 2022	1 January 2023	1 January 2024	1 January 2025	10 April 2018	
Closing date	31 December 2021	31 December 2022	31 December 2023	31 December 2024	28 March 2025	28 March 2025	
PORTFOLIO VALUES							
Opening portfolio value in BT Panorama*	\$704,774.44	\$796,753.31	\$722,051.16	\$800,951.02	\$915,009.06		
+ Accrued franking credits	\$7,719.98	\$7,806.53	\$9,938.76	\$14,926.07	\$12,589.27		
Opening portfolio value	\$712,494.42	\$804,559.84	\$731,989.92	\$815,877.09	\$927,598.33		
Closing portfolio value in BT Panorama	\$796,753.31	\$722,051.16	\$800,951.02	\$915,009.06	\$870,774.69		
+ Accrued franking credits	\$7,806.53	\$9,938.76	\$14,926.07	\$12,589.27	\$7,276.13		
Closing portfolio value	\$804,559.84	\$731,989.92	\$815,877.09	\$927,598.33	\$878,050.82		
Change in portfolio value	12.92%	-9.02%	11.46%	13.69%	-5.34%		
CASH FLOWS							
- Distribution related to prior period	-\$32,067.23	-\$36,205.19	-\$33,127.65	-\$36,714.47	-\$41,707.58		
+ Amount held by CBE, offset against distribution	\$0.00	\$0.00	\$4,189.31	\$6,403.00	\$6,326.67		
- Contributions	\$150.00	\$4,188.00	\$18,190.00	\$910.00	\$500.00		
Total cash flows	-\$31,917.23	-\$32,017.19	-\$10,748.34	-\$29,401.47	-\$34,880.91		
RETURNS (%)						Cumulative	Per annum
SMF portfolio return (based on adjusted portfolio values)	18.20%	-5.25%	13.16%	17.89%	-1.64%	83.90%	9.17%
Target return (estimated as CPI + 4.5%)**	8.00%	12.41%	8.55%	6.80%	0.82%	65.96%	7.54%
SMF return less target return	10.20%	-17.66%	4.61%	11.09%	-2.45%	17.94%	1.62%
Reference portfolio return	15.55%	-4.09%	13.36%	13.43%	-0.86%	79.11%	8.73%
SMF return less reference portfolio return	2.65%	-1.15%	-0.20%	4.46%	-0.78%	4.80%	0.44%
Note: Administration fees - BT Panorama	0.21%	0.23%	0.22%	0.21%	0.05%	1.17%	0.17%

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

\*\* The modified Dietz method makes an adjustment for the portion of the year that cash flows are available to earn returns

Figure 4: Performance attribution since inception as of 28 March 2025

Contributions to performance vs. reference portfolio							
Period	2021	2022	2023	2024	2025	Since inception	
	%	%	%	%	%	Cumulative	Per annum
Opening date	1/1/21	1/1/22	1/1/23	1/1/24	1/1/25	10/4/18	
Closing date	31/12/21	31/12/22	31/12/23	31/12/24	28/3/25	28/3/25	
SMF portfolio vs. reference portfolio							
Asset allocation	-0.24%	0.50%	-1.39%	0.06%	0.36%	0.68%	0.10%
Security selection - AAE portfolio	2.50%	-1.13%	0.58%	4.58%	-0.56%	3.38%	0.48%
Contribution from positions held (prior BT fees)	2.26%	-0.63%	-0.81%	4.64%	-0.20%	4.07%	0.58%
Administration fees - BT Panorama	-0.21%	-0.23%	-0.22%	-0.22%	-0.22%	-1.17%	-0.17%
Aggregation, cash portfolio and other effects	0.60%	-0.29%	0.83%	-0.06%	-0.36%	1.90%	0.03%
Total relative performance	2.65%	-1.15%	-0.20%	4.36%	-0.78%	4.80%	0.44%
Asset allocation attribution							
Australian equities	0.02%	-0.23%	-0.01%	0.01%	0.01%	0.22%	0.03%
Developed market equities, hedged	-0.03%	0.00%	-0.08%	-0.23%	0.01%	-0.36%	-0.05%
Developed market equities, unhedged	-0.15%	0.24%	-0.57%	0.04%	-0.01%	-0.40%	-0.06%
Emerging market equities	-0.24%	-0.68%	-0.65%	0.23%	0.47%	-0.87%	-0.13%
Australian fixed income	1.31%	0.47%	-0.01%	0.11%	-0.01%	3.02%	0.43%
Cash and accruals	-1.13%	0.71%	-0.05%	-0.12%	-0.11%	-0.82%	-0.12%
Time aggregation effect	-0.03%	-0.03%	-0.01%	0.01%	0.00%	-0.06%	-0.01%
AA contribution to total portfolio performance	-0.24%	0.50%	-1.39%	0.06%	0.36%	0.68%	0.10%
AAE portfolio vs iShares Core S&P/ASX200 ETF (IOZ)							
iShares Core S&P/ASX 200 ETF	-0.06%	0.00%	-0.21%	-0.01%	0.04%	-0.37%	-0.05%
Ansell Limited			-0.95%	1.85%	0.30%	1.19%	0.17%
Bingo Industries Limited	1.50%					-0.65%	-0.09%
Brambles Limited	-0.63%	1.62%	0.62%	2.66%	1.05%	5.40%	0.76%
CSL Limited			0.34%	-1.25%	-0.75%	-1.65%	-0.24%
Downer EDI Limited		-0.51%	1.23%	0.57%		1.29%	0.18%
Inghams Group Limited	0.23%	-2.19%	-0.28%			-4.78%	-0.70%
Rio Tinto Limited						1.02%	0.15%
Sonic Healthcare Limited	0.75%					2.50%	0.36%
Orora Limited				0.44%	-2.48%	-2.06%	-0.30%
Telstra Corporation Limited	2.06%	0.45%				2.61%	0.37%
Suncorp Group Limited		-0.66%	0.81%	2.99%	0.77%	3.93%	0.55%
Westpac Banking Corporation	0.77%	0.58%	-0.57%	2.59%	-0.02%	0.31%	0.04%
Lendlease				-1.08%	0.05%	-1.03%	-0.15%
Time aggregation effect	0.01%	-0.05%	0.02%	-1.10%	0.01%	-1.18%	-0.17%
Relative performance vs. IOZ	4.64%	-1.92%	1.01%	8.73%	-1.09%	6.02%	0.84%
Average AAE portfolio weight in SMF portfolio	53.83%	58.61%	57.47%	52.47%	53.38%		
AAE contribution to total portfolio performance	2.50%	-1.13%	0.58%	4.58%	-0.56%	3.38%	0.48%

## Socially responsible investment (SRI) report

The SMF portfolio is managed in accordance with the Fund's SRI policy which is built upon 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.

All active stock positions in the SMF portfolio are compliant with the industry exclusion list outlined in condition (i). The industry exclusion list is applied to reviews of the SMF portfolio by narrowing down the list of candidate stocks 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 28 March 2025. The carbon intensity of the AAE component of the SMF portfolio is calculated from active stock positions using tonnes of CO<sub>2</sub> produced per \$1 million of revenue on a holdings-weighted basis. This is then compared with the carbon intensity of the ASX200 estimated on a market capitalisation basis. The Fund is pleased to report a net carbon intensity for the AAE portfolio that is 73.48% below the ASX200 index, which exceeds the 30% threshold target with a margin of +43.48%.

**Figure 5: Carbon intensity of the AAE component as of 28 March 2025.**

	ASX200	ANN	BXB	CSL	LLC	ORA	SUN	WBC	Total AAE	Total AAE vs ASX200	Target Difference	Margin
Weight in AAE Portfolio	32.59%	10.71%	12.22%	8.52%	9.28%	7.44%	8.53%	10.70%	67.41%			
Carbon Intensity	145.26	116.97	8.75	33.74	15.82	102.96	1.52	2.20	38.52	-73.48%	-30.00%	43.48%

### *Declaration*

The Fund declares that it has complied with the University's SRI policy while effectively implementing the SMF SRI policy throughout 2025. 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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