ANU SMF APPLICATION WORKSHOP

TUESDAY 16TH SEPTEMBER 2025

Australian National University

Student Managed Fund

Introduction

Purpose for this Application Workshop

- Provide insight into the work of the Fund, by each team, and as a whole
- Information on the work of each team for clarity before making your application
- Useful tips and tricks for the investment pitch
(part of your application)
- Answer any other questions you may have about the Fund

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Agenda

- Dean Katselas (Fund Convenor) will go over the fund's history, objectives and explain the application procedure
- The Team Head's will talk about the typical roles and responsibilities of their respective teams
    - Chief Investment Officer (CIO) – Owen Street
    - Asset Allocation (AA) – Sophia Laverty
    - Risk & Compliance (R&C) – Angela Romero Martinez
    - Australian Active Equities (AAE) – Safi Wheeldon
    - Relationship Team (RT) – Tanya Lee
- Safi Wheeldon (AAE Team Head) and Sophia Laverty (AA Team Head) will go in-depth about crafting a good investment tips
- Hua Deng (Course Convenor) will provide some tips for the interview and what to expect
- Finish with a Q&A led by Tanya (RT Head)

Any Questions Before We Begin?

ABOUT THE FUND

Fund Convenor:
Dean Katselas

1.0 About the Fund

History and Background on the Fund:

- Why did we start this program?

Application Process

- Why is the Application Process in this format?

For more Information about the Application Process.

Please head to:

https://rsfas.anu.edu.au/news/smf-applications

TEAM ROLES & RESPONSIBILITIES

Team Heads:

Safi Wheeldon (AAE), Sophia Laverty (AA), Angela Romero Martinez (R&C), Tanya Lee (RT)

2.0 Active Australian Equities (AAE)

What We Do

Manage ~50% of the SMF portfolio:

1. Build financial models.
2. Create equity research reports.
3. Give presentations to the Fund.

Typical week

- Conduct research from a wide range of sources (company reports, analyst reports, media articles, etc.)
- Distil our research into an investment thesis and forecasts for our models.

Qualities

- Interested in equity research and valuation.
- Curiosity and critical thinking are highly valued.

INVESTED

Ansell   Westpac   SUNCORP

lendlease   CSL   Brambles   ORORA

DIVESTED

Downer   Telstra   INGHAM'S
Relationships creating success   Heart of the Table

SONIC HEALTHCARE   RioTinto

2.1 Asset Allocation (AA)

Typical Tasks

- Fundamental macroeconomic research
- Update key drivers for different asset classes in the portfolio construction model (PC model)
- Make qualitative adjustments to model output to derive optimal asset weightings
- Asset allocation reports; recommendations and rebalancing

Qualities

- Interested in macroeconomics, markets or fiscal and monetary policy
- Critical thinking skills with a focus on analysis
- Open-minded and creative

Application Tips

- Focus pitch on how macroeconomic factors impact various asset classes
- Aim to look through the short-term noise
  - SMF is a Long-Term investor, with a 10-year horizon. Try to reflect this in your recommendation

2.1 Asset Allocation (AA)

Asset Class	Target Weighting in Portfolio
Australian Equities	55%
Developed Markets, Hedged	5%
Developed Markets, Unhedged	10%
Emerging Markets	10%
Fixed Income	15%
Cash and Accruals	5%

SMF Target Weight
As of 03/09/2025

Cash & Accruals 5%

Emerging Markets Equities 10%

Fixed Income 15%

Developed Markets Equities (Hedged) 5%

Developed Markets Equities (Unhedged) 10%

Australian Equities 55%
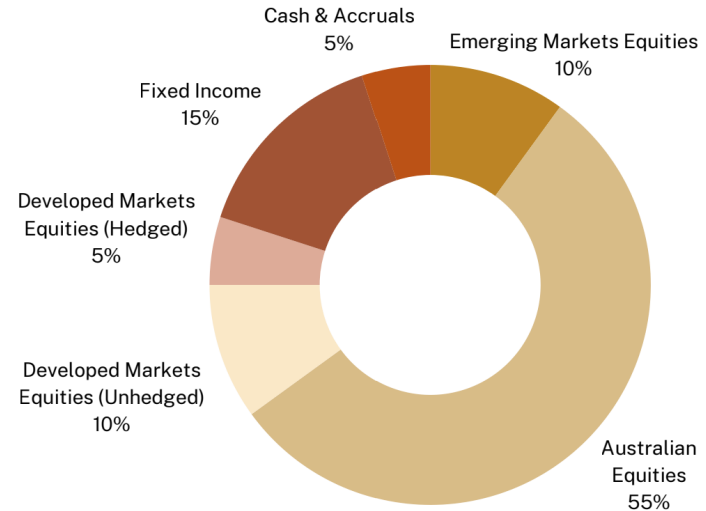
2.2 Risk and Compliance (R&C)

What we do:
Broad Responsibilities:

1. Compliance Monitoring:
- Fund compliance with the SMF SRI Policy.
- Portfolio & investment constraints.

2. Performance Measurement & Attribution:
- Portfolio performance updates

3. Risk Evaluation and Management:
- Investment risks.
- Reputation risks.
- Portfolio risks.

Primary Tasks:

1. Socially Responsible Investment (SRI) reviews:
- Analyse stocks on ESG criteria.
- Consider risks, social harm, and social injury.

2. Maintain the Performance Attribution Model

3. Behavioural Bias Risk Management (BBRMF):
- Analyse sub-team decision-making processes.

4. Red-Teaming:
- Scrutinise AAE's in-depth stock analysis to improve and enhance the investment case.

Being a contrarian & playing devil's advocate

2.2 Risk and Compliance (R&C)

Qualities

- Interest in ethical investing, corporate social responsibility, and risk management
- Strong qualitative research skills (pre-existing quantitative skills are useful but not essential)
- Open-mindedness, creativity, initiative

Application tips

- Do not feel compelled to complete a DCF analysis - get creative with your application
- Consider reading the SMF's SRI Policy to familiarise yourself with the risks the SMF concerns itself with
- Focus on the central investment thesis and ask yourself the following questions:
  - *What risks is this particular company, and the sector exposed to? Is the market pricing these correctly?*
  - *What factors could disrupt this company (or industry) in the short, medium and long term? What is likelihood of these factors manifesting?*

2.3 Relationship Team (RT)

What we do?

1. **Engagement:**
   - Industry Professionals
   - SMF Alumni
   - Students
2. **Communications:**
   - Social Media Platforms
   - SMF Website
3. **Fund Support:**
   - Reports
   - Meeting Minutes
4. **Recruitment events:**
   - ANU Open Day
   - CBE Events
   - Student Society events

Qualities

- You are passionate about fostering relationship and comfortable in public speaking
- Great at expressing functional ideas clearly and creatively

Tailor your applications

- You are not expected to have strong analytical skills equivalent to those applying for other teams, but show your;
  - Strong communication and writing skills (formatting, vocabulary, structure etc)
  - Show creative thinking by pitching an initiative to enhance the communication of SMF activities

EQUITY INVESTMENT CASE TIPS

Head of Active Australian Equities:
Safi Wheeldon

SCOPE OF RECOMMENDATION SUBJECTS

3.0 Scope of recommendation subjects

Possible subjects

- Stock recommendation (ASX Listed Only)
- Asset class (AA)
- Managed fund (AA)
- Asset allocation for a particular investor (AA)
- Enhancing communication of SMF activities (RT only)
- ESG or Risk Report (R&C)
- Any other investment opportunity of interest

This list is by no means exhaustive, guidelines have deliberately been left broad

3.1 Where to start

We will be discussing a stock recommendation, but these tips are relevant to *all* investment recommendations...

1) Think about your specific interest and passions

- Is there an industry/company which you are passionate about, or have previous knowledge regarding?

2) Engage with external resources

- Company annual reports & investor presentations
- IBISWorld (ANU Library): Industry analysis reports
- Morningstar DatAnalysis Premium (ANU Library): Company financial data
- Yahoo Finance: Company financial data
- Other Sources accessible from ANU Library: Factiva

3.2 Company Analysis Framework

1) Analyze the company's operating performance for the past 3-5 years.

- Has the company been able to generate consistently increasing revenue, net income, and operating cash flows?

2) Does the company have a healthy balance sheet?

- Current Ratio
- Debt-to-Equity Ratio

3) Attempt to determine whether the company has a competitive advantage.

- How does it differentiate itself from competitors?
- How does the company keep costs low?
- Do the key financial metrics reflect a competitive advantage? (Market share, profit margins, returns on invested capital)

3.3 Company Analysis Framework Cont.

1) Is the company operating in an industry with long-term growth drivers?

- Porter's Five Forces Analysis

2) Is the company trading at an attractive valuation?

- A good company is not necessarily a good investment. Price matters!

3) What is your recommendation?

- Buy / Hold / Sell

What companies to avoid

- Companies with zero earnings or consistently negative earnings – these will be difficult to value reliably and are unlikely to exhibit meaningful competitive advantages.
- Opaque companies – those who provide little or no information will be difficult to value reliably.
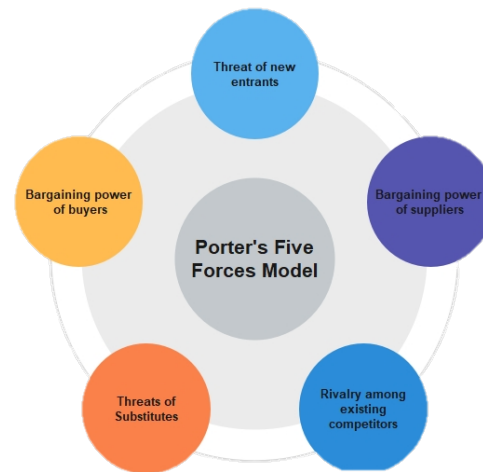
Note: This framework is only a guide to help you get started — there is no need to follow it strictly. Feel free to modify it to suit your needs!

3.4 Valuation tips

Valuation metrics

- Applicants are encouraged to include a DCF valuation in their application.
- A full DCF is not required, but using the framework highlights your ability to identify and analyse key value drivers.
- Valuation multiples may be used for comparison, though they will not carry as much weight on their own.

Valuation multiples

- Examples: Price/Earnings, EV/EBITDA

Enterprise Value / EBITDA

Forward P/E
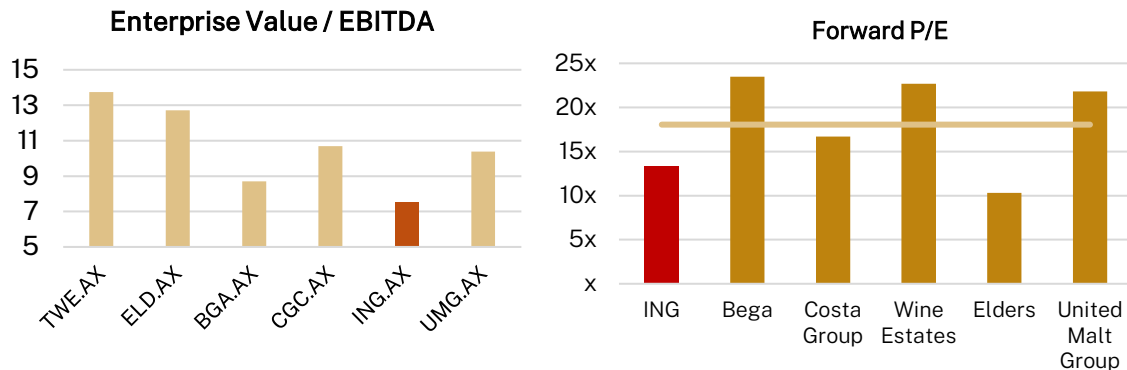
Low P/E: implies that investors are willing to pay less per dollar of earnings than other similar companies = potentially undervalued

Low EV/EBITDA: For every dollar of earnings the company generates, the market is valuing it at a lower multiple compared to other companies with higher EV/EBITDA ratios = potentially undervalued

We prefer forward looking metrics, rather than past metrics.

3.5 Research and analysis techniques

Research

- Company annual reports are a good starting point.

- What is written about the company in the news?

- **Form your own view** – don't just blindly follow analyst reports or AI-generated analysis.

Analysis

- The ability to analyse a company and demonstrate critical thinking skills are more important than specific quantitative measures.

- Have the analytical mindset of a detective.

- Try not to make it a pitch, ensure that you present the facts and do not exaggerate certain aspects to make your recommendation stronger.

ASSET ALLOCATION INVESTMENT CASE TIPS

Head of Asset Allocation:
Sophia Laverty

3.6.0 Where to start

We will be discussing an asset allocation recommendation with respect to the current SMF portfolio, but this is by no means a strict guide. Creativity is welcomed!

Understand the specific investor objectives and constraints

- Time horizon
- Tolerance for risk
- Cash flow requirements
- Return target

Take on a TOTAL portfolio perspective

- Think big picture!
- Try to identify any gaps within the current portfolio in meeting the objectives

Asset Class	Target Weighting in Portfolio	
Australian Equities	55%	80% growth assets
Developed Markets, Hedged	10%	
Developed Markets, Unhedged	5%	
Emerging Markets	10%	
Fixed Income	15%	20% defensive assets
Cash and Accruals	5%	

3.6.1 Researching asset classes

Research widely!

- Read macro market updates, articles from the Australian Financial Review (AFR) or reliable financial analysts for inspiration about various asset classes or investor sentiments

- Can you suggest a change in the portfolio that will better address the investors goals?

- Is there a current macroeconomic event you see having significant implications for future investment decisions?

It's useful to understand the fundamentals of the asset classes you are interested in:

- Possibly consider…
  - Unpacking the drivers of risk and return
  - Volatility profile
  - Income (dividend frequency, yield and stability)
  - Sensitivity to macroeconomic factors
  - Risks involved

3.6.2 Rationale guidance

Distil your recommendation into a couple of sentences

- Whether it is a rebalance, new asset holding or sell recommendation

- Identify ETF choice

- Identify source of capital (if necessary)

Some possible questions to consider in the rationale...

- Do you have expectations/forecasts for the key drivers of risk and return?

- How might macroeconomic factors influence your recommendation decision?

- Are new risks introduced or are any pre-existing risks offset?

Quantitative research

- Feel free to explore quantitative measures to strengthen your thesis or understanding of risk

  - E.G. Sharpe ratio, return forecasts, return correlations, historical drawdowns, volatility comparisons etc

3.7.0 Presentation and structure

SMF members should communicate clearly.
- Keep things simple.
- Put a $20 idea into a $2 sentence.

Presentation matters.
- Dot points, tables and graphs are all worth using
- Don't write a mystery novel (the reader should know the conclusion from the start).
- Don't need to explain calculations – stick to analysing the results and justifying the assumptions you make.

Creativity is welcomed!
- There is no one size fits all
- This is particularly relevant for R&C and RT

HOW TO PREPARE FOR THE INTERVIEW?

Course Convenor

Hua Deng

4.0 Interview Tips

Know your Investment Case well.

Think about your own stories outside the transcript

Be excited about this opportunity to develop yourself (try not to be too nervous)!

4.1 Questions From Students

1. Are you allowed to move teams from one semester to another semester?
2. What distinguishes a strong application from an average one?
3. What happens if I do not meet the exact 5.5 GPA requirements for the SMF?
4. How much prior technical knowledge is expected for each sub-team?
5. What is the workload, and would you recommend working 3 times a week alongside SMF?

Applications Due Tuesday, 30th of September 5PM

All application materials emailed to Hua Deng (Hua.Deng@anu.edu.au)

Q&A

Australian National University

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