MAPLE-BROWN ABBOTT

INVESTMENT MANAGERS SINCE 1984

Maple-Brown Abbott Australian Value Opportunities Fund

Monthly Commentary – 30 April 2024

Fund performance (%) [1]

	1 month	3 months	1 year	Since inception p.a. 01 Apr 2021
Fund [2]	-1.1	5.1	12.7	11.6
Reference Benchmark [3]	-2.9	1.2	9.0	8.1

Market commentary

The Australian equity market had a weak month, with the S&P/ASX 300 Total Return Index falling 2.9%. Performance was broadly in line with global markets, which were impacted by rising bond yields. This followed higher than expected US inflation, leading investors to push out expectations of rate cuts and even contemplate the possibility that the next move could be up. The US Government 10-year yield rose 0.48% to 4.68% and the Australian 10-year rose 0.46% to 4.42%. Local economic data was mixed, including higher than expected Q1 CPI suggesting inflation is also proving sticky in Australia. Commodity markets tended to perform well, including rising prices for iron ore and gold. Looking at performance by sector, Utilities (+5%) was strongest, followed by Materials (+1%) and Health Care (-2%). A-REITs (-8%) was weakest, followed by Consumer Discretionary (-5%) and Communication Services (-5%).

Portfolio commentary

The Fund returned -1.1% over the month, outperforming the reference benchmark by 1.8%.

Resource companies were among the top positive contributors to performance, including holdings in Rio Tinto (+7%), South32 (+20%) and Alumina (+14%). The key driver was strength in commodity prices, including for iron ore, aluminium and copper, which rallied on an improving demand outlook. Our holding in Origin Energy (+6%) outperformed. Again, robust commodity prices were a tailwind, including for oil and wholesale electricity. Origin also announced the acquisition of a large wind farm development asset during the month, which will support the transition of its generation portfolio to renewables. Speculation that it will reach agreement with the NSW Government to extend the life of coal-fired generator Eraring further supported the stock, with any agreement likely to contribute to medium-term earnings. Our holding in Ansell (+4%) was another positive. Ansell acquired Kimberly-Clark's Personal Protective Equipment business for US$640m during the month. The acquisition is a good strategic fit and management expect it to be low-teens EPS accretive.

Our holding in Orora (-19%) detracted from performance. The company delivered a trading update during the month, showing a deterioration in performance from both its North American division and recent Saverglass acquisition. We expect earnings momentum to improve as customer destocking stabilises and consumer conditions strengthen, further supported by growth initiatives being executed by the company. Our position in Nine Entertainment Co. (-11%) contributed negatively. Poor advertising market sentiment weighed on the stock, exacerbated by concerns around 'higher for longer' interest rates. The looming expiration of the Facebook licensing deal is an additional headwind. Our holding in Ramsay Health Care (-7%) also detracted, with its interest in French hospital group Sante the main drag. An unfavourable regulatory announcement during the month indicated a fee increase of only 0.3%, well below cost inflation. Ramsay is conducting a strategic review that could result in the divestment of the problematic French exposure, allowing management to re-focus efforts on its market-leading domestic operations.

Please see next page for Outlook

Notes:

1 Past performance is not a reliable indicator of future performance. Source: Maple-Brown Abbott Ltd, S&P as at 30 April 2024.

2 The Fund's performance is based on the movement in net asset value per unit plus distributions and is before tax and after all fees and charges. Imputation credits are not included in the performance figures.

3 The reference benchmark is S&P/ASX 300 Total Return Index.

Want to find out more?

Contact our Client Service team by:

T 1300 097 995

E mba@unitregistry.com.au

W maple-brownabbott.com

Outlook

Markets remain volatile and, despite some positive signs, there is significant uncertainty around the global macroeconomic outlook, including for inflation, interest rates and growth. We remain cautious that equity markets are not fully pricing in these risks, seemingly assuming both a moderation in interest rates and continued solid economic growth.

We observe that many defensives now offer attractive valuations and offer some protection against economic and equity market uncertainties. We continue to see appeal in the energy sector and certain resources, given discounted valuations, strong balance sheets and the likelihood of some protection from inflation. Underperformance of select industrials has also presented opportunities. That said, we observe that valuations of many key stocks in sectors including health care and information technology are stretched and we expect they will deliver disappointing returns. We expect this to support our relative performance.

For latest Fund factsheet click here.

Want to find out more?
Contact our Client Service team by:
T 1300 097 995
E mba@unitregistry.com.au
W maple-brownabbott.com