



# Maple-Brown Abbott Asian Dividend Growth Fund

Monthly Commentary – 31 October 2023

## Fund performance (%)<sup>1</sup>

	1 month	3 months	1 year	Since inception p.a. 23 Jun 2021
Fund <sup>2</sup>	-0.7	0.0	16.8	5.9
Reference Benchmark <sup>3</sup>	-2.0	-6.8	14.7	-7.3

## Market commentary

Global equity markets finished broadly lower as geopolitical tensions in the Middle East and the global interest rate outlook weighed on investor sentiment. Global government bond yields increased over the month with the US government 10year yield approaching 5% by month end. Despite the conflict in Gaza, the benchmark Brent crude oil price fell from recent highs finishing below USD 90 per barrel while gold prices rose. Within Asia, high inflation data saw central banks in Indonesia and the Philippines hike benchmark rates. The Reserve Bank of India left rates on hold although comments from officials suggested inflation remained uncomfortably high with key risks to consumer prices being extreme weather in India and higher crude oil prices. Meanwhile Chinese authorities announced a series of stimulatory policy measures including an increase in the 2023 fiscal deficit target and the issuance of RMB 1 trillion sovereign wealth bonds to fund disaster recovery projects and infrastructure investments. China's third quarter GDP was a surprise beat at 4.9% year-on-year, with officials confident of achieving its 5% growth target. Geopolitical tensions between the US and China increased somewhat as the US government announced further curbs on the supply of advanced semiconductor chips, although the latest measures were less stringent than feared. Despite the latest US restrictions, the Chinese technology sector finished little changed versus the prior month.

Regionally, the best performing markets during the month were Malaysia (-0.1%), Taiwan (-1.7%) and Hong Kong (-2.1%) in USD terms, while the worst performing markets were Indonesia (-8.3%), South Korea (-7.0%) and the Philippines (-5.7%). On a sector basis, the best performing sectors were Health Care (+1.6%), Information Technology (-1.8%) and Consumer Staples (-2.7%), while the worst performing

sectors were Industrials (-7.7%), Materials (-7.6%) and Real Estate (-6.4%).

## Portfolio commentary

The Fund returned -0.7% in AUD terms for the month, compared to the Reference Benchmark of -2.0%.

At a stock level, the Fund's overweight positions in Taiwan security systems provider Taiwan Secom, Chinese mobile games producer NetEase and Chinese cookware and appliances maker Zhejiang Supor were the largest positive contributors to performance. Taiwan Secom continues to benefit from the roll-out of tariff fee hikes across its recurring subscribers which allowed for revenue growth of ~11.4% YoY during FY2023Q1-Q3. NetEase benefited from strong demand in its newly launched mobile games, along with regulator approving more games for release. Supor reported towards the end of the month its FY2023Q3 results which showed a turnaround of its OEM exports business which was previously weak due to a demand downturn in Europe and elsewhere since FY2022Q2.

Detractors from performance included Vietnamese dairy producer Vinamilk, Chinese oil and gas producer CNOOC and Indonesian micro-loan bank, Bank Rakyat Indonesia. Vinamilk reported FY2023Q3 results at the end of the month which showed the slowdown in consumer demand and margin pressure were not yet completely recovering. CNOOC reported solid FY2023Q3 results, but they also guided for a significant increase in capital expenditures. Bank Rakyat also posted solid FY2023Q3 results highlighted by loan growth of ~12.5% but the market is concerned by a slight pick-up with reported non-performing loans.

At the end of the month, the Fund held 33 securities with a total equity exposure of 97.2% and a forecast dividend yield of 5.2%<sup>4</sup>.

For latest Fund factsheet [click here](#).

### Notes:

<sup>1</sup> Past performance is not a reliable indicator of future performance. Source: Maple-Brown Abbott Ltd, MSCI as at 31 October 2023.

<sup>2</sup> 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. Foreign tax credits are not included in the performance figures.

<sup>3</sup> Reference Benchmark: MSCI All Countries Asia ex-Japan Net Index (AUD).

<sup>4</sup> The dividend yield shown for the Fund is our own forecasts for the 12-month period ending 31 October 2024 of the weighted average dividend yields of the underlying companies held by the Fund as at 31 October 2023. The dividend yield shown for the Fund does not represent actual results. This figure is estimates only and is based on certain assumptions (including estimated earnings and payout ratios for each of the companies) which may be inaccurate or impacted by unknown risks or unanticipated changes in market conditions. The dividend yield shown above for the Fund is not guaranteed to occur. Actual outcomes may vary in a materially positive or negative manner.

## Want to find out more?

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Signatory of:



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