MAPLE-BROWN ABBOTT

INVESTMENT MANAGERS SINCE 1984

Maple-Brown Abbott Asian Dividend Growth Fund

Monthly Commentary – 31 December 2023

Fund performance (%) [1]

	1 month	3 months	1 year	Since inception p.a. 23 Jun 2021
Fund [2]	1.1	1.5	13.9	6.4
Reference Benchmark [3]	0.6	0.7	5.3	-5.8

Market commentary

Global equity markets finished the month broadly in positive territory as the US Federal Reserve kept interest rates on hold and also implied that further rises were unlikely. Market participants forecast lower US interest rates in 2024, which triggered a wave of short covering in rate sensitive sectors. Within Asia, the Chinese equity market was the only major Asian market to finish the period with a negative return. Negative sentiment towards the Chinese equity market was hit further with rising fears of another regulatory crackdown in the online gaming industry. Within the property sector, Beijing and Shanghai officials announced further relaxation of home buying rules. In contrast, the Indian equity market was a standout within Asia amidst a robust macroeconomic backdrop. Economic data continues to be strong, underpinned by both the consumer and industrial sectors. India's central bank left benchmark rates on hold, although officials remain vigilant on food inflation risks. Meanwhile Prime Minister Modi's Bharatiya Janata Party (BJP) did better than expected in recent state elections, winning 3 out of 4 states, which strengthened the prospects of him being re-elected in the upcoming general election.

Regionally, the best performing markets over the month were India (+8.1%), Singapore (+7.2%) and South Korea (+6.6%) in USD terms, while the worst performing markets were China (-2.4%), Vietnam (0.0%) and Malaysia (+1.6%). On a sector basis, the best performing sectors were Utilities (+10.3%), Information Technology (+6.7%) and Industrials (+6.1%), while the worst performing sectors were Communication Services (-5.1%), Health Care (+0.2%) and Consumer Discretionary (+2.1%).

Portfolio commentary

The Fund returned 1.1% in AUD terms for the month, compared to the reference benchmark of 0.6%.

At a stock level, the Fund's overweight positions in Indian automobile lubricant maker Castrol India, Singaporean REIT CapitaLand Integrated Commercial Trust and Indonesian microfinancing bank Bank Rakyat Indonesia were the largest positive contributors to performance. Castrol India's share price was buoyed by optimism around growing revenue contribution from their EV fluid products, while both CapitaLand Integrated Trust and Bank Rakyat Indonesia are set to benefit from global interest rate cuts expected over the coming quarters since the dovish US Federal Reserve FOMC statements were released mid-Dec 2023. Property asset valuations generally improve with lower interest rates, helping REITs, while for Bank Rakyat, their funding rates and net interest margin should improve as interest rates fall given the fixed nature of their loan book.

Detractors from performance included Chinese online gaming companies NetEase, Taiwanese securities systems company Taiwan Secom and Korean telco SK Telecom. NetEase fell late in the month following the regulator's announcement that it would review monetisation methods employed by game developers. Subsequent announcements by the regulator to clarify that this was not the start of a new wave of regulatory clampdown saw a small bounce in the names however investor confidence was hit. Both Taiwan Secom and SK Tel fell modestly during the month on little news After strong share price rallies in 2023 (rising double digits), some consolidation is not unexpected.

At the end of the month, the Fund held 34 securities with a total equity exposure of 96.2% and a forecast dividend yield of 4.8%[4].

For latest Fund factsheet click here.

Notes:

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

2 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.

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

4 The dividend yield shown for the Fund is our own forecasts for the 12-month period ending 31 December 2024 of the weighted average dividend yields of the underlying companies held by the Fund as at 31 December 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.

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PRI Principles for Responsible Investment