



Maple-Brown Abbott Diversified Investment Trust

Monthly Commentary – 30 November 2024

Fund performance (%) ¹

	1 month	3 months	1 year	3 years p.a.	4 years p.a.	5 years p.a.	Since inception p.a. 31 May 1988
Fund ²	2.7	3.2	16.1	7.4	8.2	6.3	8.7
Benchmark ³	2.7	4.1	17.7	5.5	7.2	6.0	N/A

Market commentary

The Australian equity market had a strong month, with the S&P/ASX 300 Total Return Index excluding property rising 3.8%. Bond yields fell, with the US 10-year government yield down 0.11% to 4.17% and the Australian 10-year down 0.16% to 4.34%. Commodity markets were mixed, including stable prices for iron ore and modest decline for oil. Looking at performance by sector, Information Technology (+10%) performed best, followed by Utilities (+9%) and Financials (+7%). Materials (-3%) was weakest, followed by Energy (-1%) and Consumer Staples (+1%).

International equities also performed well, with the MSCI AC World Total Return Index rising 3.7% in USD-terms. Of the major regions, USA was the standout (+6%), supported by President Trump's election victory. Japan (+1%) was next best, then Europe (-2%), Asia ex-Japan

(-3%). The AUD fell relative to the USD, increasing the return of the AUD-denominated MSCI AC World Index to 4.3%.

A-REITs had a good month, with the S&P/ASX 300 A-REIT Total Return Index rising 2.4%. Fixed interest was sound, with the Bloomberg Australian Composite Bond Index rising 1.1%.

Portfolio commentary

The Trust returned 2.7% for the month, performing in line with its benchmark.

The Trust's Australian equities holdings returned 3.2%, below the market index. Our holdings in general insurers Insurance Australia Group (+14%) and QBE Insurance Group (+16%) were among the top positive contributors. The sector rallied hard early in the month due to Trump's US election victory, with his policies considered inflationary and thereby leading to higher-for-longer interest rates, which benefits the insurers. This sentiment endured, despite a sharp moderation in bond yields later in the month. In the case of IAG, the announcement of its acquisition of a majority stake in RACQ's insurance

business and a 25-year exclusive agreement to provide RACQ insurance products was well received. The transaction materially increases IAG's exposure to Queensland and should be EPS accretive. QBE also issued a Q3 trading update during the month, at which it reaffirmed full-year guidance. Our bank exposure detracted from performance. Our decision not to hold Commonwealth Bank of Australia (+11%) was the largest single detractor and in fact accounted for the entirety of our Australian equities underperformance for the month. More broadly, our underweight exposure to the banking sector was a headwind, given its outperformance. Our overweight position in Endeavour Group (-7%) also contributed negatively. The company gave a first quarter trading update during the month, which disappointed the market. Sales momentum in its retail business remains weak, impacted by market-wide factors including cyclical consumer pressures. Management also gave retail EBIT margin guidance below market expectations, impacted by volume deleverage as well as consumer shifts such as trading down and increased buying on promotion.

The Trust's international equities holdings returned 5.1%, outperforming the international market index in AUD terms, supported by manager outperformance within regions.

The Trust's A-REIT holdings returned 1.2%, underperforming the A-REIT index. Our decision not to hold premium-rated Goodman Group (+4%) was the largest detractor from performance.

The Trust's fixed interest holdings returned 1.1%, in line with the bond market index.

The Trust's exposure to alternative assets, through its holding in the Maple-Brown Abbott Global Listed Infrastructure Fund (GLIF), returned 2.2%. US regulated utilities tended to perform well following the US election result. This included Ameren, which is GLIF's second largest holding and finished the month up 8%.

Please see next page for Outlook

Notes:

1 Past performance is not a reliable indicator of future performance. Source: Maple-Brown Abbott Ltd, Morningstar as at 30 November 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 and foreign tax credits are not included in the performance figures. Performance start date from 1 January 1989.

3 The benchmark to 31 May 2008 is the Standard & Poor's Multisector 80 Wholesale Index and from 1 June 2008 is the Morningstar Australia Fund Multisector Growth category average.

Want to find out more?

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Maple-Brown Abbott Diversified Investment Trust

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Outlook

Global equity markets remain near record levels, supported by the start of the interest rate cutting cycle in the US, UK and Europe. Within the Australian market, we have seen a rotation into cyclical, notably the banks. This reflects a growing consensus view that we will achieve a 'goldilocks' scenario whereby we see continued solid corporate earnings and inflation falls to acceptable levels, allowing interest rates to be reduced. The narrative of falling rates has also supported many growth stocks, particularly in the technology sector. This rotation has come at the expense of defensive sectors such as consumer staples and communication services. Resources have also lagged. Looking ahead, we are of the view that markets are not fully pricing in the economic and geopolitical risks that exist. Nevertheless, we continue to observe opportunities within Australian and international equity markets and observe that the valuation dispersion between regions is unusually large. We believe this environment is well suited to our contrarian investment approach.

We are modestly underweight the A-REIT asset class. However, we continue to hold select exposures, with many of the diversified, office and retail REITs trading at discounted valuations despite having good longer-term prospects. We are also underweight the fixed interest asset class.

We believe the outlook for global listed infrastructure is positive. Our focus remains on attractively valued infrastructure assets with inflation protection, low cashflow volatility, high standards of management and strong ESG performance.

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

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