



Maple-Brown Abbott Australian Share Fund Retail

Monthly Commentary – 31 March 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 1986
Fund ²	4.4	8.1	12.3	10.7	18.1	7.9	9.3
Benchmark ³	3.3	5.3	14.4	9.6	16.0	9.2	9.5

Market commentary

The Australian equity market had a strong month, with the S&P/ASX 200 Total Return Index rising 3.3%. Performance was in line with global markets, driven by hopes of a soft landing in the US. Bond yields softened somewhat, with the US 10-year Government yield falling 0.04% to 4.2% and the Australian 10-year down 0.17% to 3.97%. Local economic data showed a slowing economy, with anaemic Q4 GDP growth and subdued retail sales. Commodity markets were mixed, with gains in oil and weaker iron ore the key price moves. Looking at performance by sector, A-REITs (+10%) was best, followed by Energy (+5%) and Utilities (+5%). Communication Services (-1%) was weakest, followed by Consumer Discretionary (+1%) and Health Care (+2%).

Portfolio commentary

The Fund returned 4.4% over the month, outperforming the benchmark by 1.1%.

Our overweight holding in Alumina (+35%) was a key positive contributor. Sentiment has been improving since the approval of its mine plan in December and the scrip-funded takeover proposal from joint-venture partner Alcoa Inc. in February has further supported the stock. With Alumina signing an Implementation Deed in March, the stock now trades in lockstep with its suitor Alcoa and performance over the month benefited from aluminium sector tailwinds. Our overweight position in Healius (+19%) performed well. Having been under pressure in

recent times due to weak pathology volumes and elevated cost growth, the market reacted favourably to the announcement of a change in CEO and a strategic review of its assets and structure. Our overweight holding in Scentre Group (+9%) also contributed positively. The key driver was REIT sector tailwinds, including from falling bond yields.

Our decision not to hold premium-rated Goodman Group (+13%) detracted from performance. The stock benefited from REIT sector tailwinds, as well as an emerging view that Goodman's data centre development business will be a material beneficiary from the growth in artificial intelligence. Our overweight position in Westpac Banking Corp (-1%) underperformed. It lagged the broader banking sector, releasing an underwhelming strategic update detailing elevated spending for a technology simplification program over the next four years. Our overweight holding in McMillan Shakespeare (-7%) contributed negatively. The stock retraced some of its recent gains, with government moves to reform the NDIS also creating some uncertainty around its plan management division. The core salary packaging and novated lease business is performing very well, however, with tax incentives for electric vehicles purchased using a novated lease driving strong demand. Strong performance from gold miners not held by the fund also dragged, including Newmont Corporation (+18%), Northern Star Resources (+13%) and Evolution Mining (+21%), given strength in the gold price.

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 31 March 2024.

2 The Fund's performance relates to retail investors only. If you are a wholesale investor, you can obtain up to date returns at maple-brownabbott.com.au. Total return is based on the movement in withdrawal price per unit plus distributions and is before tax and after all fees and charges. Imputation credits, foreign income tax offsets and entry fees, are not included in the performance figures.

3 Benchmark: S&P/ASX 200 Total Return Index.

Want to find out more?

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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 markets are not 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](#).

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Want to find out more?

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