



# Maple-Brown Abbott Australian Sustainable Future Fund

## Monthly Commentary – 31 March 2024

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

	1 month	3 months	1 year	3 years p.a.	4 years p.a.	5 years p.a.	Since inception p.a. 16 Sep 2009
Fund <sup>2</sup>	4.1	7.8	12.6	11.6	18.7	9.0	7.3
Benchmark <sup>3</sup>	3.3	5.4	14.4	9.4	16.0	9.2	8.1

### Market commentary

The Australian equity market had a strong month, with the S&P/ASX 300 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 (+6%) and Utilities (+5%). Communication Services (-1%) was weakest, followed by Consumer Discretionary (+1%) and Health Care (+2%).

### Portfolio commentary

The Fund returned 4.1% over the month, outperforming the benchmark by 0.8%.

Our overweight holding in Alumina (+35%) was a key positive contributor. Alumina is a major producer of bauxite and alumina which are used to make aluminium, a key enabler of decarbonisation. 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 holding in ResMed Inc (+13%) outperformed. The stock was supported by easing concerns around the impact of GLP-1

weight loss drugs and the market re-entry of competitor Phillips on demand for its sleep apnoea devices. Our overweight position in medical services provider 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. Outperformance from gold miners not held by the Fund also weighed, 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 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 benchmark is S&P/ASX 300 Total Return Index.

### Want to find out more?

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Signatory of:



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## Sustainable future case study

### Domain Group Australia

Domain Group Australia (DHG) operates one of two dominant online property marketplaces. It is currently held in the portfolio and aligned to our sustainable investment themes of Innovation and Technology and Better Communities.

Under the Innovation and Technology theme we look for companies that are advancing social outcomes through the provision of education and development of technology and innovative products and services. With its digital platform that enables Australians to find properties through sale and rental listings, alongside a range of associated products, DHG is a key enabler of property transactions across all markets in Australia. DHG leverages technologies such as artificial intelligence and machine learning to provide users with personalised experiences. Intuitive search functionalities, predictive analytics, and real-time market insights are designed to facilitate more informed decisions for users, with product offerings including virtual property tours and blockchain-based property transactions.

In addition to fostering social outcomes through its business model, DHG has progressed initiatives to support its customers' environmental impacts. Last year the company released its first

Sustainability in Property Report which examines the demand, supply and affordability of greener homes. It has also taken steps to account for and manage its own operational impact and we look forward to continued progress in this area.

### 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. A number of market segments with strong sustainability performance are well placed, including providers of essential services, food and infrastructure and enablers of decarbonisation. 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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