MAPLE-BROWN ABBOTT
INVESTMENT MANAGERS SINCE 1984

Maple-Brown Abbott Asian Dividend Growth Fund

Monthly Commentary – 30 June 2022

Fund performance (%) [1]

	1 month	3 months	1 year	Since inception 23 Jun 2021
Fund [2]	-3.4	-0.5	0.0	0.6
Reference Benchmark [3]	-0.4	-0.6	-18.1	-15.8

Market commentary

Asia ex-Japan markets were weaker in the month, consistent with global equities. The evolving narrative from 'transitory' to 'persistent' inflation in the US has resulted in a change in interest rate expectations: that the US Federal Reserve will have to raise rates faster and higher than previously expected and thus increase the risk of recession. This set of circumstances has seen a broad market selloff, in particular the former market darlings in the US Technology space. Asian central banks in India, Philippines and Taiwan all raised benchmark rates in the month, citing elevated inflation data as a key concern. In line with higher risks of a global recession, commodity and energy prices fell sharply. China and Hong Kong markets were by far the best performing markets, driven by a rebound in its internet companies as Chinese authorities look to conclude the regulatory crackdown regime imposed over the past 18 months. Shanghai and Beijing emerged out of strict lockdown down measures which boosted sentiment, as did the government's decision to reduce quarantine times days for inbound travellers.

Regionally, the best performing markets during the month were China (+6.6%), Hong Kong (+1.2) and India (-6.7%) in USD terms, while the worst performing markets were South Korea (-17.1%), Taiwan (-14.2%) and the Philippines (-13.6). On a sector basis, the best performing were Consumer Discretionary (+8.5%), Health Care (+5.0%) and Consumer Staples (+0.5%), while the worst performing were Information Technology (-14.0%), Materials (-9.2%) and Industrials (-6.8%).

Portfolio commentary

The Fund returned -3.4% in AUD terms for the month, underperforming the Reference Benchmark by 3.0%. Since inception the Fund has returned 0.6% in AUD terms compared to the Reference Benchmark return of -15.8%.

Key contributors to performance included the positions in Tingyi, Vietnam Dairy Products (Vinamilk), Gree Electric Appliances and China Mobile. Tingyi holds leading positions in both instant noodles and bottled drinks in China, and it experienced a rebound in performance in the second quarter after recently implemented price hikes and renewed commitment by management to maintain special dividends (bringing payout ratio above 100%) until FY2025 were seen as positives by the market. Vinamilk retained its low single-digit revenue and net income growth guidance for FY2022 and robust exports-driven growth for the Vietnam economy (forecasted to be ~5.5% by the World Bank) were seen to be positives.

Key detractors to performance over the month were our positions in Taiwan Semiconductor Manufacturing Co, CLP Holdings, Samsung Electronics and Want China. Late in June, CLP issued a profit warning due to unrealised hedging losses and margin squeeze within its Energy Australia subsidiary. Want Want lost some of its performance over the past twelve months due to renewed investor concerns on input cost inflation despite reporting quite robust flat full-year earnings during the month.

We continue to adhere strictly to our strategy's focus on sustainable dividend returns and each of our portfolio holdings individually fit our criteria for the ability and intention to pay dividends. The dividend income component of our portfolio's total return remains highly visible and stable even through these volatile markets

At the end of the month the Fund held 33 securities with a total equity exposure of 95.8% and an estimated forward dividend yield of 5.9%.

Notes:
1 Past performance is not a reliable indicator of future performance. Source: Maple-Brown Abbott Ltd, MSCI as at 30 June 2022.
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 yields shown for the Fund are our own forecasts for the 12 month period ending 30 June 2023 of the weighted average dividend yields of the underlying companies held by the Fund as at 30 June 2022. The dividend yields shown for the Reference Benchmark are forecasts for the 12 month period ending [DateYield] and are sourced from FactSet. The dividend yields shown for the Fund and the Reference Benchmark do not represent actual results. These figures are estimates only and are 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 yields shown above for the Fund and the Reference Benchmark are not guaranteed to occur. Actual outcomes may vary in a materially positive or negative manner.

For latest Fund factsheet click here.

Want to find out more?
Contact our Client Service team by:
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