

Maple-Brown Abbott Diversified Investment Trust

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 1988
Fund ²	2.7	5.5	9.4	6.9	11.1	6.5	8.7
Benchmark ³	2.6	6.0	12.9	5.8	9.8	6.3	N/A

Market commentary

The Australian equity market had a strong month, with the S&P/ASX 300 Total Return Index excluding property rising 2.8%. 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, Energy (+6%) was best, followed by Utilities (+5%) and Materials (+4%). Communication Services (-1%) was weakest, followed by Consumer Discretionary (+1%) and Health Care (+2%).

International equities also performed well, with the MSCI AC World Index rising 3.1% in USD-terms. Of the major regions, Europe (+4%) performed best, then USA (+3%), Japan (+3%) and Asia ex-Japan (+3%). A slightly stronger AUD reduced the AUD return of the MSCI AC World Index to 3.0%.

A-REITs were very strong, with the S&P/ASX 300 A-REIT Total Return Index rising 9.6%. Fixed interest was sound, with the Bloomberg Australian Composite Bond Index falling 0.9%.

Portfolio commentary

The Trust returned 2.7% in March, outperforming its benchmark by 0.1%.

The Trust's Australian equities holdings returned 4.8%, exceeding the market index. 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 holding in McMillan Shakespeare (-7%) detracted. 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.

The Trust's international equities holdings returned 1.8%, underperforming the international market index in AUD terms. External manager underperformance was a drag on performance.

The Trust's A-REIT holdings returned 7.3%, underperforming the A-REIT index. The main driver of underperformance was our decision not to hold Goodman Group (+13%), which is the dominant stock in the index and rallied on an emerging view that it will be a material beneficiary from the growth in artificial intelligence.

The Trust's fixed interest holdings returned 1.1%, outperforming 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 1.6%. Tollroad operator Ferrovial was among our best performing positions, alongside US regulated utility holdings including NiSource, Ameren and Exelon.

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 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 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

Markets remain volatile and, despite some positive signs, there is significant uncertainty around the macroeconomic outlook, including for interest rates, inflation and growth. We remain cautious that markets are not pricing in these risks, seemingly assuming both moderation in rates and continued solid economic growth. While we see opportunities across markets, we observe that valuations of many key sectors and regions are stretched and we expect they will deliver disappointing returns. 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.

Risks in the fixed interest asset class appear balanced, with bond yields having returned to more 'normal' levels.

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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