

Macquarie Investment Management  
**Walter Scott Global Equity Fund (Hedged)**



Macquarie Professional Series  
 Monthly report – 31 October 2020

**Investment objective**

Aims to achieve a long-term total return (before fees and expenses) that exceeds the MSCI World ex Australia Index, in \$A hedged with net dividends reinvested (**Benchmark**).

The Fund invests in the Walter Scott Global Equity Fund, which will not invest in 'tobacco' securities as defined by the Global Industry Classification Standard or 'controversial weapons' securities as defined by MSCI, Inc.

**Key information**

**Fund details**

APIR code	MAQ0557AU
mFund code	MPS06
Inception date	20 March 2008
Underlying Fund investment manager	Walter Scott & Partners Limited (Edinburgh, UK)
Fund size	\$828.1m
Distribution frequency	Annually
Management fee*	1.28% pa
Minimum investment (Direct)	\$20,000
Unit prices and spreads	<a href="http://macquarie.com.au/unit_prices">macquarie.com.au/unit_prices</a>

\*Read the Product Disclosure Statement for more details on fees and costs.

**Fund performance to 31 October 2020**

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	-3.40	-3.51	-3.19	-0.32
<b>3 months (%)</b>	-0.21	-0.53	-0.25	-0.28
<b>1 year (%)</b>	3.44	2.13	1.12	1.01
<b>3 years (% pa)</b>	9.61	8.22	4.90	3.32
<b>5 years (% pa)</b>	11.08	9.68	7.97	1.71
<b>7 years (% pa)</b>	11.06	9.66	8.96	0.70
<b>Since inception (% pa)</b>	10.74	9.35	8.11	1.24

**Past performance is not a reliable indicator of future performance.**

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

Total net Fund returns are quoted after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

**Top 10 stocks**

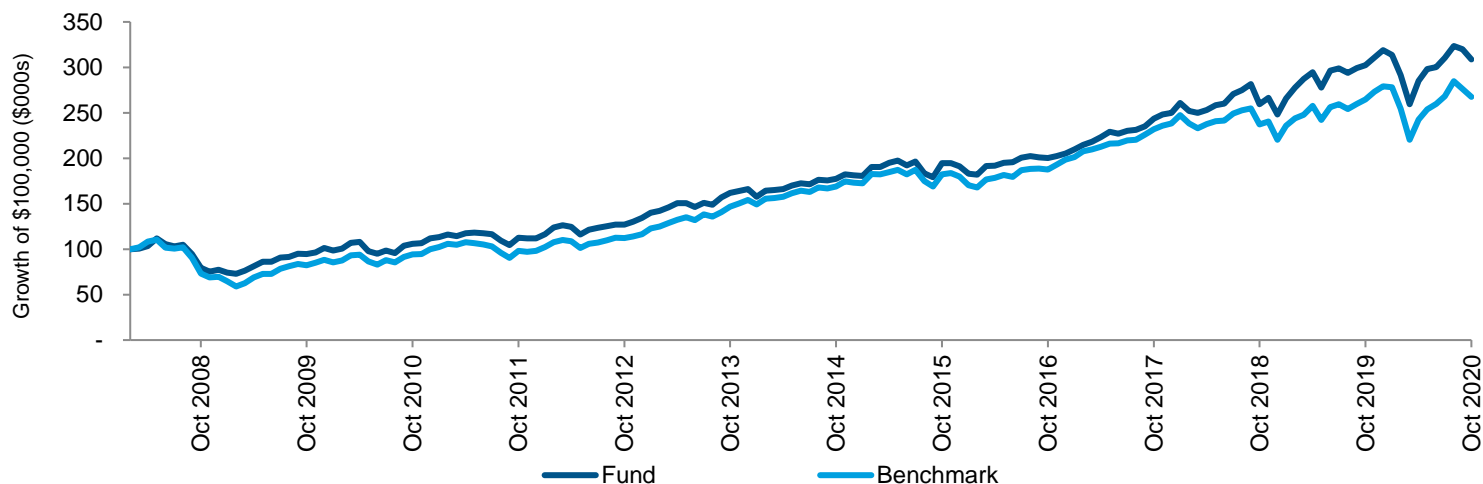
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information technology	Semiconductors & Semiconductor Equipment	4.37
Keyence Corp	Information technology	Electronic Equipment Instruments & Components	3.91
Microsoft Corp	Information technology	Software	3.61
Mastercard Inc	Information technology	IT Services	2.95
Edwards Lifesciences Corp	Health care	Health Care Equipment & Supplies	2.78
Adobe Inc	Information technology	Software	2.69
Cognizant Tech Solutions	Information technology	IT Services	2.63
Nike Inc	Consumer discretionary	Textiles Apparel & Luxury Goods	2.59
Alphabet Inc	Communication services	Interactive Media & Services	2.58
Roche Holdings Ag	Health care	Pharmaceuticals	2.57
<b>Total number of stocks</b>			<b>48</b>

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### Growth of \$100,000 since inception

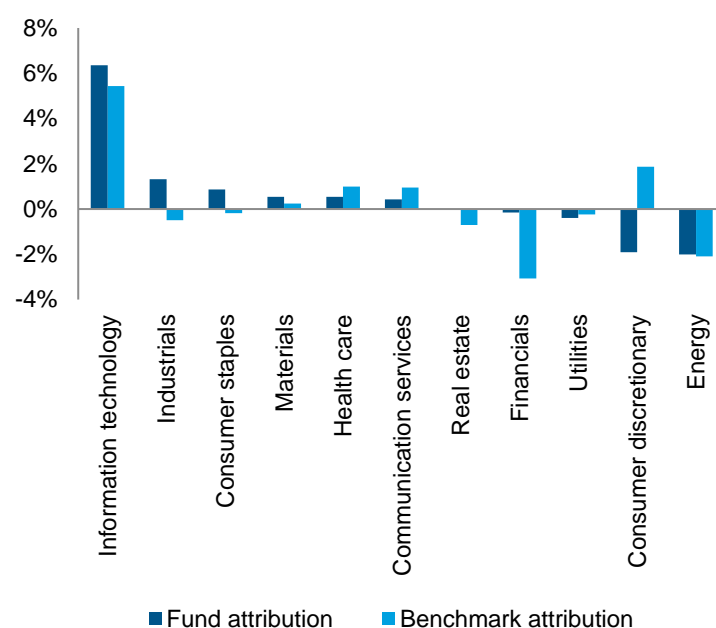


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### Sector weights

Sector	Fund (%)	Benchmark (%)
Information technology	33.35	22.03
Health care	20.30	13.52
Consumer discretionary	11.20	12.00
Consumer staples	9.89	8.18
Industrials	9.26	10.53
Communication services	4.53	9.36
Materials	4.34	4.18
Financials	2.55	11.65
Energy	1.84	2.40
Utilities	1.50	3.45
Real estate	0.00	2.71
Cash	1.24	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

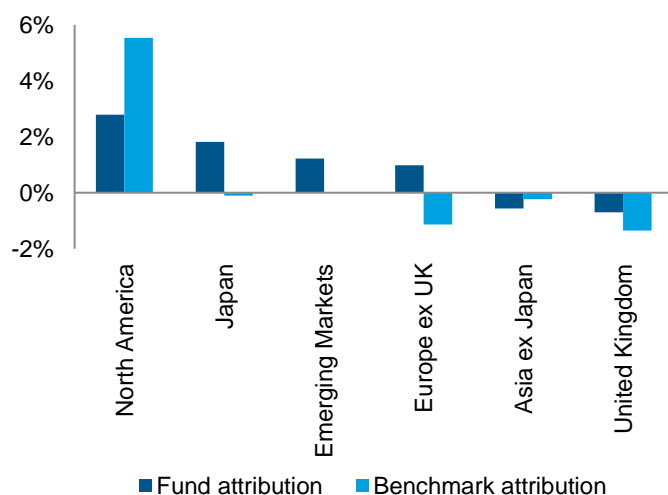
### Sector attribution (12 months to date)



### Region weights

Region	Fund (%)	Benchmark (%)
North America	56.87	71.35
Europe ex UK	17.89	14.99
Japan	9.68	8.15
Emerging Markets	5.31	0.00
United Kingdom	4.96	4.05
Asia ex Japan	4.04	1.47
Cash	1.24	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

### Region attribution (12 months to date)



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### Performance summary

- The Fund returned -3.51% in October 2020, compared with a return for the Benchmark of -3.19%, with key European markets moving lower as COVID-19 cases in the region soared.
- The uptick in COVID-19 infection rates in the US and Europe heightened concerns that the nascent economic recovery will lose momentum as containment measures are reintroduced. Nearly all market sectors fell, with the Energy sector declining the most following a further fall in oil prices. For the Fund, the largest detractors from relative performance were holdings in the Consumer Discretionary sector, particularly in Europe and the US, such as Inditex, TJX Companies and Compass Group; more positive were strong relative contributions from holdings in IT, such as Automatic Data Processing and Amphenol, as well as the Fund's sole Taiwanese holding Taiwan Semiconductor. There were no initial purchases or final sales within the portfolio during the month.
- Although the near-term environment may be challenging, Walter Scott remains encouraged by the various conversations the team has had with companies regarding their longer-term outlook. The investment team spoke with one such company, Novo Nordisk, in October following the release of a good set of results and an increase in the company's sales and operating profit guidance for 2020. Insulin has been on the wane in the US as a driver of the business, but GLP-1, a range of hormonal-based treatments for diabetes, remains very much in a growth phase across the board. Novo's 'star' molecule, Semaglutide, is driving growth across the business in the GLP-1 category, but it also has potential to enhance the company's prospects in the field of obesity. It is estimated by the company that 650 million people are officially classed as living with obesity, but only 2% are medically treated. The economics of a drug solution for some patients could be compelling compared to the long-term costs involved in treating the associated ailments that obesity brings.
- While Walter Scott cannot predict what will happen next in terms of an economic recovery trajectory, ingenuity and enterprise can flourish whatever the economic backdrop, and new growth opportunities will evolve. Walter Scott's focus remains on investing in financially strong companies that can weather near-term turbulence and take advantage of secular growth trends while delivering strong, sustainable returns over the long-term.

**For more information speak to your financial adviser, call us on 1800 814 523, email [mim.clientservice@macquarie.com](mailto:mim.clientservice@macquarie.com) or visit [macquarie.com](http://macquarie.com)**

#### Important information

Weights and attribution breakdown for sector, stocks and region relates to the underlying fund, and are sourced from Macquarie and Factset.

Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFS Licence 238321 is the issuer of units in, and responsible entity of the Fund.

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