

### Investment objective

Aims to capture the potential capital growth of small and mid-sized companies in Asia (excluding Japan), and to provide some income.

### Key information

#### Fund details

APIR code	MAQ0640AU
Inception date	27 May 2010
Fund size	\$65.6m
Distribution frequency	Annually
Management fee*	1.20% 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 30 September 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	-0.97	-1.07	-0.33	-0.74
<b>3 months (%)</b>	1.66	1.36	2.02	-0.66
<b>1 year (%)</b>	33.85	33.35	39.77	-6.42
<b>3 years (% pa)</b>	13.45	12.42	13.47	-1.05
<b>5 years (% pa)</b>	8.33	7.20	11.16	-3.96
<b>10 years (% pa)</b>	14.17	11.99	11.25	0.74
<b>Since inception (% pa)</b>	12.79	10.24	8.31	1.93

#### 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.

Prior to 2 October 2019, there was a performance fee charged to the Fund.

Benchmark is MSCI Asia ex Japan Small Cap Index (Unhedged in \$A with net dividends reinvested).

### Top 10 stocks

	%
Bank Tabungan Pensiunan Nasional Syariah	4.62
Hansol Chemical	4.31
3SBio	4.20
China Education Group	4.02
Erajaya Swasembada	3.87
DGB Financial	3.82
UPL	3.58
BGF retail	3.47
Fusheng Precision	2.97
DB Insurance	2.96

### Geographical weighting

	%
China	16.83
Hong Kong	2.06
India	20.35
Indonesia	9.54
Malaysia	1.29
Pakistan	0.00
Philippines	0.39
Singapore	0.00
South Korea	21.70
Taiwan	24.26
Thailand	0.00
Cash	3.57

### Sector breakdown

	%
Consumer Discretionary	20.81
Consumer Staples	7.07
Energy	1.90
Financials	17.76
Health Care	9.24
Industrials	0.00
Information Technology	25.16
Materials	7.89
Real Estate	4.40
Communication Services	2.20
Utilities	0.00
Cash	3.57

## Macquarie Asia New Stars No.1 Fund

Monthly report – 30 September 2021

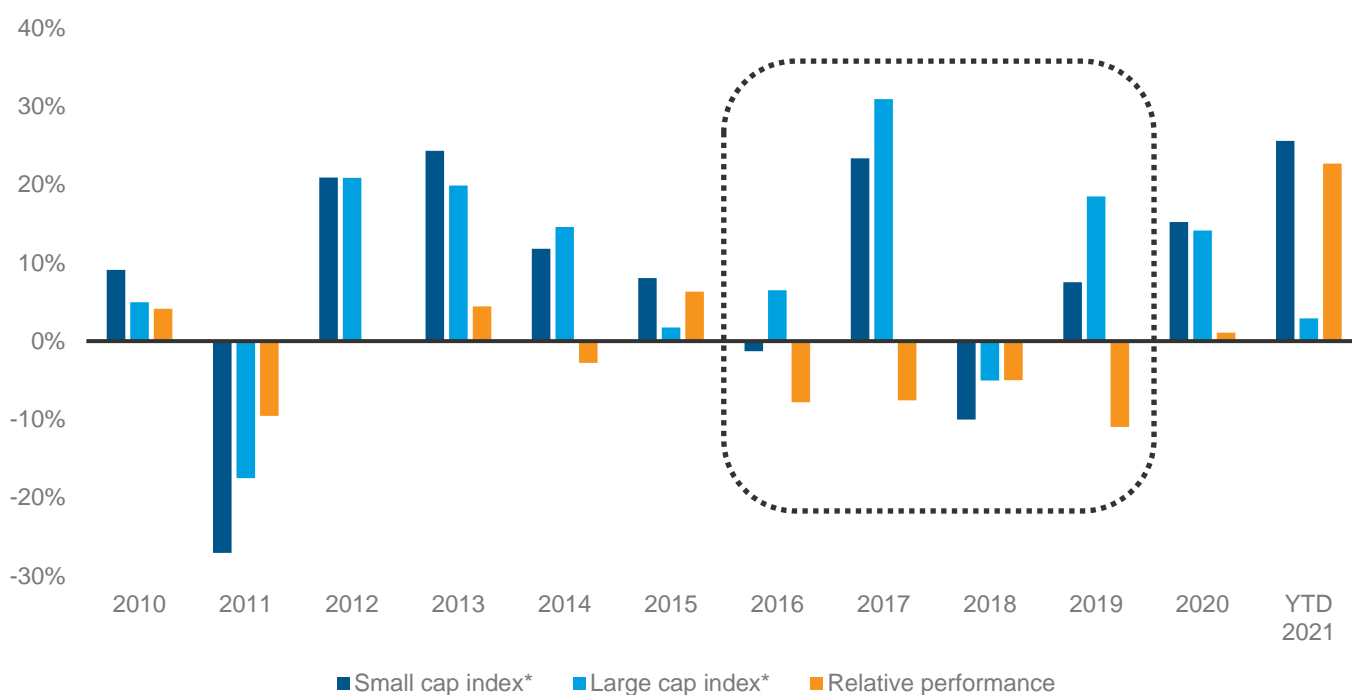
### What happened in September?

- Default concerns amongst Chinese property developers dragged Asian markets lower in September with selling pressure spreading across the China and Hong Kong markets. Indonesian and the Philippines markets offset the declines with higher vaccination rates, declining COVID-19 case numbers and relaxation of lock-down measures buoying those markets.
- The region's smaller cap indices were more sheltered from these effects seeing the Fund's more diversified benchmark finish the month flat compared to a 3% fall for the China dominated large cap Asia ex Japan benchmark.
- Nonetheless the underperformance of investments in China saw the Fund lag its benchmark with investments in Indonesia and the Philippines offsetting these declines.
- Within China we hold our conviction in our holdings as we see solid delivery from companies with strong execution and capital light business models with modest if any gearing. What gives us particular comfort though is the compelling valuations these conviction investments are now trading at post the retracement in these markets.

### From the ground up

September saw the ongoing outperformance of small and mid-cap investments in Asia, a phenomenon that has been quite marked this year and may seem well overdue given the outperformance of large cap indices in previous years (see below). Key reasons for this were obvious before the event and have been re-highlighted in both the relative and absolute performance of the respective benchmarks this year.

### Annual performance of Asian benchmarks



Source: Bloomberg. \*Small cap index refers to MSCI Asia ex Japan Small Cap Index, Large cap index refers to MSCI Asia ex Japan Index, all in AUD. YTD 2021 performance is shown to 30 September 2021.

Both benchmarks have constituents that are performing well in the widespread economic recovery with COVID's impacts passing with visibility that vaccination programs will protect the populations of the region under the freedoms of fully open functioning economies. The key difference in the benchmarks leaves the large cap benchmarks less exposed to this beneficial effect and more exposed to the default events and associated concerns in China and tighter regulatory scrutiny over the internet sector.

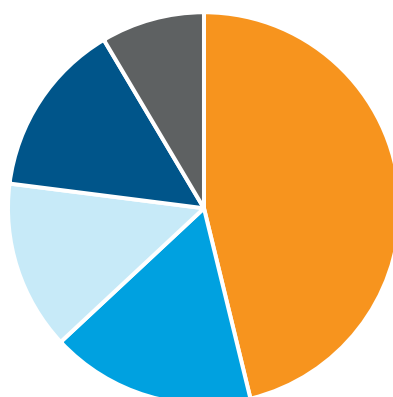
## Regional index allocations

### Small cap index\*



■ China & Hong Kong ■ Taiwan ■ India ■ South Korea ■ ASEAN

### Large cap index\*



■ China & Hong Kong ■ Taiwan ■ India ■ South Korea ■ ASEAN

Source: Bloomberg, MSCI, Macquarie Investment Management. \*Small cap index refers to MSCI Asia ex Japan Small Cap Index, Large cap index refers to MSCI Asia ex Japan Index.

Although it remains to be seen whether the default concerns are realised and the regulatory scrutiny eased or mitigated, the fact remains that the small cap benchmark remains the better geographically and sector diversified.

To us, the most obvious macro factor impacting the region's smaller companies is that they are relatively more exposed to domestic events. Shorter term these are very much driven by the direction and pace of the recovery from the COVID-19 impacts and longer term the urbanisation and the emergence of the middle class across Asia. The Fund is very deliberately positioned toward the latter given its quality growth investment style and domestic demand focus.

## Macquarie Asia New Stars No.1 Fund

Monthly report – 30 September 2021

**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**

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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