

Macquarie Professional Series Global Alternatives Fund

Macquarie Professional Series

Monthly report – 31 January 2023

Investment objective

The Fund aims to generate long-term total returns by investing in hedge funds and other absolute return funds (Underlying Funds).

The Underlying Funds can include funds managed or operated by members of Macquarie Group (Macquarie Underlying Funds) and select external funds managed and operated by non-Macquarie Group companies (External Funds).

The Fund offers the potential for attractive long-term total returns with low correlation to traditional asset classes. We believe that each Underlying Fund has an investment strategy that is complementary to the other Underlying Funds in the Fund. By combining complementary investment styles, the Fund aims to produce consistent risk-adjusted returns from a diversified and well-balanced liquid alternatives portfolio.

Key information

| Fund details | |
|-----------------------------|--|
| APIR code | MAQ7578AU |
| Inception date | 16 August 2017 |
| Fund size | \$97.3m |
| Distribution frequency | Semi-annually |
| Management fee* | 0.97% pa |
| Indirect costs* | Although the Fund does not charge a performance fee, please note that a performance fee is charged by each Underlying Fund |
| Minimum investment (Direct) | \$20,000 |
| Unit prices and spreads | macquarie.com.au/unit_prices |

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

Fund performance to 31 January 2023

| | Total Fund return (net) |
|------------------------|-------------------------|
| 1 month (%) | -2.16 |
| 3 months (%) | -6.04 |
| 1 year (%) | 0.18 |
| 3 years (% pa) | -1.73 |
| 5 years (% pa) | 0.43 |
| Since inception (% pa) | 0.25 |

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.

Weight of each Underlying Fund (as at date of report)

| Underlying Fund | Weight (% of Fund) |
|--|--------------------|
| P/E Global FX Alpha Fund | 26.60 |
| Allspring (Lux) Global Long/ Short Equity Fund | 25.40 |
| PGIM Wadhvani Keynes Systematic Absolute Return Fund | 29.10 |
| Winton Trend Fund | 18.90 |

Post-fee monthly returns (%)

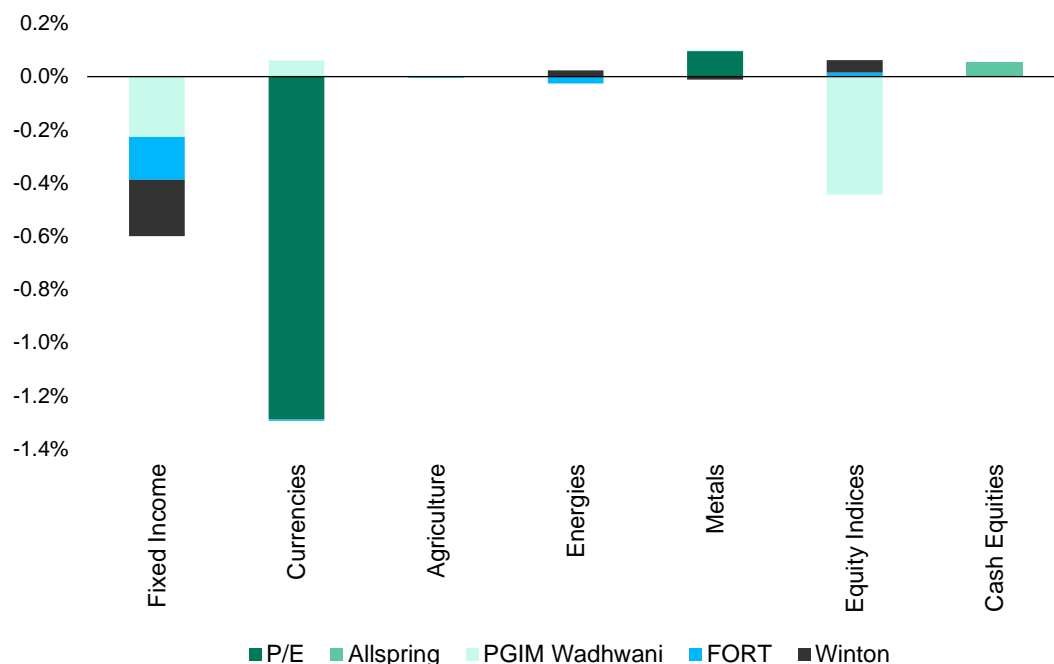
| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|
| 2017 | | | | | | | | -1.23 | 0.66 | 3.20 | -1.65 | -0.55 | 0.36 |
| 2018 | -1.11 | 0.56 | 0.59 | 2.91 | 0.32 | 1.82 | -0.36 | -0.18 | -0.16 | 1.68 | -0.53 | -0.55 | 5.02 |
| 2019 | -1.00 | 0.78 | 1.06 | 2.14 | -1.95 | -1.39 | 1.87 | 2.09 | -0.06 | -1.12 | -0.25 | -0.60 | 1.47 |
| 2020 | -0.11 | -1.12 | -0.23 | -1.45 | -2.19 | -2.61 | -0.05 | -2.49 | -0.01 | 0.09 | -1.51 | -0.55 | -11.62 |
| 2021 | -0.51 | -0.93 | 0.33 | 0.46 | -0.07 | 1.47 | 1.73 | 1.10 | 1.66 | -0.87 | 2.45 | 0.26 | 7.23 |
| 2022 | -0.15 | -1.44 | -0.10 | 4.04 | -0.77 | -0.35 | 0.32 | 1.81 | 2.53 | 0.51 | -2.60 | -1.40 | 2.24 |
| 2023 | -2.16 | | | | | | | | | | | | -2.16 |

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Sector performance by Underlying Funds



Performance summary

- The Fund returned -2.16%, net of fees, in January 2023. Risk sentiment headed in a positive direction to start off 2023, with markets placing more weight on a scenario where the US Federal Reserve navigates inflationary pressures with minimal further rate hikes while also avoiding recession. As a result, equity markets rallied, with the MSCI World Index returning +7.1% in US dollar terms.
- In a difficult month for the strategy, the largest detractors from an underlying fund perspective were the P/E Global FX Alpha Fund, which delivers the strategy's dynamic currency allocation, contributing -1.1% to the Fund, and the PGIM Wadhvani Keynes Systematic Absolute Return Fund, whose exposure is non-trend signals (such as macro, value and carry), contributing -0.5%.
- From a sector perspective, P/E's contrarian currency positioning, long the Australian dollar and euro against the US dollar, generated losses. P/E noted that long euro and short US dollar positions have become crowded to extremes, and that they are forecasting a rebound in the US dollar over the next few months. Offsetting this was P/E's long gold position, which is assessed using currency factors. In fixed income, a key driver of 2022's profits in addition to currencies, the positioning of PGIM detracted, with PGIM expecting higher official interest rates than markets had priced in. From FORT and Winton's perspective, uptrends in government bond yields continued to unwind and short positions in German government bonds detracted. In equities, PGIM's short directional positions detracted, as they were expecting weaker earnings growth outcomes than the consensus. Winton's long positions in stock indices were a bright spot as the recovery in global stock markets that began in October resumed in January. Helping further to offset losses were Allspring's cash equities' gains.
- Beyond performance, the portfolio managers executed the announced transition replacing FORT's 20% trend allocation with the Winton Trend Fund.
- The Fund remains positioned to capitalise on persistent volatility through our high conviction process of selecting and combining active managers with differentiated styles, who are able to generate absolute returns independent of one another.

Please click on the link below to view the report for each Macquarie Underlying Fund.

- [P/E Global FX Alpha Fund](#)

Fund changes

Effective 9th January the Fund's portfolio managers executed the announced transition of replacing the 20% allocation to FORT Global Trend Fund with the Winton Trend Fund.

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For more information speak to your financial adviser, call us on 1800 814 523, email mam.clientservice@macquarie.com or visit macquarieim.com

Important information

Information in this report has been sourced from the investment managers of the Underlying Funds and Macquarie.

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