

Investment objective

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

Key information

Fund details	
APIR code	MAQ0651AU
Inception date	23 June 2011
Investment manager	Walter Scott & Partners Limited (Edinburgh, UK)
Fund size	\$12.3m
Distribution frequency	Annually
Management fee*	1.38% pa
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 December 2020

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	2.34	2.22	2.51	-0.29
3 months (%)	10.43	10.06	11.18	-1.12
1 year (%)	4.46	3.03	7.77	-4.74
3 years (% pa)	7.98	6.51	6.65	-0.14
5 years (% pa)	10.71	9.20	11.48	-2.28
7 years (% pa)	8.55	7.07	8.43	-1.36
Since inception (% pa)	8.64	7.16	7.51	-0.35

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

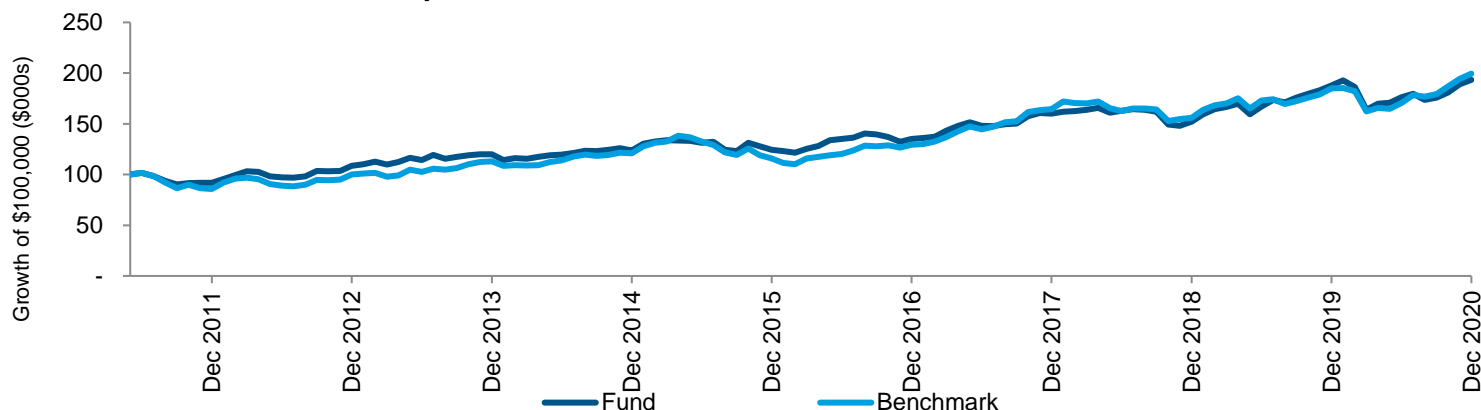
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information technology	Semiconductors & Semiconductor Equipment	4.36
Aia Group Ltd	Financials	Insurance	4.13
Tencent Holdings Ltd	Communication services	Interactive Media & Services	3.75
Naver Corp	Communication services	Interactive Media & Services	3.49
Samsung Electronics	Information technology	Technology Hardware Storage & Peripherals	3.47
Alibaba Group Holding Ltd	Consumer discretionary	Internet & Direct Marketing Retail	3.43
Advantech Co Ltd	Information technology	Technology Hardware Storage & Peripherals	3.31
Tencent Music Ennt Grp -Adr	Communication services	Entertainment	2.94
Sarana Menara Nusa	Communication services	Diversified Telecommunication Services	2.72
Jardine Matheson	Industrials	Industrial Conglomerates	2.53
Total number of stocks			44

Walter Scott Emerging Markets Fund

Macquarie Professional Series

Monthly report – 31 December 2020

Growth of \$100,000 since inception

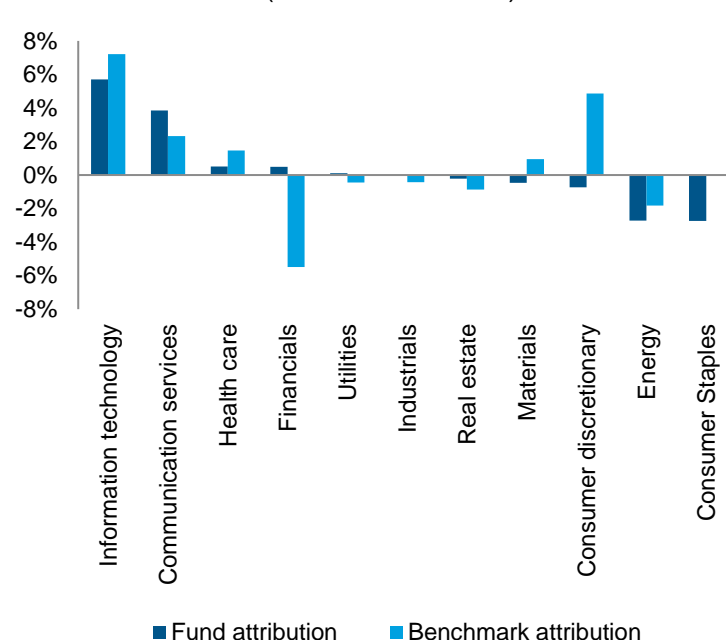


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Sector weights

Sector	Fund (%)	Benchmark (%)
Information technology	25.29	20.48
Consumer staples	16.34	5.86
Communication services	15.42	11.63
Industrials	12.02	4.34
Consumer discretionary	8.75	18.34
Financials	5.42	17.96
Utilities	4.19	2.02
Health care	3.62	4.74
Energy	2.10	5.02
Materials	1.55	7.56
Real estate	1.38	2.05
Cash	3.91	0.00
Total	100	100

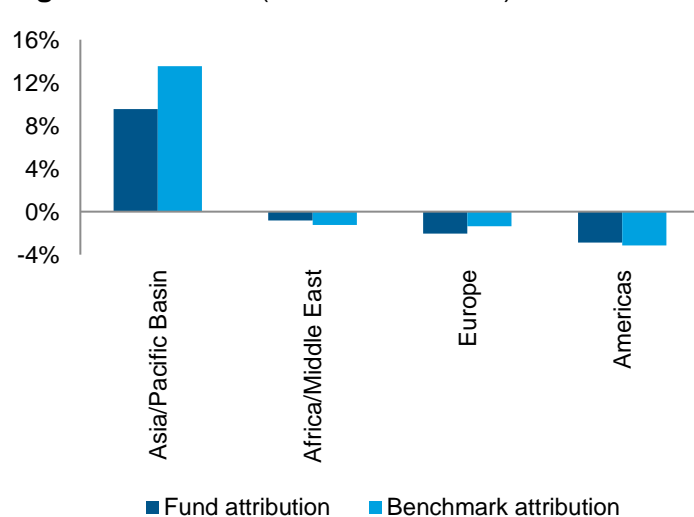
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	74.00	79.98
Americas	16.46	7.85
Europe	3.68	4.14
Africa/Middle East	1.96	8.03
Cash	3.91	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned 2.22% in December 2020, compared with a return for the Benchmark of 2.51%, with a rising Australian dollar offsetting another exceptionally strong month for emerging market equities.
- Emerging market indices finished 2020 in a buoyant mood, as the optimism engendered by recent vaccine developments showed little sign of abating despite rising COVID-19 infection rates and renewed measures to tackle the virus in many parts of the world. Among the largest relative detractors from the Fund's performance were holdings in Energy, led by CNOOC, which was sold during the month; this was partially offset by an underweight to the Consumer Discretionary sector, which was impacted by the ongoing falls for index-heavyweight and portfolio constituent Alibaba Group.
- It was a month of negative headlines for Chinese e-commerce giant Alibaba Group. After a torrid November in which the company's subsidiary Ant Group had its IPO suspended, any hopes for some respite in December were soon dashed. Not only was it announced that the company would face an antitrust investigation, but Ant then found itself accused of regulatory failings by the deputy governor of the People's Bank of China. As things currently stand, Walter Scott do not believe that these developments undermine the long-term investment case for Alibaba, but a period of uncertainty is likely, and the situation warrants close monitoring.
- Walter Scott completed the final sale of Chinese oil producer CNOOC in December following reports that the Trump administration was poised to place CNOOC on a blacklist of Chinese firms in which Americans are unable to invest. While the news was unconfirmed at the time of sale, this directive would have a number of negative impacts, including banning a meaningful group of shareholders from owning the stock; significantly impairing CNOOC's ability to operate certain assets; and potentially posing challenges to its US dollar financing capabilities. Concerns around a lack of transition strategy to a low-carbon economy have also become more pertinent of late.
- Whatever the short-term direction of markets, the long-term argument for emerging markets remains very much in place. Favourable demographics, rising disposable incomes and generally lower debt levels relative to their developed markets peers are all powerful tailwinds to growth. This secular story has survived numerous previous crises and should not be derailed by COVID-19, despite its unprecedented severity.

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

Important information

Weights and attribution breakdown for sector, stocks and region 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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