

# Walter Scott Emerging Markets Fund

## Macquarie Professional Series

Monthly report – 31 May 2022

### 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**).

The Fund 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	MAQ0651AU
Inception date	23 June 2011
Investment manager	Walter Scott & Partners Limited (Edinburgh, UK)
Fund size	\$13.0m
Distribution frequency	Annually
Management fee*	1.28% pa
Minimum investment (Direct)	\$5,000
Unit prices and spreads	<a href="https://www.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 May 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	-0.27	-0.38	-0.50	0.12
<b>3 months (%)</b>	-5.18	-5.52	-6.22	0.70
<b>1 year (%)</b>	-12.37	-13.59	-13.49	-0.10
<b>3 years (% pa)</b>	4.57	3.14	3.79	-0.65
<b>5 years (% pa)</b>	4.33	2.91	4.57	-1.66
<b>7 years (% pa)</b>	5.40	3.96	4.37	-0.41
<b>Since inception (% pa)</b>	6.69	5.24	5.76	-0.52

#### 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.

The management fee was reduced to 1.28% pa from 14 May 2021.

### Top 10 stocks

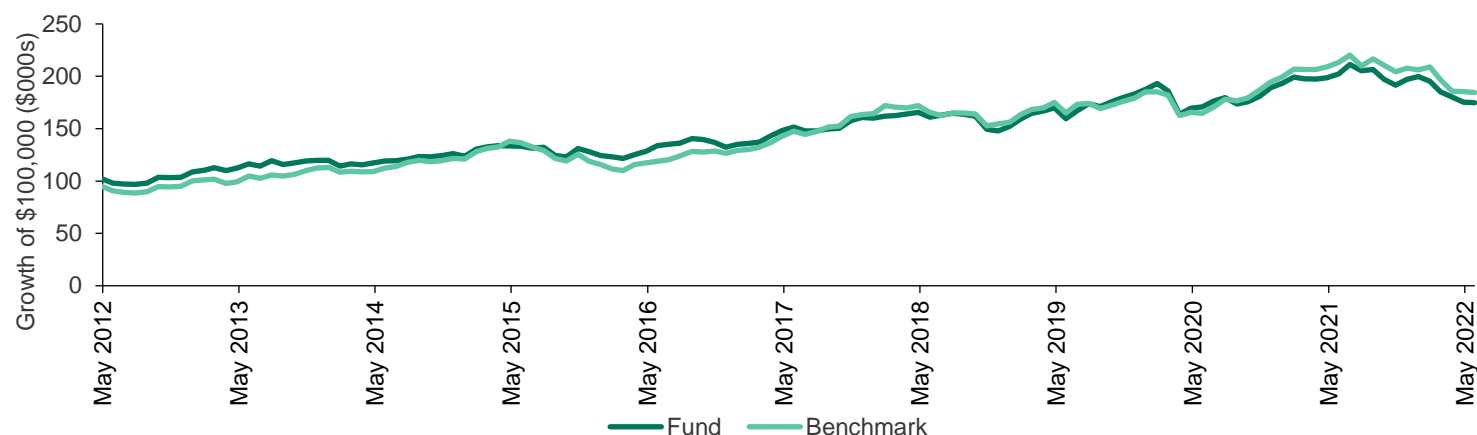
Stock	Sector	Industry	Holding (%)
Aia Group Ltd	Financials	Insurance	3.51
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	3.45
Tencent Holdings Ltd	Communication Services	Interactive Media & Services	3.12
Hansol Chemical Co	Materials	Chemicals	2.99
Zhejiang Sanhua In	Industrials	Machinery	2.95
Samsung Electronics	Information Technology	Technology Hardware Storage & Peripherals	2.94
Alibaba Group Holding Ltd	Consumer Discretionary	Internet & Direct Marketing Retail	2.81
Totvs Sa	Information Technology	Software	2.60
Naver Corp	Communication Services	Interactive Media & Services	2.49
Guangdong Invest	Utilities	Water Utilities	2.49
<b>Total number of stocks</b>			<b>46</b>

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## Growth of \$100,000 since inception

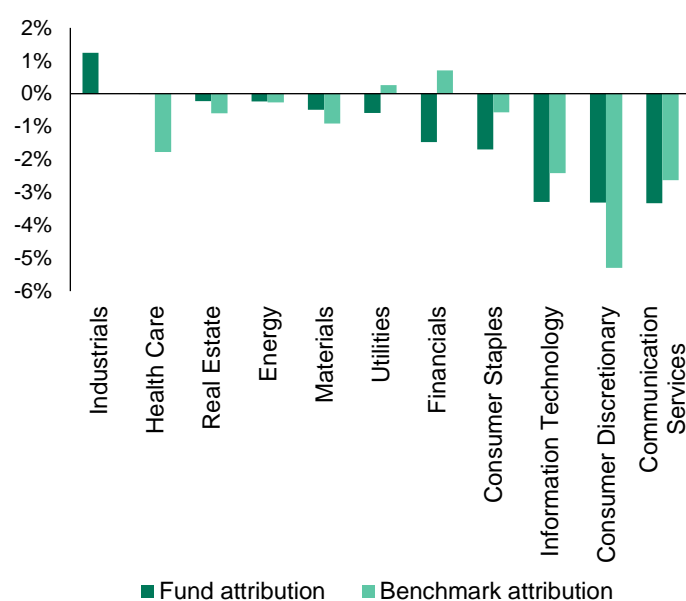


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## Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	21.63	21.10
Industrials	15.72	5.52
Communication Services	11.75	10.19
Consumer Staples	11.44	6.00
Consumer Discretionary	9.36	12.85
Financials	7.36	21.84
Utilities	6.21	2.71
Health Care	5.90	3.62
Materials	4.70	9.10
Real Estate	1.90	2.09
Energy	0.00	4.98
Cash	4.04	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

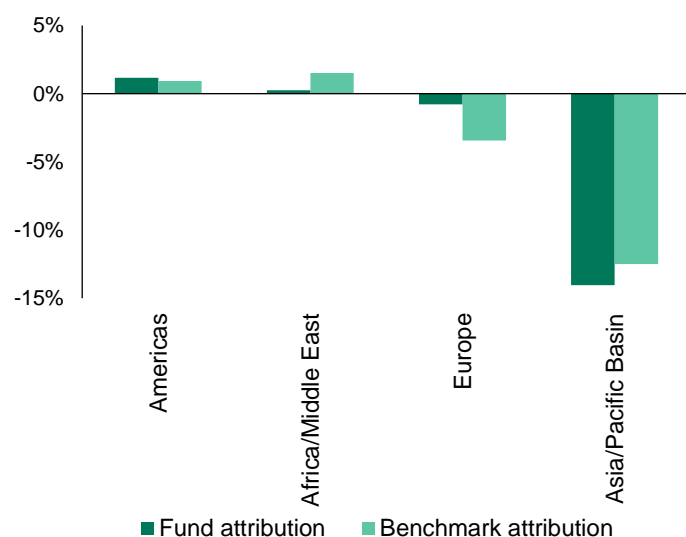
## Sector attribution (12 months to date)



## Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	74.62	78.35
Americas	16.19	8.86
Europe	3.28	1.31
Africa/Middle East	1.86	11.49
Cash	4.04	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 -0.38% in May 2022, compared with a return for the Benchmark of -0.50%, with May initially shaping up to be yet another ugly month for emerging market investors until a late-month rally provided some much-needed respite.
- IT and Financials were the largest sector contributor and detractor, respectively, to market returns in May. For the Fund, the largest relative contributors were holdings in Industrials, including AirTAC and Voltronic Power, and in Utilities, such as ENN Energy and China Resources Gas Group. These results were partially offset by holdings in IT, such as Koh Young Technology, LEENO, and TOTVS. There were no initial purchases or final sales within the portfolio during the month.
- LEENO, a Korean manufacturer of miniature pins and sockets used to detect electrical defects at the final stages of semiconductor manufacturing, reported 30% sales growth in the first three months of the year. Margins also rose thanks to positive operating leverage, while bullish commentary from management augurs well for the future. The quarterly results of TOTVS, the market leader in corporate software solutions in Brazil, revealed that the company's financial services-related business, wage increases and higher R&D spending had blunted profitability. However, the negative market reaction somewhat ignored strong revenue growth and the robust performance of the all-important management software business which accounts for 85% of overall revenues. Record levels of software-as-a-service signings were particularly encouraging and the long-term prospects for TOTVS remain bright.
- With the current balance of risks very much skewed to the downside, a near-term deterioration in conditions and further volatility seem plausible. Such a scenario would further test the mettle of management teams and the resilience of business models across emerging markets. Walter Scott's confidence in the ability of the portfolio companies to pass such a test is high but vigilance and an unwavering commitment to the firm's process and philosophy will remain key.
- Effective Friday 6th May 2022, the Fund will no longer be permitted to hold direct investments in entities that are involved in the 'tobacco' industry, as defined by the Global Industry Classification Standards (GICS®) and direct investments in entities classified as being involved in the 'controversial weapons' industry, as researched and defined by Morgan Stanley Capital International (MSCI). These exclusions have not resulted in any portfolio trading activity given the Fund does not currently hold stocks in those sectors.

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

#### Important information

Weights and attribution breakdown for sector, stocks and region are sourced from Macquarie and Factset.

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