

# Walter Scott Emerging Markets Fund

Macquarie Professional Series

Monthly report – 30 September 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	\$15.6m
Distribution frequency	Annually
Management fee*	1.28% pa
Minimum investment (Direct)	\$5,000
Unit prices and spreads	<a href="https://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 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	-6.04	-6.15	-5.87	-0.28
<b>3 months (%)</b>	-7.19	-7.52	-5.42	-2.10
<b>1 year (%)</b>	-17.11	-18.27	-19.24	0.97
<b>3 years (% pa)</b>	-1.54	-2.89	-0.49	-2.40
<b>5 years (% pa)</b>	2.80	1.39	2.18	-0.79
<b>7 years (% pa)</b>	5.36	3.92	5.20	-1.28
<b>Since inception (% pa)</b>	5.75	4.31	4.82	-0.51

### 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

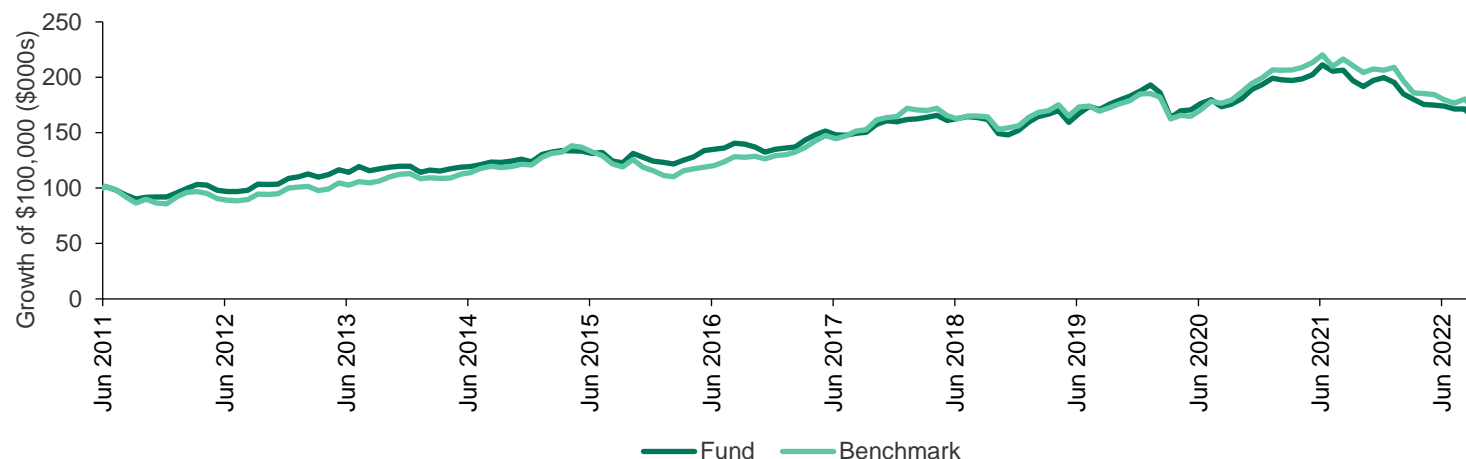
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	4.01
Sarana Menara Nusa	Communication Services	Diversified Telecommunication Services	3.79
Tencent Holdings Ltd	Communication Services	Interactive Media & Services	3.78
Telekomunikasi Indonesia	Communication Services	Diversified Telecommunication Services	3.45
TOTVS S.A.	Information Technology	Software	3.15
Wal-Mart De Mexico	Consumer Staples	Food & Staples Retailing	3.02
Samsung Electronics	Information Technology	Technology Hardware Storage & Peripherals	2.90
GPO Aero Sureste	Industrials	Transportation Infrastructure	2.83
Dino Polska S.A.	Consumer Staples	Food & Staples Retailing	2.80
AIA Group Ltd	Financials	Insurance	2.64
<b>Total number of stocks</b>			<b>45</b>

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## Growth of \$100,000 since inception

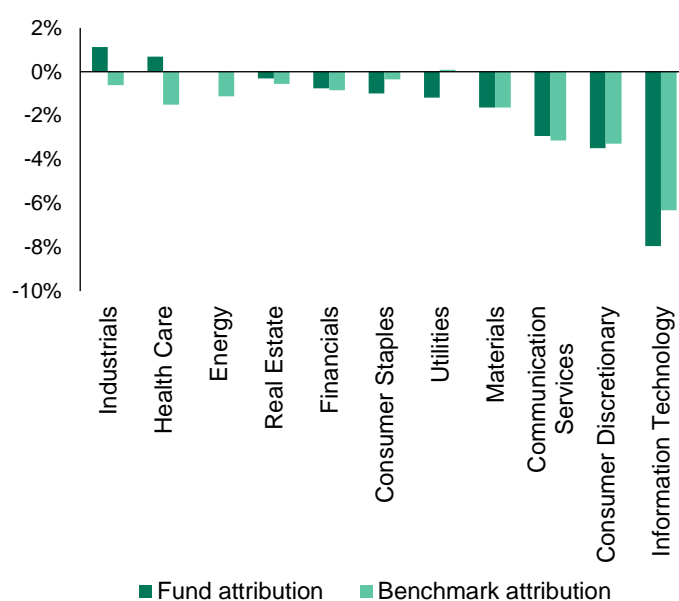


Past performance is not a reliable indicator of future performance. Data as at 30 September 2022

## Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	20.48	18.27
Industrials	15.51	5.79
Communication Services	14.67	9.69
Consumer Staples	12.87	6.60
Consumer Discretionary	8.40	13.96
Health Care	8.30	3.89
Financials	6.77	22.60
Utilities	5.39	3.16
Materials	2.01	8.74
Real Estate	1.97	2.02
Energy	0.00	5.29
Cash	3.64	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

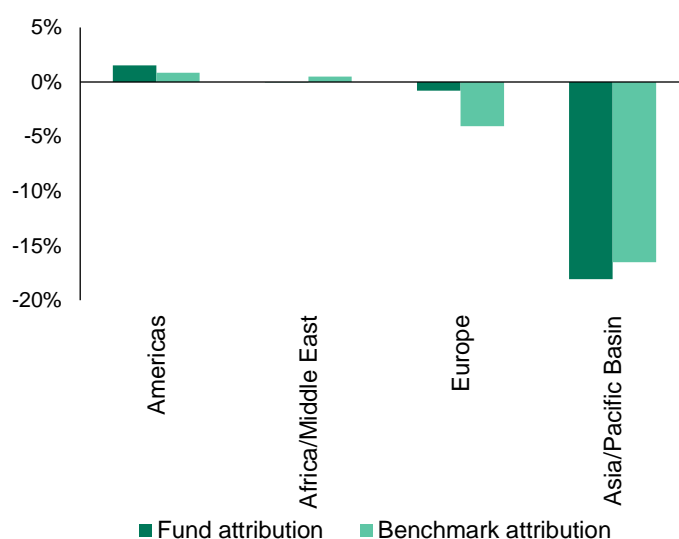
## Sector attribution (12 months to date)



## Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	71.02	77.72
Americas	19.25	8.94
Europe	4.03	1.16
Africa/Middle East	2.06	12.18
Cash	3.64	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 -6.15% in September 2022, compared with a return for the Benchmark of -5.87%, with emerging market indices firmly on the backfoot as gathering clouds over the global economy and the US Federal Reserve's inflation fight had investors shying away from risk assets.
- With the exception of Consumer Staples, all market sectors fell in September, led by IT and Consumer Discretionary. For the Fund, the largest relative detractors included an underweight to Financials and holdings in the sector, including AIA Group and Ping An Insurance, and holdings in Materials, namely Hansol Chemical. Relative contributors included holdings in Health Care, such as Fleury and Kalbe Farma, and in Industrials, such as Grupo Aeroportuario Centro Norte and Jardine Matheson.
- During the month, Walter Scott completed the initial purchase of Mindray and the final sale of Sunny Optical Technology Group. Mindray is China's largest medical device company, with leading market shares in patient monitoring, in-vitro diagnostics and medical imaging equipment. Long-term growth will be underpinned by healthcare infrastructure demand in China and other emerging markets, as well as the introduction of higher-end products. Sunny Optical, which makes camera lens sets and modules, was sold as competition within the handset camera lens market has intensified in recent years, destabilising pricing within the industry. At the same time, the trend of handset lens specification upgrades has slowed, further pressuring the ability of companies in the industry to offset ASP declines with specification mix upgrades.
- Going into the final quarter of 2022, the near-term backdrop for emerging market equities is likely to remain turbulent. The extent of the macroeconomic headwinds facing companies will test the earnings resilience of many. Idiosyncratic risks will also be to the fore. In October alone, Brazil will face weeks of fractious electioneering while the 20th National Congress of the Chinese Communist Party will be held in Beijing. Any signs emerging from the latter of further regulatory crackdowns or renewed bellicosity towards Taiwan would not be received well by investors. With near-term volatility seemingly assured, patience and a long-term view will be as important as ever.

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**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 is 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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