

# Walter Scott Emerging Markets Fund

Macquarie Professional Series

Monthly report – 31 December 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	\$20.2m
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 31 December 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	-0.66	-0.76	-2.63	1.87
<b>3 months (%)</b>	8.36	7.99	4.01	3.98
<b>1 year (%)</b>	-11.79	-13.01	-14.33	1.32
<b>3 years (% pa)</b>	-1.16	-2.52	-1.52	-1.00
<b>5 years (% pa)</b>	3.08	1.67	1.46	0.21
<b>7 years (% pa)</b>	6.34	4.89	6.23	-1.34
<b>Since inception (% pa)</b>	6.36	4.91	5.07	-0.16

**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

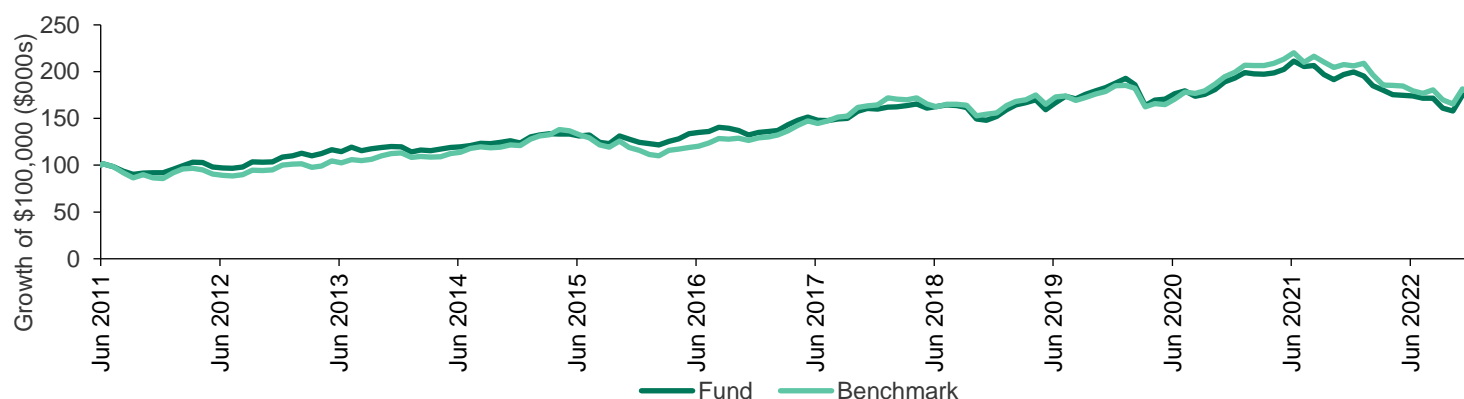
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	3.98
AIA Group Ltd	Financials	Insurance	3.61
Tencent Holdings Ltd	Communication Services	Interactive Media & Services	3.52
Alibaba Group Holding Ltd	Consumer Discretionary	Internet & Direct Marketing Retail	3.43
Samsung Electronics	Information Technology	Technology Hardware Storage & Peripherals	3.17
Dino Polska SA	Consumer Staples	Food & Staples Retailing	3.16
Wal-Mart De Mexico	Consumer Staples	Food & Staples Retailing	2.77
Wuxi Biologics (Cayman)	Health Care	Life Sciences Tools & Services	2.73
Sarana Menara Nusa	Communication Services	Diversified Telecommunication Services	2.59
Totvs SA	Information Technology	Software	2.51
<b>Total number of stocks</b>			<b>43</b>

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## Growth of \$100,000 since inception

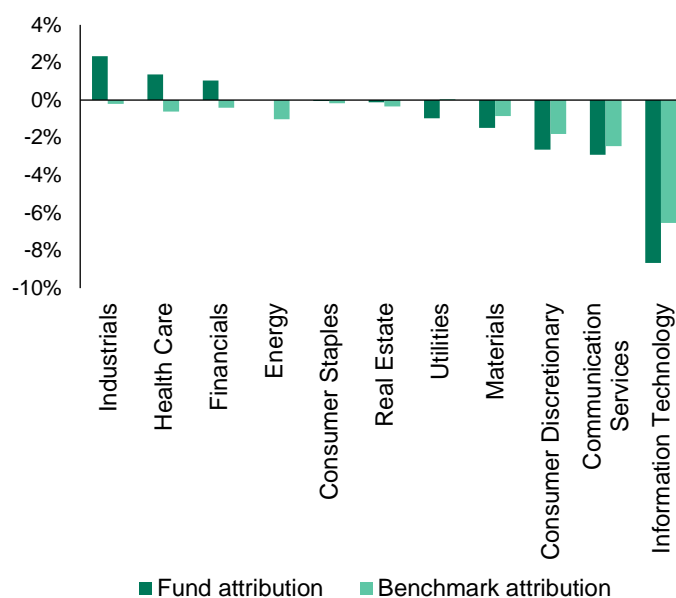


Past performance is not a reliable indicator of future performance. Data as at 31 December 2022.

## Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	19.84	18.63
Industrials	14.27	6.06
Consumer Staples	13.02	6.44
Communication Services	12.63	9.91
Consumer Discretionary	9.47	14.08
Health Care	9.15	4.07
Financials	8.06	22.10
Utilities	6.07	3.03
Materials	2.05	8.85
Real Estate	1.90	1.94
Energy	0.00	4.88
Cash	3.54	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

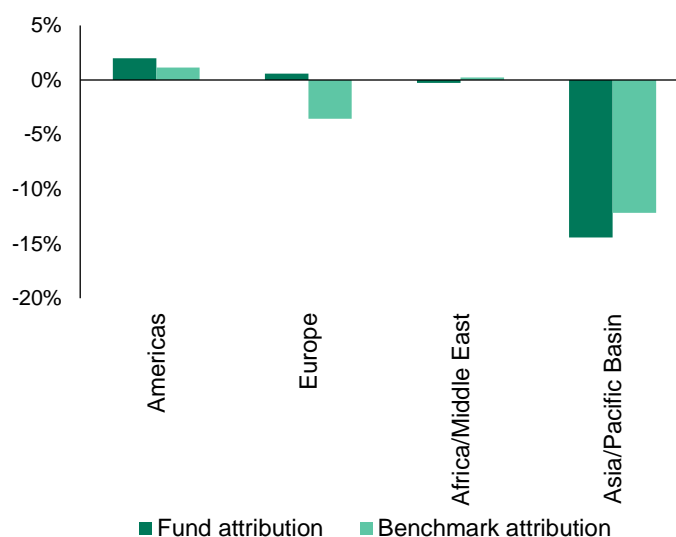
## Sector attribution (12 months to date)



## Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	71.98	78.32
Americas	17.04	8.45
Europe	5.34	1.45
Africa/Middle East	2.09	11.78
Cash	3.54	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 -0.76%, net of fees, in December 2022, compared with a return for the Benchmark of -2.63%, with the China reopening trade continuing as the major theme in the final weeks of 2022, although enthusiasm has been tempered to a degree by the rapid spread of Covid-19 across large sections of the population.
- Most emerging market sectors retreated in December, with Communication Services and Consumer Discretionary the main exceptions. For the Fund, the largest relative contributors again included holdings in Financials, including AIA Group and Ping An Insurance, and in Utilities, led by Guangdong Investment. Relative detractors included overweights to Industrials and IT. There were no initial purchases or final sales within the portfolio during the month.
- While the decision to ditch zero-Covid was received positively by markets, reopening was not the only positive China story in town in December. Tasked with setting the national economic agenda for the coming year, the Central Economic Work Conference held its annual meeting in Beijing mid-month. Encouragingly, the external messaging emanating from the conference was avowedly pro-growth. Pledges to support private enterprise and the technology sector were welcome departures from the less-than-friendly language of the last couple of years, while a commitment to stabilising the real estate sector was also well received. Shares in Tencent Holdings, Alibaba Group, and Tencent Music Entertainment, all of which have been at the sharp end of Beijing's recent regulatory crusade, responded positively to this more accommodative tone.
- Moving into 2023, inflation and interest rates, elevated by the standards of recent history, and the squeeze on consumer demand will ensure that the operating backdrop remains a challenging one for many companies. While mindful of these macroeconomic issues, Walter Scott's focus remains on the progress of portfolio companies and on researching and analysing new investment ideas. The companies in the portfolio are well-managed, resilient businesses with balance sheets and market positions that offer a degree of protection in tough conditions.

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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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