

Walter Scott Global Equity 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 World ex Australia 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	MAQ0410AU
mFund code	MPS04
Inception date	18 March 2005
Investment manager	Walter Scott & Partners Limited (Edinburgh, UK)
Fund size	\$4,105.5m
Distribution frequency	Annually
Management fee*	1.28% pa
Minimum investment (Direct)	\$5,000
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 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-3.61	-3.71	-5.49	1.78
3 months (%)	7.41	7.08	3.95	3.13
1 year (%)	-13.21	-14.33	-12.52	-1.81
3 years (% pa)	6.40	5.06	6.22	-1.16
5 years (% pa)	11.53	10.13	9.26	0.87
7 years (% pa)	11.56	10.16	9.64	0.52
Since inception (% pa)	10.03	8.65	7.60	1.05

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

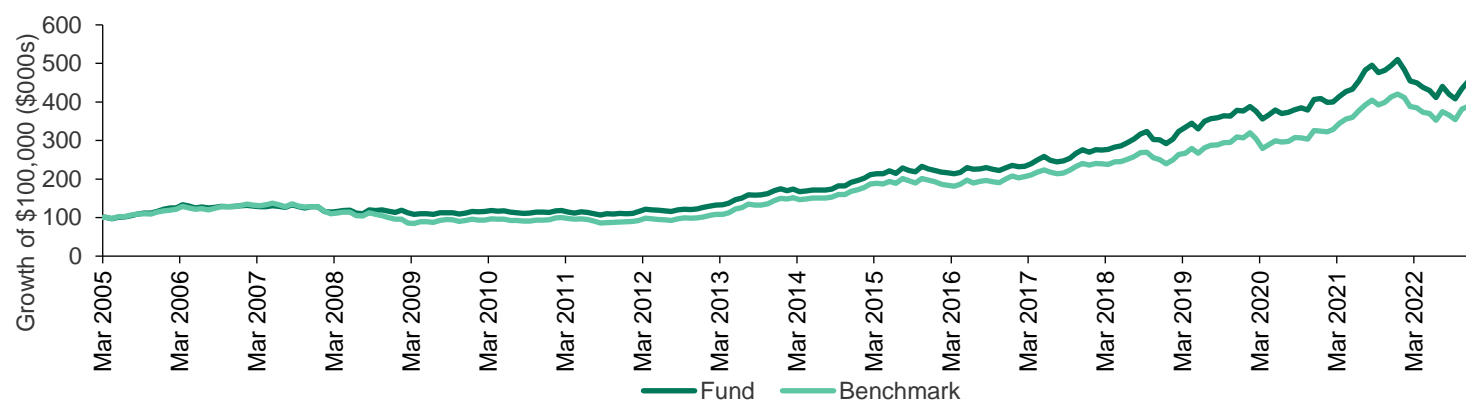
Stock	Sector	Industry	Holding (%)
Novo Nordisk A/S	Health Care	Pharmaceuticals	3.97
Microsoft Corp	Information Technology	Software	3.70
Linde PLC	Materials	Chemicals	3.23
Mastercard Inc	Information Technology	IT Services	3.20
LVMH Moet Hennessy	Consumer Discretionary	Textiles Apparel & Luxury Goods	3.08
Amphenol Corp	Information Technology	Electronic Equipment Instruments & Components	3.06
Keyence Corp	Information Technology	Electronic Equipment Instruments & Components	3.02
Automatic Data Processing	Information Technology	IT Services	3.02
AIA Group Ltd	Financials	Insurance	2.95
Alimentation Couche-Tard Inc	Consumer Staples	Food & Staples Retailing	2.68
Total number of stocks			45

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Growth of \$100,000 since inception

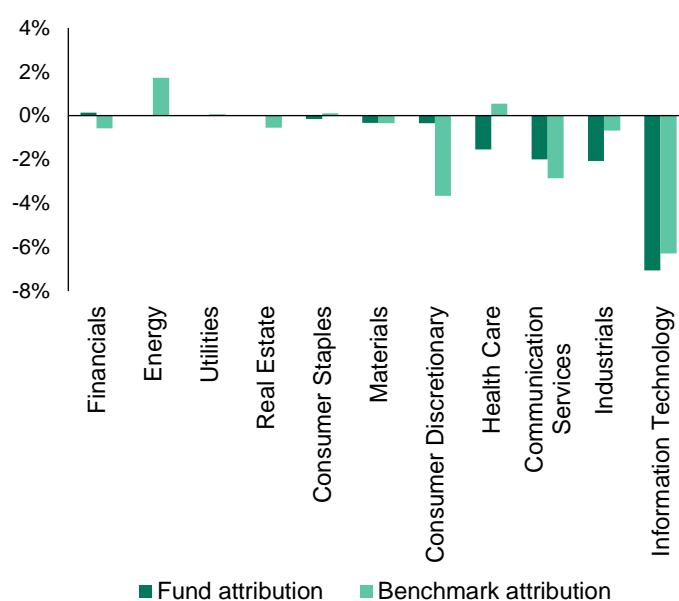


Past performance is not a reliable indicator of future performance. Data as at 31 December 2022.

Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	32.92	20.60
Health Care	19.64	14.64
Consumer Discretionary	14.41	10.10
Industrials	10.45	10.83
Consumer Staples	6.87	7.98
Materials	5.15	4.01
Financials	4.75	13.88
Communication Services	3.77	6.48
Energy	0.00	5.65
Utilities	0.00	3.24
Real Estate	0.00	2.60
Cash	2.03	0.00
Total	100	100

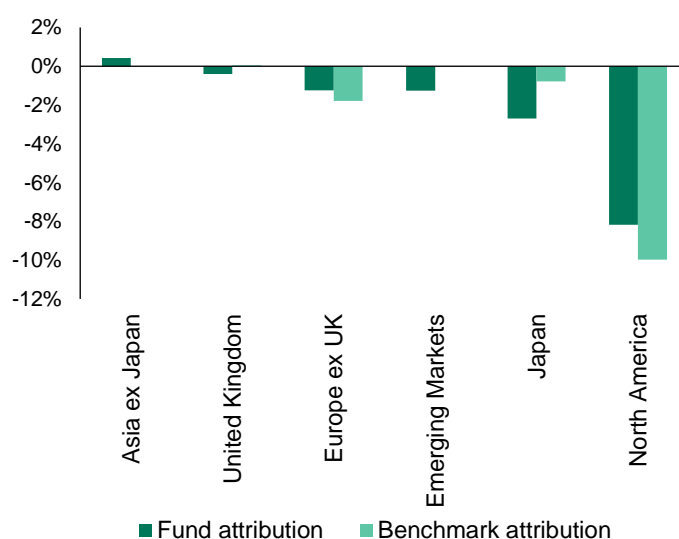
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
North America	60.05	73.12
Europe ex UK	19.38	14.63
Japan	6.08	6.41
United Kingdom	6.02	4.46
Asia ex Japan	3.81	1.38
Emerging Markets	2.63	0.00
Cash	2.03	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned -3.71%, net of fees, in December 2022, compared with a return for the Benchmark of -5.49%, with investor concerns growing about the economic outlook for next year as central banks cautioned that a longed-for 'pivot' in monetary policy would not be forthcoming any time soon.
- The IT and Consumer Discretionary sectors led the market lower in a month without a positive sector contributor. For the Fund, holdings in Consumer Discretionary, including NIKE, Compass Group and Inditex, and in Health Care, such as Novo Nordisk and Stryker Corporation, were the largest relative sector contributors, while holdings in Communication Services, namely Alphabet and The Walt Disney Company, were again the largest relative detractor. During the month, Walter Scott completed the final sale of Colgate-Palmolive, with the company facing cost pressures that have diminished its earnings power, amid strong competition for capital in the portfolio from other businesses with superior fundamental outlooks.
- Several portfolio companies have had to navigate their way through a challenging operational environment; however, their inherent strengths are starting to come to the fore. News that NIKE was making progress on clearing its elevated inventory levels was well received by investors. While the backlog remains high -- up 43% compared to a year ago -- it appears that the peak has passed. Management expects levels to normalise in the months ahead, although gross margins will be squeezed while this happens. Spanish-listed fashion retailer Inditex has shown more than resilience in the face of shrinking consumer wallets, with sales up 20% in constant currency terms in the first nine months of the year. Furthermore, management reported that business conditions since have remained strong. Growth is predominantly coming from recovery in physical store sales in the wake of their post-pandemic reopening, but online sales are also up on prior year levels.
- Predicting economic and market vagaries forms no part of Walter Scott's investment process. In these turbulent times, it is all the more important the investment team 'sticks to its knitting' as they seek out the world's great businesses that they believe can deliver strong earnings over time. That earnings generation, irrespective of economic and market volatility, will be the driver of portfolio returns.

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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

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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