

Walter Scott Emerging Markets Fund

Macquarie Professional Series

Monthly report – 28 February 2023

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	\$23.5m
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 28 February 2023

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-1.60	-1.70	-2.28	0.58
3 months (%)	5.05	4.70	-1.20	5.90
1 year (%)	0.50	-0.88	-8.84	7.96
3 years (% pa)	0.90	-0.48	-0.53	0.05
5 years (% pa)	3.87	2.45	1.01	1.44
7 years (% pa)	7.50	6.04	7.22	-1.18
Since inception (% pa)	6.78	5.33	5.13	0.20

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

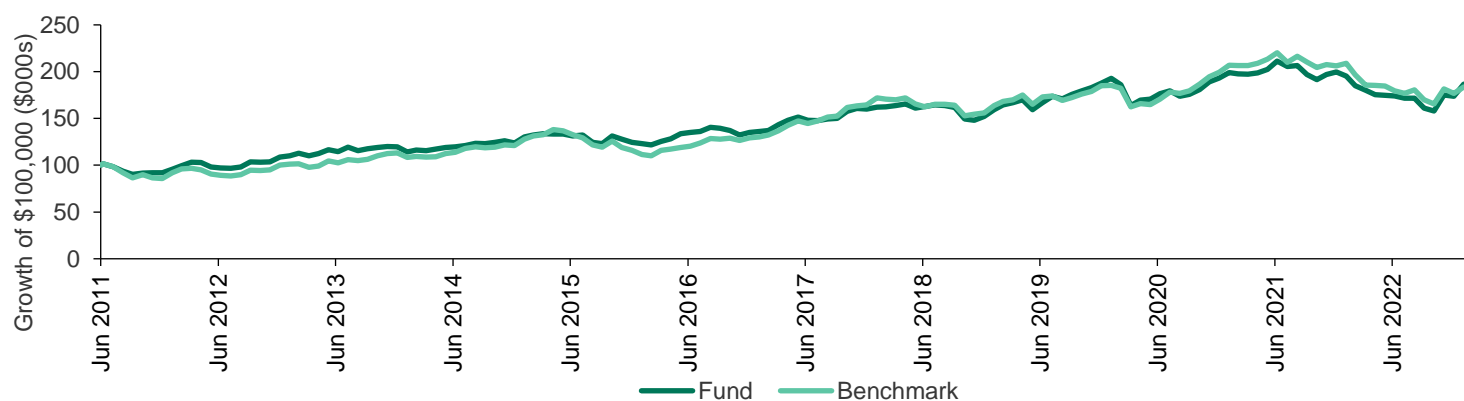
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	4.01
Tencent Holdings Ltd	Communication Services	Interactive Media & Services	3.10
Samsung Electronics	Information Technology	Technology Hardware Storage & Peripherals	3.04
AIA Group Ltd	Financials	Insurance	2.97
Alibaba Group Holding Ltd	Consumer Discretionary	Internet & Direct Marketing Retail	2.95
Telekomunikasi Indonesia	Communication Services	Diversified Telecommunication Services	2.82
Silergy Corp	Information Technology	Semiconductors & Semiconductor Equipment	2.78
Dino Polska SA	Consumer Staples	Food & Staples Retailing	2.67
Wal-Mart De Mexico	Consumer Staples	Food & Staples Retailing	2.67
Gpo Aero Sureste	Industrials	Transportation Infrastructure	2.63
Total number of stocks			45

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Growth of \$100,000 since inception

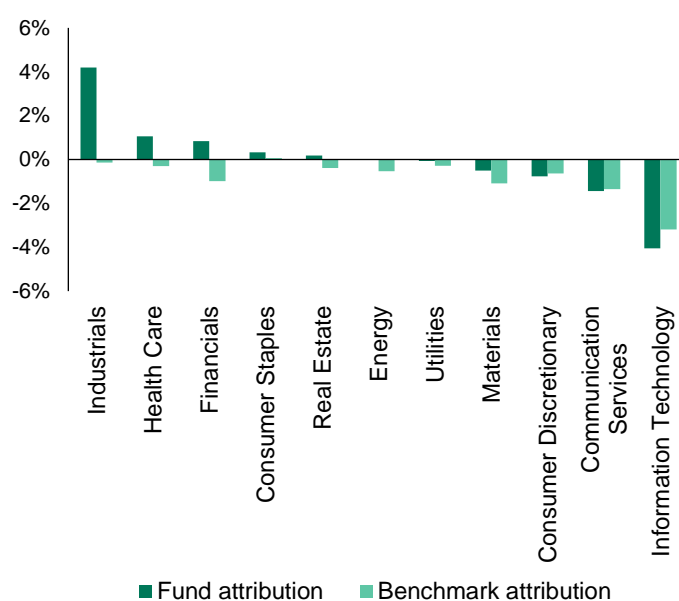


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Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	21.71	20.25
Industrials	13.95	5.95
Communication Services	12.58	10.30
Consumer Staples	12.09	6.38
Consumer Discretionary	9.13	13.61
Health Care	7.98	3.86
Financials	7.76	21.65
Utilities	5.91	2.58
Real Estate	2.09	1.92
Materials	2.07	8.78
Energy	0.00	4.71
Cash	4.73	0.00
Total	100	100

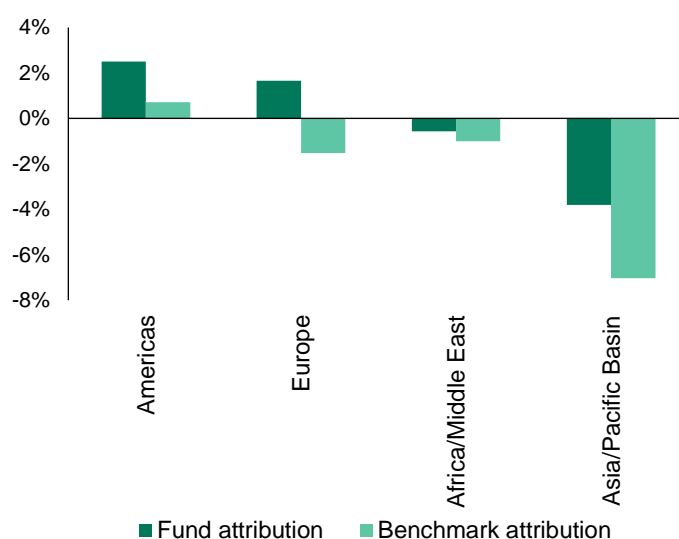
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	71.21	78.56
Americas	17.07	8.61
Europe	4.82	1.59
Africa/Middle East	2.17	11.25
Cash	4.73	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned -1.70%, net of fees, in February 2023, compared with a return for the Benchmark of -2.28%, with some of the steam coming out of Chinese and Hong Kong equity markets in February due to a mix of both market technicalities and more fundamental macroeconomic concerns.
- IT and Consumer Staples were the only emerging market sectors to advance in February, with the Consumer Discretionary sector the most significant detractor. For the Fund, the largest relative contributors included holdings in Industrials, such as AirTac International and Voltronic Power, and in Consumer Discretionary, namely Zhejiang Supor, as well as an underweight to the latter. Relative detractors included holdings in Financials, including Ping An Insurance and Grupo BMV, and an underweight to the sector. During the month, Walter Scott completed the initial purchase of Aspeed, the global leader in baseboard management controllers, a form of micro-controller enabling remote server management. Long-term growth for the company will be underpinned by server deployments of cloud-computing hyper-scalers, where the opportunity is significant.
- Taiwanese industrials Voltronic Power and AirTac International both reported good full-year results. In a robust demand environment, Voltronic delivered excellent sales and profitability growth, as customers played catch up on deferred orders for the company's uninterruptible power supply systems and power inverters. The mix of products sold was beneficial for Voltronic's gross profit margin, as was the strength of the US dollar. AirTac, which makes pneumatic products for a range of end markets, saw momentum accelerate in the final months of 2022 due to rising demand from its automotive, battery and energy customers. Meanwhile, moderating input cost inflation and strong utilisation rates boosted operating margins. Looking ahead, management sounded a confident note, particularly on its efforts to expand into the linear-guide market. After lacklustre progress last year, the prospects for this market appear brighter in 2023, thanks in part to shorter lead times and a 20-30% pricing discount on AirTac's linear-guide product offering.
- In the weeks ahead, investors will be watching carefully for signs that China's reopening is energising its domestic economy, as well as sending out positive ripples more globally. Eyes and ears will also be focused on inflation prints and the prognostications of central bank policymakers. Until a clearer picture emerges, emerging market indices may remain largely directionless. More pertinent to Walter Scott's research and analysis, however, will be the ongoing performance of the companies in the portfolio as they navigate this still challenging but broadly more optimistic operating landscape.

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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.

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