

Walter Scott Emerging Markets Fund

Macquarie Professional Series

Monthly report – 31 March 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	\$25.5m
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 March 2023

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	2.93	2.81	3.74	-0.93
3 months (%)	8.83	8.47	5.26	3.21
1 year (%)	6.11	4.67	0.12	4.55
3 years (% pa)	6.26	4.81	4.64	0.17
5 years (% pa)	4.26	2.84	1.82	1.02
7 years (% pa)	7.48	6.01	7.01	-1.00
Since inception (% pa)	6.99	5.54	5.42	0.12

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

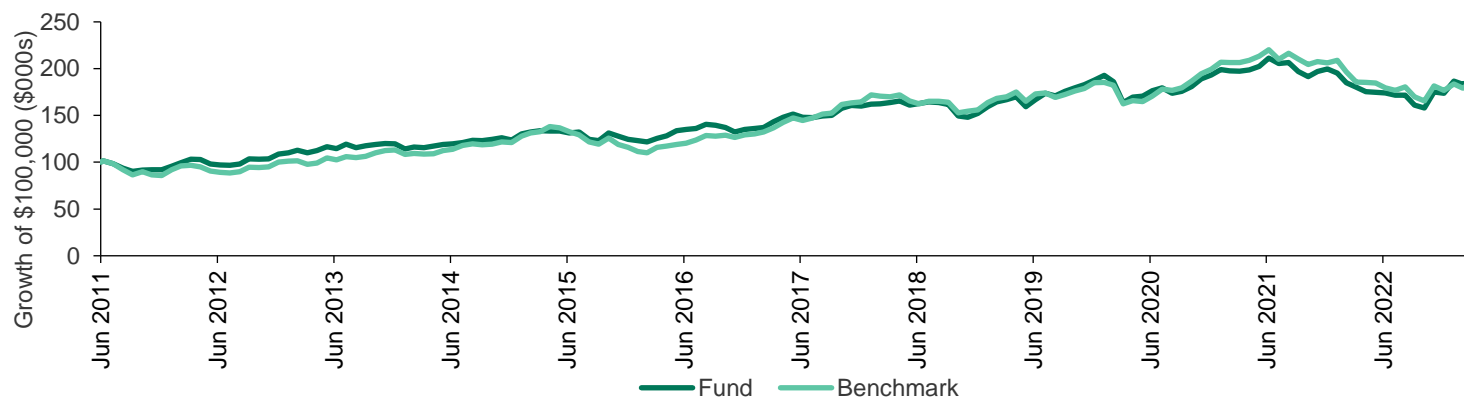
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	3.98
AIA Group Ltd	Financials	Insurance	3.65
Tencent Holdings Ltd	Communication Services	Interactive Media & Services	3.23
Alibaba Group Holding Ltd	Consumer Discretionary	Broadline Retail	3.18
Gpo Aero Sureste	Industrials	Transportation Infrastructure	3.15
Gpo Aero Cent Nort	Industrials	Transportation Infrastructure	3.07
Telekomunikasi Indonesia	Communication Services	Diversified Telecommunication Services	2.98
Samsung Electronics	Information Technology	Technology Hardware Storage & Peripherals	2.90
Sarana Menara Nusa	Communication Services	Diversified Telecommunication Services	2.87
Dino Polska SA	Consumer Staples	Consumer Staples Distribution & Retail	2.68
Total number of stocks			45

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Growth of \$100,000 since inception

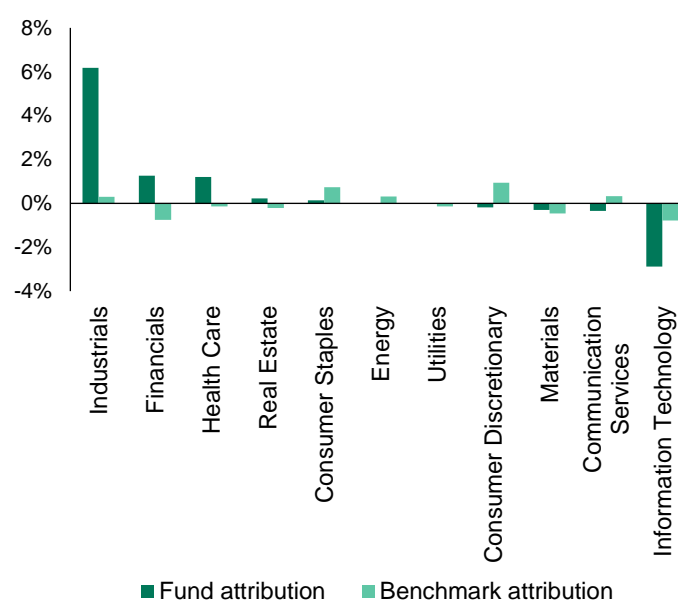


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Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	21.38	20.50
Industrials	14.55	5.99
Communication Services	13.30	10.56
Consumer Staples	11.82	6.50
Consumer Discretionary	8.99	13.76
Financials	8.23	21.04
Health Care	7.47	3.75
Utilities	5.88	2.62
Materials	2.29	8.65
Real Estate	1.91	1.91
Energy	0.00	4.73
Cash	4.18	0.00
Total	100	100

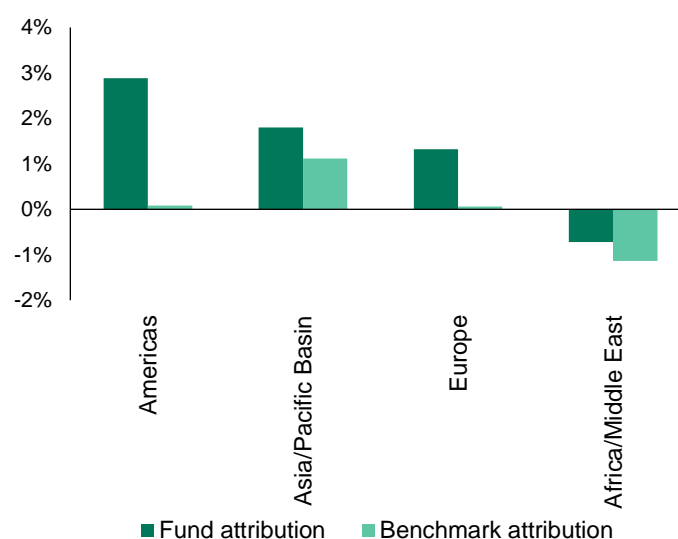
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	70.25	78.99
Americas	18.40	8.41
Europe	4.76	1.52
Africa/Middle East	2.40	11.08
Cash	4.18	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned 2.81%, net of fees, in March 2023, compared with a return for the Benchmark of 3.74%, with the eyes of emerging market investors resting on Silicon Valley for much of the month. The collapse of Silicon Valley Bank (SVB), a key player in the tech ecosystem, had observers pondering the implications for not just the tech start-up scene that relied so heavily on SVB funding, but also the health of the wider financial system.
- All emerging market sectors, with the exception of Real Estate, advanced in March. For the Fund, the largest relative detractors included holdings in IT, such as Silergy and LEENO Industrial, and in Utilities, namely China Resources Gas Group. Relative contributors included holdings in Industrials, such as OMA and AirTac International. There were no initial purchases or final sales within the portfolio during the month.
- Fears of contagion and worries over skeletons in the closets of other financial institutions led to some indiscriminate selling of financials during the month, with Ping An Insurance and AIA Group both weaker as a result. Such jitters are to be expected; investors tend to get very jumpy at even the merest hint of problems in the banking sector and memories of 2008 linger. Central to SVB's demise, however, was a reliance on a narrow depositor base and a spectacularly ill-advised bet on long-dated US Treasury bonds. Both Ping An and AIA on the other hand are well-diversified insurance businesses with reputations for being conservatively managed. Their long-duration liabilities are matched by long-duration assets (duration matching was conspicuous by its absence at SVB) and both are run by experienced management teams with a long-term perspective and a focus on resilience. Recent market turbulence aside, the long-term prospects for these companies are positive.
- Walter Scott often reiterates the importance of certain criteria that the investment team look for in investee companies. Amongst these are balance sheet strength, the ability to finance growth internally, and limited debt levels. Often the merits of such attributes only come truly into focus during more challenging periods for corporates. As the impact of the new interest rate regime starts to make itself felt in the real economy and as credit availability likely tightens in the wake of the banking sector's recent travails, this should be one such time. An environment of this kind is likely to prove an unforgiving one for those companies who used excessive leverage to finance growth during the long era of cheap money.

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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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