

Walter Scott Emerging Markets Fund

Macquarie Professional Series

Monthly report – 31 May 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	\$27.2m
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 May 2023

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	0.32	0.20	0.40	-0.20
3 months (%)	2.01	1.66	4.36	-2.70
1 year (%)	8.12	6.65	1.44	5.21
3 years (% pa)	4.42	3.00	4.35	-1.35
5 years (% pa)	4.40	2.98	2.49	0.49
7 years (% pa)	6.30	4.85	6.68	-1.83
Since inception (% pa)	6.81	5.36	5.39	-0.03

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

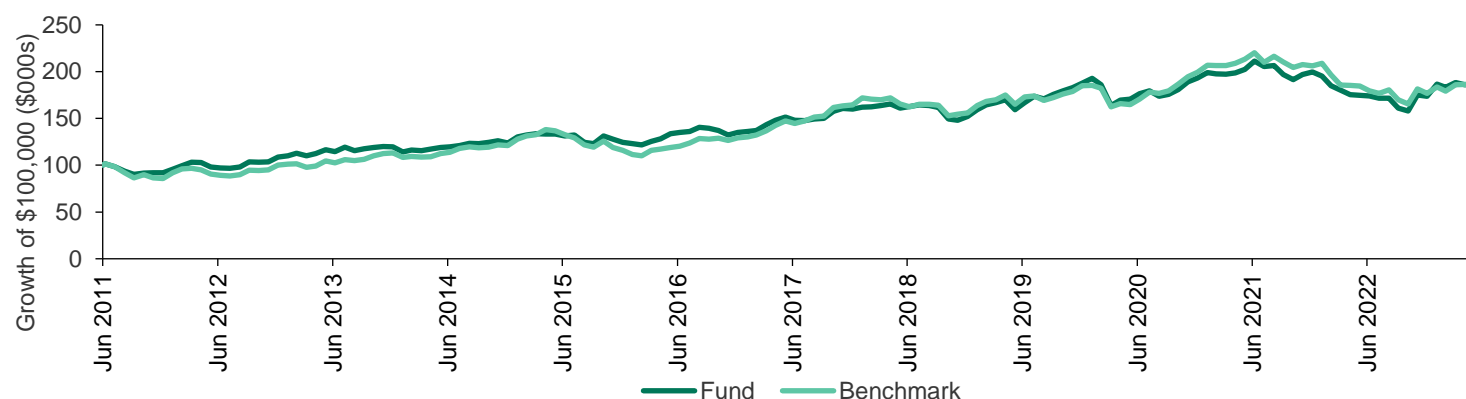
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	4.09
AIA Group Ltd	Financials	Insurance	3.22
Samsung Electronics	Information Technology	Technology Hardware Storage & Peripherals	2.99
Sarana Menara Nusa	Communication Services	Diversified Telecommunication Services	2.98
Telekomunikasi Indonesia	Communication Services	Diversified Telecommunication Services	2.89
Dino Polska SA	Consumer Staples	Consumer Staples Distribution & Retail	2.80
Gpo Aero Sureste	Industrials	Transportation Infrastructure	2.80
Leeno Industrial	Information Technology	Semiconductors & Semiconductor Equipment	2.76
Gpo Aero Cent Nort	Industrials	Transportation Infrastructure	2.75
Hansol Chemical Co	Materials	Chemicals	2.70
Total number of stocks			44

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Growth of \$100,000 since inception

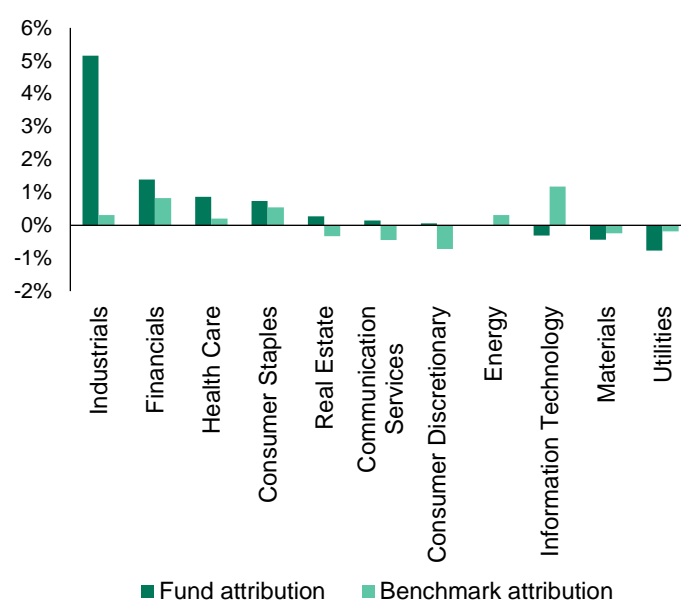


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Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	22.13	21.59
Industrials	15.13	6.25
Communication Services	12.35	9.67
Consumer Staples	10.97	6.43
Consumer Discretionary	8.49	12.34
Health Care	8.26	3.84
Financials	7.57	22.07
Utilities	5.69	2.66
Materials	2.70	8.39
Real Estate	2.25	1.76
Energy	0.00	5.00
Cash	4.45	0.00
Total	100	100

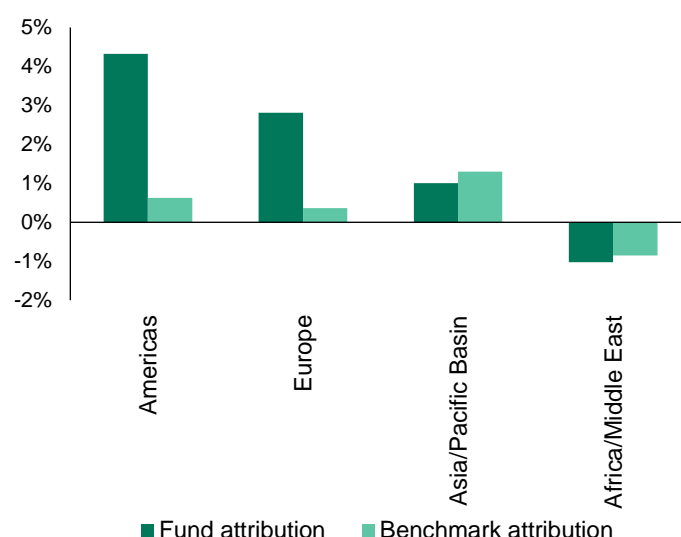
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	70.99	78.66
Americas	17.38	8.70
Europe	5.27	1.68
Africa/Middle East	1.90	10.96
Cash	4.45	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned 0.20%, net of fees, in May 2023, compared with a return for the Benchmark of 0.40%. Emerging markets remained on a cautious footing across the month as investors continued to monitor closely China's post-Covid rebound but found only cause for concern, as industrial production and consumer spending proved weaker than many had expected.
- The IT sector was the sole positive index contributor of note during the month, with Consumer Discretionary, Materials and Communication Services among the largest detractors. For the Fund, holdings in Consumer Staples, such as Clicks Group and LG Household & Health Care, and in Financials, including AIA Group and Ping An Insurance, were the largest relative detractors. Relative contributors included holdings in Materials, namely Hansol Chemical, and an underweight to the sector, as well as holdings in Consumer Discretionary, including Allegro.EU and Hyundai Mobis. There were no initial purchases or final sales within the portfolio in May.
- After a chastening 2022, a more optimistic narrative is now emerging around Brazilian equities. The economic picture is admittedly far from perfect, with recent data telling a somewhat mixed story, but there are reasons for positivity, most notably perhaps an easing of inflationary pressures. Having raised rates aggressively in a bid to quell runaway post-pandemic inflation, Brazil's central bank now has some scope to deliver rate cuts in a bid to boost activity. TOTVS, Brazil's leading ERP (Enterprise Resource Planning) and financial technology company with a focus on small- and medium-sized businesses, and one of the Fund's top individual contributors in May, reported during the month. The first three months of the year saw the business make encouraging progress on its core strategy of developing the '3D Ecosystem' across its three primary business units – Management, Techfin, and Business Performance – with year-on-year revenues up 17%, 16% and 32% respectively. Through its techfin business, however, TOTVS is seeing some evidence of macroeconomic pressures. Profitability at Supplier, the B2B credit intermediary acquired by TOTVS in 2019, was negatively impacted by increased credit restrictions and a slowdown in some market segments. Supplier's response was to successfully focus on preserving its historically low credit delinquency levels, which fell sharply to end the quarter 190 basis points below the Brazilian average – a welcome sign that TOTVS can leverage its operational excellence to navigate near-term headwinds.

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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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