

# Walter Scott Emerging Markets Fund

Macquarie Professional Series

Monthly report – 30 June 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	\$68.5m
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 30 June 2023

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	1.25	1.13	0.91	0.22
<b>3 months (%)</b>	0.35	0.00	1.52	-1.52
<b>1 year (%)</b>	9.83	8.33	5.11	3.22
<b>3 years (% pa)</b>	3.69	2.27	3.48	-1.21
<b>5 years (% pa)</b>	4.41	2.99	3.06	-0.07
<b>7 years (% pa)</b>	6.33	4.88	6.64	-1.76
<b>Since inception (% pa)</b>	6.87	5.42	5.43	-0.01

**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

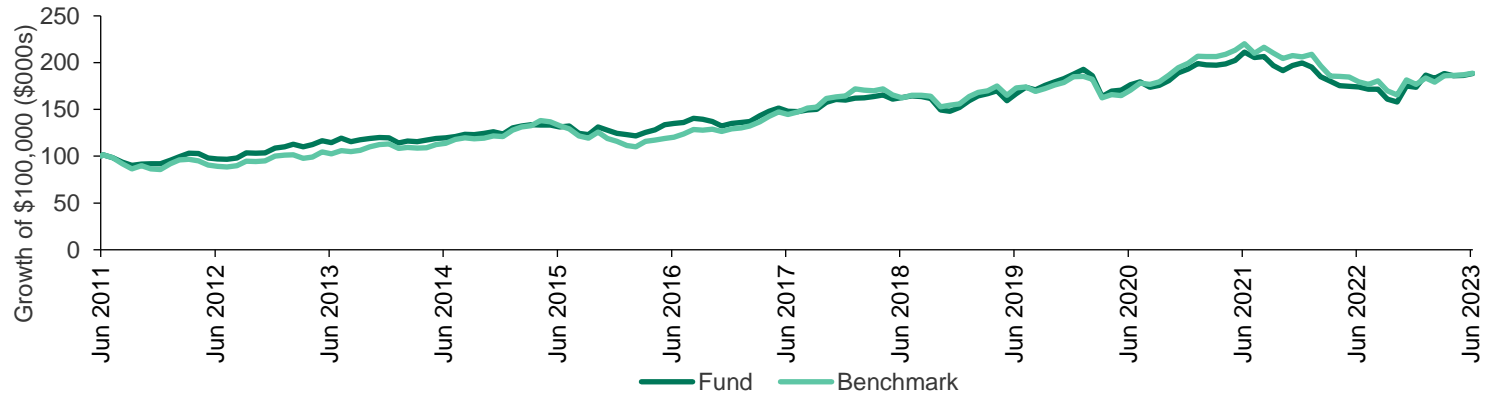
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	3.66
Tencent Holdings Ltd	Communication Services	Interactive Media & Services	3.25
AIA Group Ltd	Financials	Insurance	3.24
Dino Polska SA	Consumer Staples	Consumer Staples Distribution & Retail	3.06
Samsung Electronics	Information Technology	Technology Hardware Storage & Peripherals	2.81
Sarana Menara Nusa	Communication Services	Diversified Telecommunication Services	2.80
Leeno Industrial	Information Technology	Semiconductors & Semiconductor Equipment	2.79
Fleury SA	Health Care	Health Care Providers & Services	2.68
Gpo Aero Cent Nort	Industrials	Transportation Infrastructure	2.64
Wuxi Biologics (Cayman)	Health Care	Life Sciences Tools & Services	2.62
<b>Total number of stocks</b>			<b>42</b>

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## Growth of \$100,000 since inception

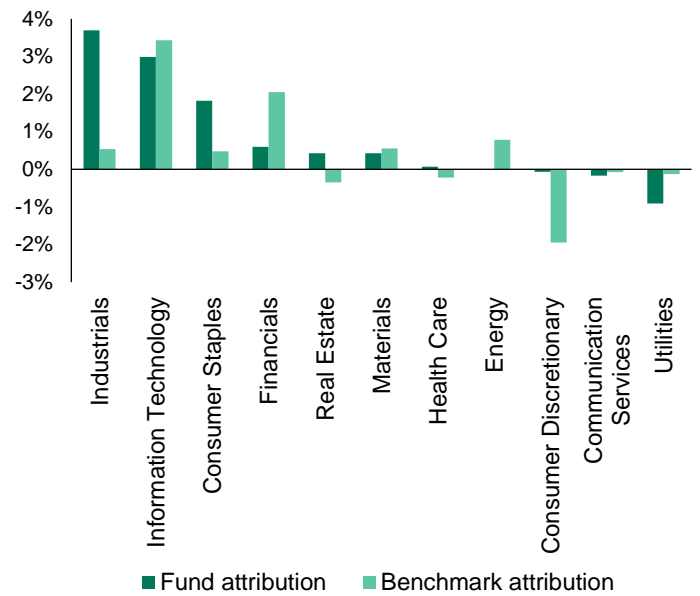


Past performance is not a reliable indicator of future performance. Data as at 30 June 2023.

## Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	21.81	21.17
Industrials	13.87	6.33
Communication Services	13.48	9.78
Consumer Staples	11.01	6.36
Health Care	9.74	3.76
Consumer Discretionary	8.14	13.20
Financials	7.62	21.93
Utilities	6.80	2.62
Materials	2.51	8.09
Real Estate	2.47	1.75
Energy	0.00	5.02
Cash	2.56	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

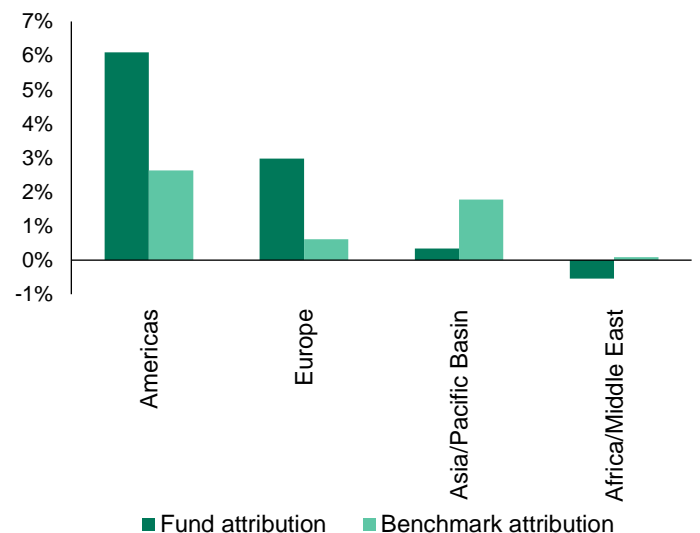
## Sector attribution (12 months to date)



## Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	73.10	77.97
Americas	17.27	9.22
Europe	5.10	1.77
Africa/Middle East	1.97	11.04
Cash	2.56	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 1.13%, net of fees, in June 2023, compared with a return for the Benchmark of 0.91%.
- Emerging market equities lagged their developed market peers in June, with the Consumer Discretionary and Energy sectors driving the subdued advance. For the Fund, holdings in Consumer Staples, such as Dino Polska and Clicks Group, and in IT, including LEENO Industrial and Koh Young Technology, were the largest relative contributors. Relative detractors included holdings in Consumer Discretionary, namely Allegro.EU, and in Communication Services, including Naver and Telekomunikasi Indonesia. During the month, Walter Scott completed the final sales of Jardine Matheson, to raise funds for other portfolio companies with more compelling fundamental characteristics, and Sunny Friend, which is facing greater profitability headwinds from evolving environmental regulation, unexpected maintenance shutdowns, and increased competition.
- Two members of the Walter Scott Research team travelled to Taiwan and China in June, providing a welcome chance to meet face-to-face with the management teams of several portfolio companies on their home patch after a long period of travel restrictions. One company that is capitalising on the post-Covid landscape is AIA Group, as explained by AIA China CEO Fisher Zhang during a meeting at the company's Shanghai offices. One of the lasting impacts of Covid has been growing recognition of the value of insurance. People are now more cautious about health and risk, and understand the need to plan accordingly. And as interest increases, so too does the sophistication of the average consumer. This transformation of demand is forcing the supply side of the industry to adapt in turn. Three years ago, the life insurance market in China had ten million sales agents. Most were part-time operators from domestic Chinese companies who lacked the requisite knowledge to meet changing consumer demands. Today, the number of agents has more than halved to three-to-four million. Over the same period, the number of AIA China agents has held steady, leaving the company ideally placed to grow market share as it continues to expand its presence across China.
- Geopolitical and macroeconomic concerns are likely to dominate the headlines in the near term, but as long-term fundamental investors Walter Scott continues to look beyond the headlines and stay focused instead on the progress of the portfolio companies. Here, the Research team remain confident in their ability to leverage their inherent strengths to capitalise on what remain, despite some near-term headwinds, highly compelling long-term growth opportunities.

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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.

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