

# Walter Scott Emerging Markets Fund

## Macquarie Professional Series

Monthly report – 31 January 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	\$22.7m
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 31 January 2023

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	7.45	7.33	3.84	3.49
<b>3 months (%)</b>	18.41	18.02	10.85	7.17
<b>1 year (%)</b>	-3.12	-4.45	-12.13	7.68
<b>3 years (% pa)</b>	0.26	-1.11	-0.31	-0.80
<b>5 years (% pa)</b>	4.28	2.86	1.30	1.56
<b>7 years (% pa)</b>	7.58	6.12	7.40	-1.28
<b>Since inception (% pa)</b>	6.97	5.52	5.37	0.15

#### 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

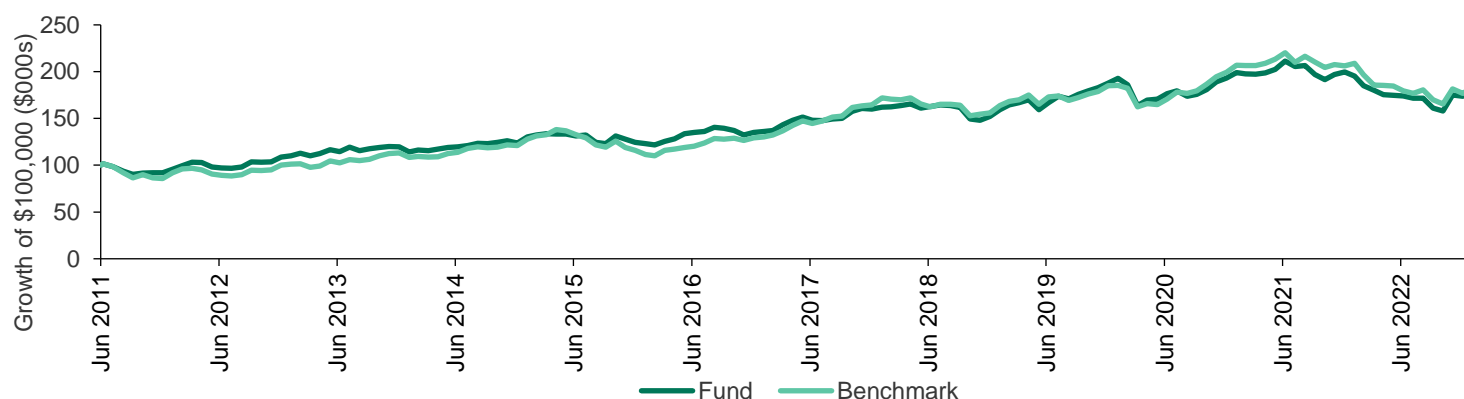
Stock	Sector	Industry	Holding (%)
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	4.22
Alibaba Group Holding Ltd	Consumer Discretionary	Internet & Direct Marketing Retail	3.63
Tencent Holdings Ltd	Communication Services	Interactive Media & Services	3.42
AIA Group Ltd	Financials	Insurance	3.12
Samsung Electronics	Information Technology	Technology Hardware Storage & Peripherals	3.02
Silergy Corp	Information Technology	Semiconductors & Semiconductor Equipment	2.88
Dino Polska SA	Consumer Staples	Food & Staples Retailing	2.84
Telekomunikasi Indonesia	Communication Services	Diversified Telecommunication Services	2.82
Wal-Mart De Mexico	Consumer Staples	Food & Staples Retailing	2.63
Grupo BMV	Financials	Capital Markets	2.59
<b>Total number of stocks</b>			<b>44</b>

# Walter Scott Emerging Markets Fund

Macquarie Professional Series

Monthly report – 31 January 2023

## Growth of \$100,000 since inception

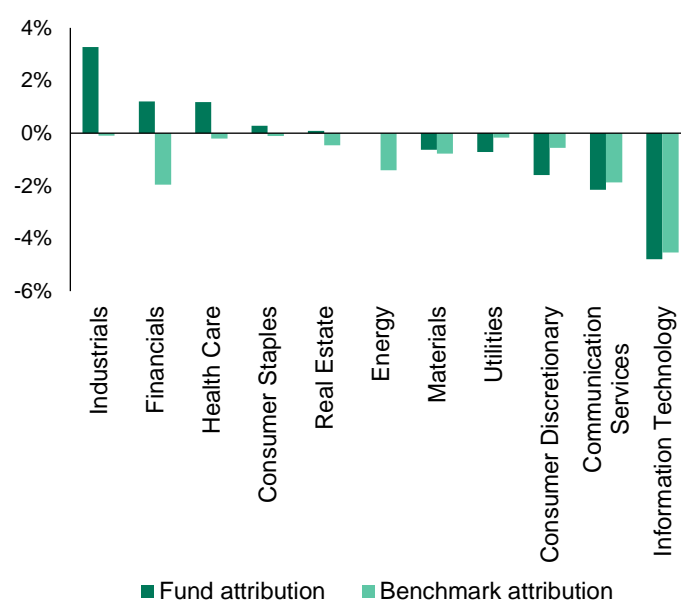


Past performance is not a reliable indicator of future performance. Data as at 31 January 2023.

## Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	21.56	19.62
Industrials	13.98	5.89
Communication Services	12.51	10.42
Consumer Staples	12.05	6.21
Consumer Discretionary	9.52	14.54
Health Care	8.68	3.98
Financials	7.70	21.21
Utilities	6.11	2.72
Materials	2.04	8.84
Real Estate	2.01	1.92
Energy	0.00	4.63
Cash	3.84	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

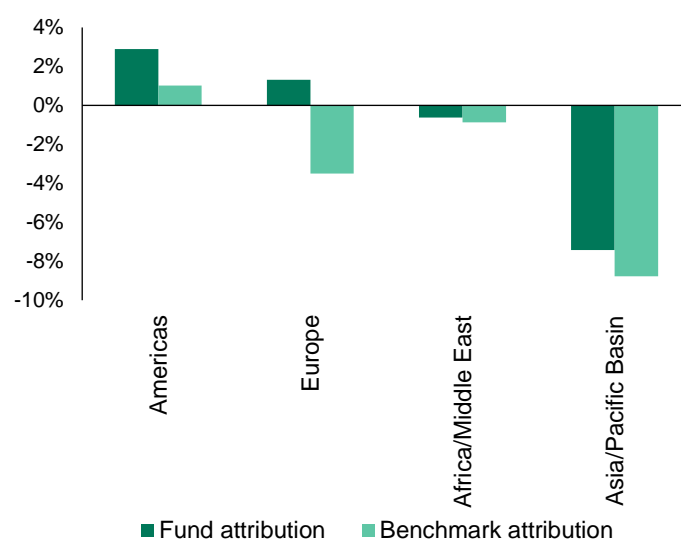
## Sector attribution (12 months to date)



## Region weights

Region	Fund (%)	Benchmark (%)
Asia/Pacific Basin	71.59	78.86
Americas	17.57	8.59
Europe	5.08	1.47
Africa/Middle East	1.93	11.07
Cash	3.84	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

## Region attribution (12 months to date)



# Walter Scott Emerging Markets Fund

## Macquarie Professional Series

Monthly report – 31 January 2023

---

### Performance summary

- The Fund returned 7.33%, net of fees, in January 2023, compared with a return for the Benchmark of 3.84%, with sentiment bolstered by an anticipated reignition of economic activity following China's emergence from zero-Covid restrictions.
- The IT and Consumer Discretionary sectors powered emerging market gains during the month; Utilities and Energy were among the few detractors of note. The largest relative contributors for the Fund included holdings in IT, such as Silergy and TSMC; in Financials, including Ping An Insurance and Grupo BMV; and in Industrials, such as Zhejiang Sanhua. Relative detractors included holdings in Consumer Staples, namely Clicks Group, and an overweight to the sector.
- EM headlines were dominated in January by the verbal sparring between Adani Enterprises, a ports-to-power stations conglomerate and one of India's most high-profile companies, and little-known US investment research firm Hindenburg Research, which accused Adani of "brazen stock manipulation", "accounting fraud" and "corruption, money laundering and theft of taxpayer funds" following a two-year investigation. While Walter Scott has little insight to add on Adani, it serves as a useful opportunity to re-highlight some of the key concerns driving the current absence of Indian equities from the portfolio. Walter Scott has long been wary of companies that expand aggressively into areas of little-to-no expertise, a not uncommon feature of many Indian companies. As a current member of the Research team noted after a trip to India in 2008, "many of the Indian companies we met were vertically integrating or diversifying. The result was often a bewildering mix of activities with a high potential for something to go nastily wrong". Perhaps even more crucially, the Indian equity market has also for many years traded at a significant premium to the wider EM universe; while valuation may not be the defining feature of Walter Scott's investment process, it is nonetheless an important consideration and discipline is vital.
- Many of the headwinds that hindered emerging markets over 2022 have undoubtedly weakened. Most notably, China's reopening should prove a major boon. The adherence of many portfolio companies to their long-term growth trajectories through the upheaval of the last couple of years gives Walter Scott confidence that they will be well placed to benefit should we see a sustained upswing in the operating environment.

# Walter Scott Emerging Markets Fund

## Macquarie Professional Series

Monthly report – 31 January 2023

---

**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.

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.

The information in this report is provided for general information purposes only and is not, and should not be construed as, an advertisement, an invitation, an offer, a solicitation of an offer or a recommendation to participate in any investment strategy or take any other action, including to buy or sell any product offered by any member of the Macquarie Group. The above information is not personal advice and does not take into account the investment objectives, financial situation or needs of any person. The Fund is designed for investors who are seeking capital growth, are intending to use the Fund as a satellite within a portfolio, have a medium to long-term investment timeframe, have a high or very high risk/return profile and require the ability to have daily access to capital. Please review the Target Market Determination available at [macquarieim.com/TMD](http://macquarieim.com/TMD) and consider if the Fund may be suitable for you. Investors should consider the offer document of the Fund in deciding whether to acquire or continue to hold units in the Fund. The offer document is available by contacting us on 1800 814 523. Past performance is not a reliable indicator of future performance.

Future results are impossible to predict. In preparing this document, reliance may have been placed, without independent verification, on the accuracy and completeness of information available from external sources. This report may also include opinions, estimates and other forward-looking statements which are, by their very nature, subject to various risks and uncertainties. Actual events or results may differ materially, positively or negatively, from those reflected or contemplated in such forward-looking statements. Forward-looking statements constitute the investment manager's judgement as at the date of preparation of this report and are subject to change without notice. To the maximum extent permitted by law, no member of the Macquarie Group nor its directors, employees or agents accept any liability for any loss arising from the use of this document, its contents or otherwise arising in connection with it.

Other than Macquarie Bank Limited ABN 46 008 583 542 ("Macquarie Bank"), any Macquarie Group entity noted in this material is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these other Macquarie Group entities do not represent deposits or other liabilities of Macquarie Bank. Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of these other Macquarie Group entities. In addition, if this document relates to an investment, (a) the investor is subject to investment risk including possible delays in repayment and loss of income and principal invested and (b) none of Macquarie Bank or any other Macquarie Group entity guarantees any particular rate of return on or the performance of the investment, nor do they guarantee repayment of capital in respect of the investment.

PRRP-WSEMF-ANZ