

# Walter Scott Global Equity 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 World ex Australia 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	MAQ0410AU
mFund code	MWS01
Inception date	18 March 2005
Investment manager	Walter Scott & Partners Limited (Edinburgh, UK)
Fund size	\$4,567.9m
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 March 2023

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	6.93	6.83	3.88	2.95
<b>3 months (%)</b>	12.13	11.80	9.20	2.60
<b>1 year (%)</b>	10.17	8.78	4.31	4.47
<b>3 years (% pa)</b>	12.60	11.19	12.88	-1.69
<b>5 years (% pa)</b>	13.42	12.00	11.02	0.98
<b>7 years (% pa)</b>	13.94	12.52	11.99	0.53
<b>Since inception (% pa)</b>	10.59	9.20	8.01	1.19

**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.

### Top 10 stocks

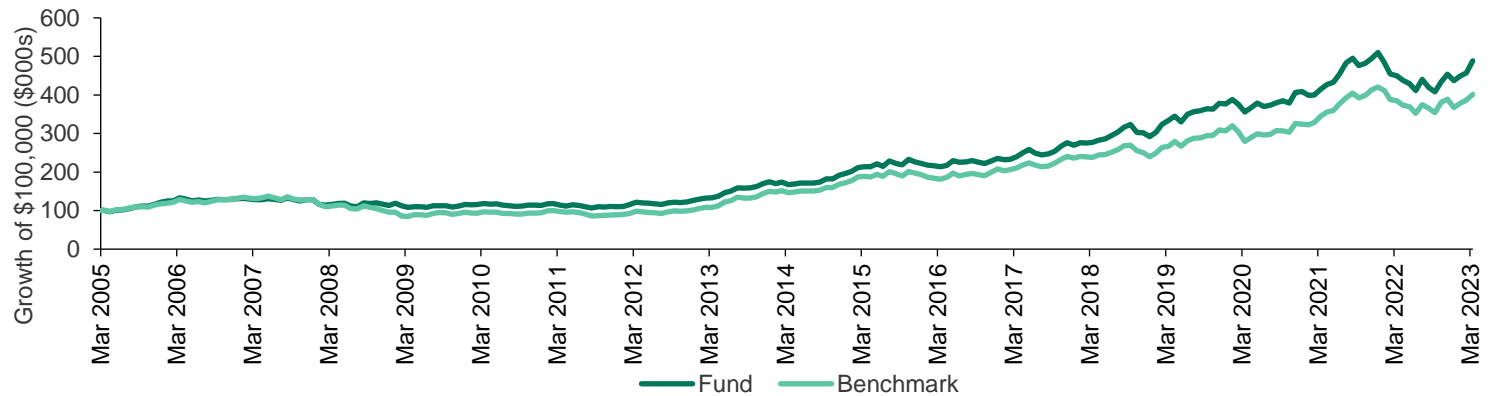
Stock	Sector	Industry	Holding (%)
Microsoft Corp	Information Technology	Software	4.06
Novo Nordisk A/S	Health Care	Pharmaceuticals	3.92
LVMH Moet Hennessy	Consumer Discretionary	Textiles Apparel & Luxury Goods	3.55
Keyence Corp	Information Technology	Electronic Equipment Instruments & Components	3.42
Linde Plc	Materials	Chemicals	3.21
Mastercard Inc	Financials	Financial Services	3.04
Amphenol Corp	Information Technology	Electronic Equipment Instruments & Components	2.99
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	2.99
Alimentation Couche-Tard Inc	Consumer Staples	Consumer Staples Distribution & Retail	2.79
Alphabet Inc	Communication Services	Interactive Media & Services	2.65
<b>Total number of stocks</b>			<b>46</b>

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## Growth of \$100,000 since inception

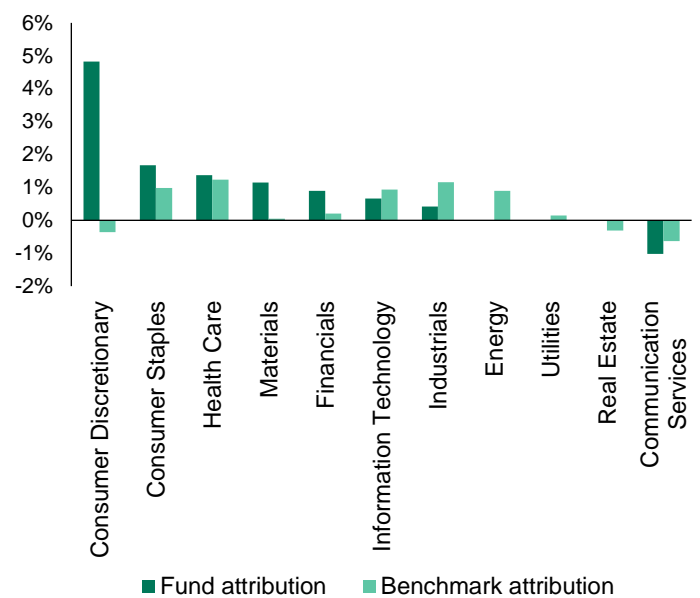


Past performance is not a reliable indicator of future performance. Data as at 31 March 2023.

## Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	26.21	20.84
Health Care	17.72	13.40
Consumer Discretionary	16.20	10.68
Industrials	13.44	11.11
Consumer Staples	8.17	7.95
Financials	7.23	14.62
Materials	5.49	3.95
Communication Services	4.00	7.06
Energy	0.00	4.96
Utilities	0.00	3.00
Real Estate	0.00	2.44
Cash	1.53	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

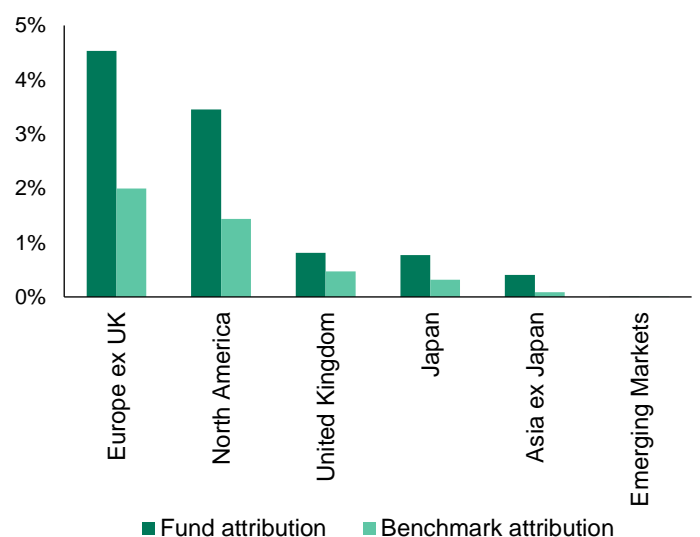
## Sector attribution (12 months to date)



## Region weights

Region	Fund (%)	Benchmark (%)
North America	59.70	72.88
Europe ex UK	19.92	15.17
Japan	6.99	6.30
United Kingdom	5.65	4.34
Asia ex Japan	3.22	1.31
Emerging Markets	2.99	0.00
Cash	1.53	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 6.83%, net of fees, in March 2023, compared with a return for the Benchmark of 3.88%, with the demise of Silicon Valley Bank (SVB) spreading fears of contagion in the banking sector and resulting in a volatile month for global equity markets.
- Financials were the sole noteworthy sector detractor from market returns in March, with particularly positive returns for IT, Communication Services, Health Care and Consumer Discretionary. For the Fund, an underweight to Financials and holdings in the sector, namely Mastercard (recently re-classified from the GICS IT sector), as well as holdings in Health Care, led by Novo Nordisk and Intuitive Surgical, were the largest relative sector contributors. These were partially offset by an underweight to Communication Services. During the month, Walter Scott completed the initial purchase of Costco Wholesale, the global leader in membership-only warehouse clubs with a recurring and highly predictable earnings profile, as well as the final sale of SGS, to provide a source of funds for new investment ideas.
- With the benefit of a long-term investment horizon, Walter Scott gets to know how businesses work and how they are steered by management as they go through various cycles or execute strategies. This month, the investment team had an update from Kevin Lobo, CEO of medical device maker Stryker Corporation for the past 10 years. During his tenure, the company has pursued the acceleration of organic revenue growth while building a leadership position in several markets through M&A. The company is now well placed, having a strong portfolio of products with no more competitive gaps to fill. "I do not have to buy anything", he declared. The market environment is favourable given the backlog of procedures created by Covid and a reduction of bottlenecks in the form of nursing and component shortages. As a result, Stryker is expected to maintain its impressive revenue growth which will be tilted towards organic revenues with only modest contribution from bolt-on M&A. This, in Walter Scott's view, should result in lower financial gearing and improving returns and margins.
- The events of March have provided a cautionary tale of the unintended consequences of monetary tightening. It remains to be seen if there is any further spill-over from the SVB saga, but higher interest rates will continue to expose frail business models that have binged on debt. The macroeconomic backdrop remains challenging with inflation still squeezing incomes, although so far, consumer expenditure is proving resilient. Whatever the market direction, Walter Scott's investment focus remains on investing in market-leading companies with strong balance sheets and long, resilient growth runways.

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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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