

# Walter Scott Global Equity 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 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	MPS04
Inception date	18 March 2005
Investment manager	Walter Scott & Partners Limited (Edinburgh, UK)
Fund size	\$4,239.0m
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>	2.98	2.87	2.97	-0.10
<b>3 months (%)</b>	3.70	3.36	-0.72	4.08
<b>1 year (%)</b>	-5.76	-6.97	-7.90	0.93
<b>3 years (% pa)</b>	6.33	4.99	5.75	-0.76
<b>5 years (% pa)</b>	11.66	10.25	9.52	0.73
<b>7 years (% pa)</b>	12.33	10.92	10.62	0.30
<b>Since inception (% pa)</b>	10.16	8.78	7.73	1.05

**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

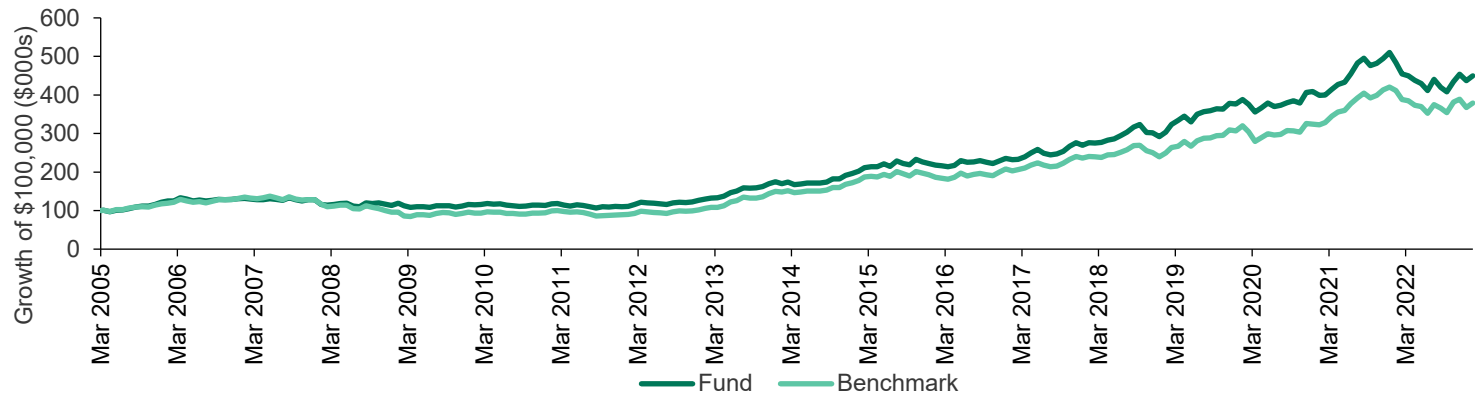
Stock	Sector	Industry	Holding (%)
Novo Nordisk A/S	Health Care	Pharmaceuticals	3.79
Microsoft Corp	Information Technology	Software	3.57
LVMH Moet Hennessy	Consumer Discretionary	Textiles Apparel & Luxury Goods	3.44
Keyence Corp	Information Technology	Electronic Equipment Instruments & Components	3.29
Mastercard Inc	Information Technology	IT Services	3.18
Linde Plc	Materials	Chemicals	3.06
Taiwan Semiconductor Manufacturing	Information Technology	Semiconductors & Semiconductor Equipment	3.05
Amphenol Corp	Information Technology	Electronic Equipment Instruments & Components	2.99
AIA Group Ltd	Financials	Insurance	2.79
Automatic Data Processing	Information Technology	IT Services	2.66
<b>Total number of stocks</b>			<b>45</b>

# Walter Scott Global Equity Fund

Macquarie Professional Series

Monthly report – 31 January 2023

## Growth of \$100,000 since inception

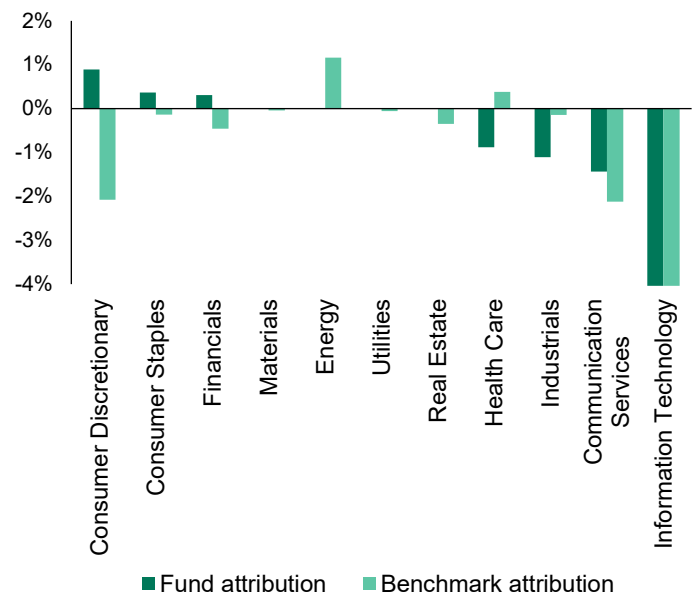


Past performance is not a reliable indicator of future performance. Data as at 31 January 2023.

## Sector weights

Sector	Fund (%)	Benchmark (%)
Information Technology	33.07	21.19
Health Care	18.27	13.61
Consumer Discretionary	15.04	10.82
Industrials	10.33	10.66
Consumer Staples	6.89	7.53
Materials	5.19	4.12
Financials	4.83	14.10
Communication Services	4.10	6.84
Energy	0.00	5.44
Utilities	0.00	3.03
Real Estate	0.00	2.65
Cash	2.27	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

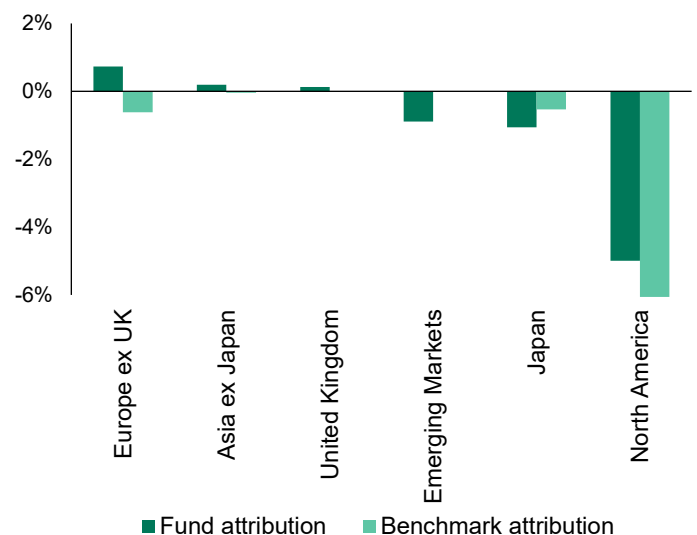
## Sector attribution (12 months to date)



## Region weights

Region	Fund (%)	Benchmark (%)
North America	58.64	72.90
Europe ex UK	19.55	14.95
Japan	6.69	6.37
United Kingdom	6.16	4.43
Asia ex Japan	3.63	1.36
Emerging Markets	3.05	0.00
Cash	2.27	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

## Region attribution (12 months to date)



# Walter Scott Global Equity Fund

## Macquarie Professional Series

Monthly report – 31 January 2023

---

### Performance summary

- The Fund returned 2.87%, net of fees, in January 2023, compared with a return for the Benchmark of 2.97%, with equity markets recording a positive start to the year despite simmering inflation and rate hike concerns.
- On a sector basis, the largest contributions to the positive market return included IT, Consumer Discretionary, and Financials, while Health Care notably struggled. For the Fund, holdings in IT, led by Automatic Data Processing and Paychex, and an overweight to Health Care were the largest relative sector detractors, while holdings in Consumer Staples, namely L'Oréal, and a lack of exposure to the Energy and Utilities sectors were the largest relative contributors. There were no initial purchases or final sales within the portfolio during the month.
- Keyence, one of the Fund's top individual contributors in January, is the world's leading supplier of sensors and measuring instruments mainly used in factory automation. Shares in the Japanese company have performed strongly over the last ten years, but last year reflected the worldwide valuation compression in growth stocks from which Japan was not immune. The company had a better-than-expected first half in its current fiscal year, with 25% organic sales growth and 15% organic operating profit growth, as China rebounded from a lockdown-related lull in the first quarter. While management noted a more uncertain macro environment and some weakness in smartphone customers, they reported that overall, the business was showing resilience. Keyence has an impressive track record at growing its revenues, with a compound annual growth rate of 14% over the last 30 years. Walter Scott believes there is significant opportunity for further penetration of automation solutions both in Japan and overseas markets. This opportunity, coupled with Keyence's outstanding profitability metrics, should result in exceptional levels of internal wealth creation.
- Walter Scott's positive view on the Japanese companies held in the portfolio, including Keyence as well as SMC Corporation and Shin-Etsu Chemical, derives more from a high level of conviction based on bottom-up fundamentals than from hopes about economic transformation in the country. They are financially strong businesses that compete and thrive on a global stage, with long track records of delivering strong returns over time.

# Walter Scott Global Equity 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.