

Polaris Global Equity Fund (Hedged)

Macquarie Professional Series

Monthly report – 31 August 2022

Investment objective

Aims to achieve a long-term total return (before fees and expenses) that exceeds the MSCI World ex Australia Index, in \$A hedged with net dividends reinvested (Benchmark).

The Fund invests in the Polaris Global Equity Fund.

Key information

Fund details

| | |
|---------------------------------------|---|
| APIR code | MAQ2806AU |
| Inception date | 28 December 2018 |
| Investment manager of Underlying Fund | Polaris Capital Management, LLC (Boston, US) |
| Fund size | \$1.4m |
| Distribution frequency | Semi-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 August 2022

| | Total Fund return (gross) | Total Fund return (net) | Benchmark return | Total excess return (net) |
|-------------------------------|---------------------------|-------------------------|------------------|---------------------------|
| 1 month (%) | -3.63 | -3.74 | -3.57 | -0.17 |
| 3 months (%) | -7.44 | -7.75 | -4.33 | -3.42 |
| 1 year (%) | -9.60 | -10.76 | -12.84 | 2.08 |
| 3 years (% pa) | 5.30 | 3.96 | 8.13 | -4.17 |
| Since inception (% pa) | 6.96 | 5.59 | 11.01 | -5.42 |

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

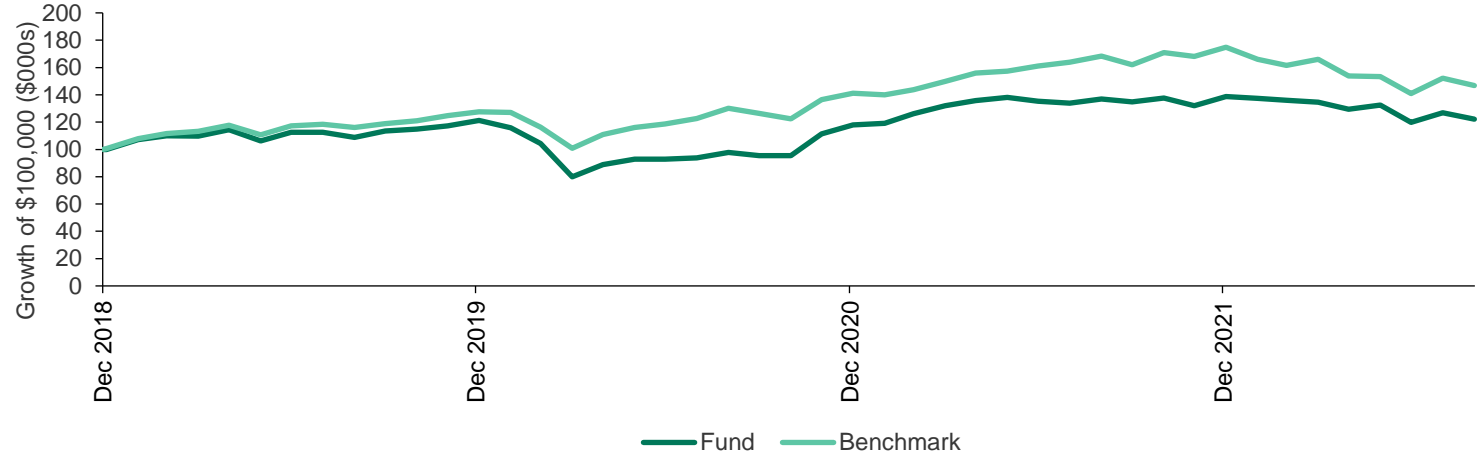
| Stock | Sector | Industry | Holding (%) |
|-------------------------------|-------------|----------------------------------|-------------|
| United Therapeutics Corp | Health Care | Biotechnology | 1.85 |
| Marathon Petroleum Corp | Energy | Oil Gas & Consumable Fuels | 1.79 |
| Elevance Health Inc | Health Care | Health Care Providers & Services | 1.69 |
| Marubeni Corp | Industrials | Trading Companies & Distributors | 1.62 |
| Williams Cos Inc | Energy | Oil Gas & Consumable Fuels | 1.62 |
| Popular Inc | Financials | Banks | 1.62 |
| Unitedhealth Group Inc | Health Care | Health Care Providers & Services | 1.60 |
| CVS Health Corp | Health Care | Health Care Providers & Services | 1.58 |
| Webster Financial Corp | Financials | Banks | 1.49 |
| General Dynamics Corp | Industrials | Aerospace & Defense | 1.48 |
| Total number of stocks | | | 95 |

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Growth of \$100,000 since inception

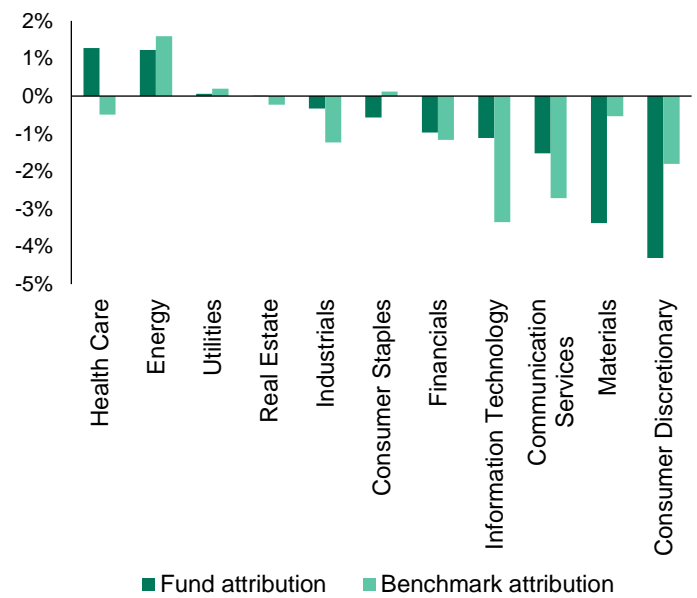


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Sector weights

| Sector | Fund (%) | Benchmark (%) |
|------------------------|------------|---------------|
| Financials | 20.99 | 12.96 |
| Consumer Discretionary | 14.11 | 11.39 |
| Materials | 11.78 | 3.76 |
| Health Care | 11.51 | 13.27 |
| Industrials | 11.08 | 10.18 |
| Information Technology | 9.93 | 22.15 |
| Communication Services | 6.75 | 7.36 |
| Energy | 4.47 | 5.20 |
| Consumer Staples | 4.41 | 7.70 |
| Real Estate | 1.18 | 2.78 |
| Utilities | 1.10 | 3.24 |
| Cash | 2.70 | 0.00 |
| Total | 100 | 100 |

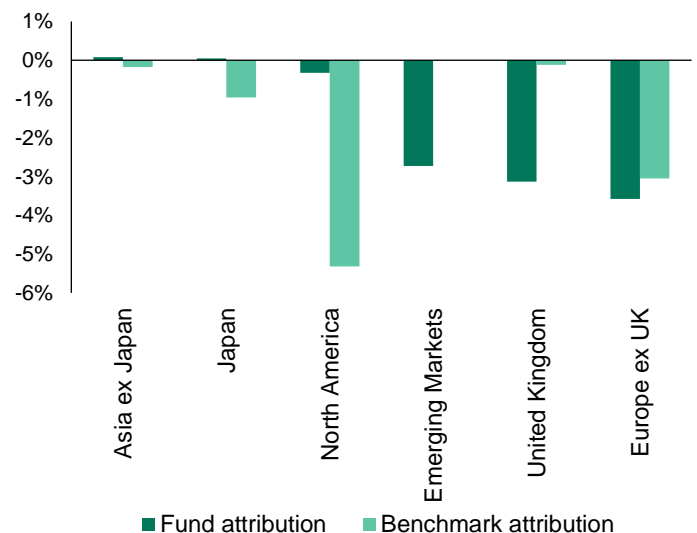
Sector attribution (12 months to date)



Region weights

| Region | Fund (%) | Benchmark (%) |
|------------------|------------|---------------|
| North America | 55.60 | 74.88 |
| Europe ex UK | 16.74 | 13.27 |
| Japan | 8.63 | 6.29 |
| Emerging Markets | 8.62 | 0.00 |
| United Kingdom | 6.64 | 4.24 |
| Asia ex Japan | 1.07 | 1.31 |
| Cash | 2.70 | 0.00 |
| Total | 100 | 100 |

Region attribution (12 months to date)

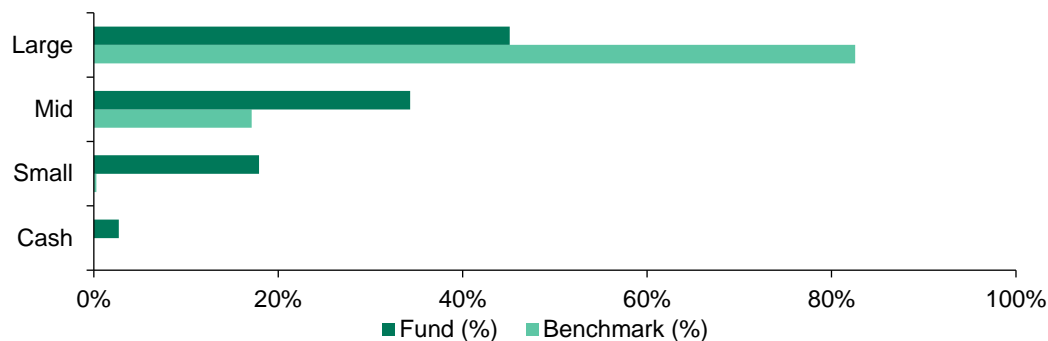


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Market capitalisation



Performance summary

- The Fund returned -3.74% in August 2022, compared with a return for the Benchmark of -3.57%, as inflation expectations saw the Eurozone, UK, and South Korea push their key interest rates higher by 75, 50 and 25 basis points, respectively.
- Negative performance in all GICS sectors except Energy caused equity markets to fall in August. For the Fund, the largest relative detractors were holdings in Communication Services, in particular Cinemark, and in Consumer Discretionary, such as Bellway, Next and Taylor Wimpey. Holdings in Health Care, such as Gilead Sciences and CVS Health, and in Financials, including Munich Re and Hannover Re, were notable relative contributors.
- Marubeni and Marathon Petroleum were among the top individual contributors in August. Japanese trading and investment conglomerate Marubeni rose as it beat consensus earnings. Polaris' conversations with management proved productive, as Marubeni detailed their guidance (pricing, divestments, capital expenditures), competitive positioning and strategy execution. A tighter oil market supported shares in Marathon Petroleum.
- OpenText and Cinemark were among the top individual detractors in August. Shares in OpenText declined after it announced the acquisition of Micro Focus for a relatively cheap valuation, with an eye towards migrating the company's products to the cloud and improving renewal rates. An in-depth meeting with US cinema operator Cinemark offered reassurance of the company's positive operating leverage despite posting a net loss during the second quarter. Polaris believe Cinemark's management can execute on its strategy as it is among the top operators in this space.
- During the month, Polaris completed the initial purchase of Smurfit Kappa Group, and the final sales of Bunzl, Cineworld Group, and Fresenius. Paper packaging company Smurfit Kappa Group sits on the lower end of the cost curve thanks to its vertical integration and has proven its ability to raise prices in the current environment. Nearly 80% of its customers are fast-moving consumer goods, catering to a steady consumer staples end market. Bunzl was sold on concerns around its ability to sustainably improve upon its historical operating margins on the back of higher operating costs. Cineworld was sold on concerns of potential shareholder dilution or bankruptcy, the latter of which came true in September. The company suffered from a high debt load, Cineplex lawsuit and sustained low UK cinema attendance in a post-pandemic world. Fresenius was sold amid the company's lowered top- and bottom-line guidance, driven by short-term headwinds from material, supply chain and energy costs, staff shortages in dialysis clinics, higher wages from Fresenius Medical Care and fewer catalysts in its biosimilar pipeline.

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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

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