

MONTHLY PERFORMANCE BY FINANCIAL YEAR

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL RETURN
2017FY		1.4%	1.1%	-3.3%									-0.9%

MONTHLY SUMMARY

Global equity markets sold off in October with the US S&P 500 (-1.9%), the Eurostoxx 600 (-1.2%) and MSCI Asia Pac index (-0.5%). The sell off has continued into November as markets adjust for the uncertainty attached to the US presidential election.

While headline indices were weak, it was more the severe sector rotation that occurred over the month that hurt Fund performance. Key year to date winners were sold off heavily in favour of year to date losers as index benchmarked funds looked to close key underweight positions. The US small cap index the Russell 2000 was down a considerably heavier 4.8% for the month, while the under owned and unloved European Bank index was up 8.5%. The rotation was mainly due to our principle market concern, higher interest rates, with the US 10-year bond up 23 bps for the month to 1.83%. Higher interest rates, because of rising inflation expectations, pushed the Banks and Materials sector higher while punishing higher multiple / longer duration sectors such as Staples, Tech and Small Caps. Consequently, as growth investors, it was always going to be a tough month for us, and the mistake was not to reduce exposure earlier than we did. Currencies had a negligible effect on the month and the fund exited the month below 80% net equity exposure, with exposure reduced further early in November. While disappointed with the negative return, it is worth highlighting that as growth investors we remain susceptible to periods of profit taking as seen in October.

MONTHLY OUTLOOK

At the time of writing, markets have accelerated their sell off into November mainly due to concerns of a Trump win on November the 8th. While reticent to give a prediction, our base case is for a Clinton win, but we have reduced exposure into the event. Unfortunately, whatever happens Tuesday, America is now a country deeply divided between Main Street and Wall Street. The divisions over immigration, trade and interest rate policy that have come up over the campaign will be addressed by which ever candidate wins in various degrees, and at the margin, this will be negative for global growth. Once more its interest rate policy that remains our greatest concern. Low interest rates have proved an elixir to whatever was thrown at capital markets over the last 8 years. However, with low rates and now negative rates openly called out as driving income inequality, central banks now find themselves boxed in. While currently politically independent, central bank policy is contributing to political instability and ultimately this threatens their ability to remain independent. The likely solution for them will be to lower real interest rates by driving inflation higher, hence encouraging fiscal spending and abandoning inflation targeting for a period. This will help workers, governments and savers. But this is unlikely to be good news for equity markets in general as most corporates have enjoyed a long period of cost savings and cheap credit that now looks likely to come an end. Despite the subdued outlook, sectors with pricing power and infrastructure exposure still look well placed and the Fund will be making new investments in this space over the coming months.

FUND SUMMARY

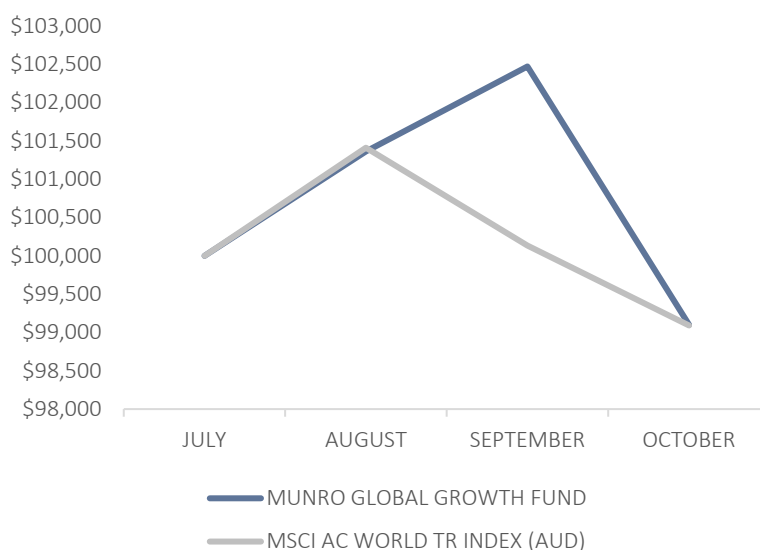
MUNRO GLOBAL GROWTH FUND	
UNIT PRICE	\$0.9910
EXIT PRICE	\$0.9895
ENTRY PRICE	\$0.9925
FUM	\$35.58M
APIR	MUA0002AU

TOP 5 HOLDINGS

STOCK	COUNTRY	INDUSTRY	WEIGHT
GOOGLE	US	INTERNET	4.6%
VISA INC	US	FINANCIAL	4.1%
FACEBOOK	US	INTERNET	4.0%
ACTIVISION BLIZZARD	US	GAMING	4.0%
CHARTER COMM.	US	CONSUMER	3.7%

HISTORICAL PERFORMANCE

GROWTH OF \$100,000

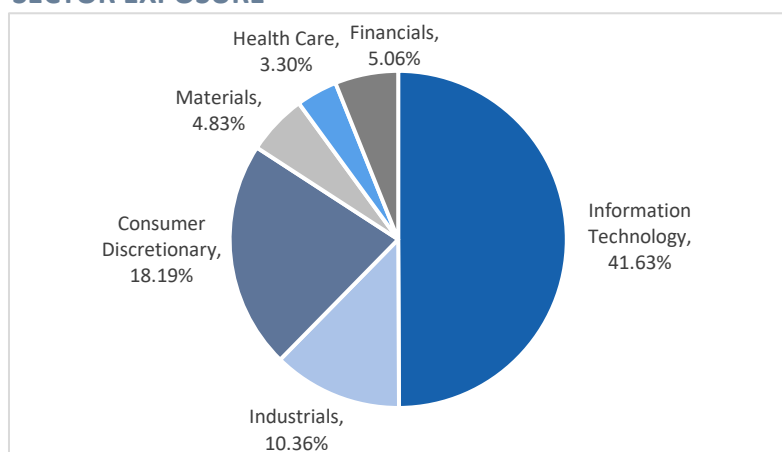


PERFORMANCE SUMMARY

	1MTH	2MTHS	3MTHS	6MTHS	9MTHS	1YEAR	SINCE INCEPTION
LOCAL CURRENCY RETURN	-3.0%	-1.1%	0.2%				0.2%
+/- CURRENCY IMPACT	-0.3%	-1.2%	-1.1%				-1.1%
MUNRO GLOBAL GROWTH FUND (AUD)	-3.3%	-2.2%	-0.9%				-0.9%
MSCI AC WORLD TR INDEX (LOCAL CURRENCY)	-0.5%	-0.3%	0.4%				0.4%
+/- CURRENCY IMPACT	-0.5%	-2.0%	-1.3%				-1.3%
MSCI AC WORLD TR INDEX (NET AUD)	-1.0%	-2.3%	-0.9%				-0.9%



SECTOR EXPOSURE



NOTABLE STOCK CONTRIBUTORS

TOP 5 CONTRIBUTORS		BOTTOM 5 CONTRIBUTORS	
T-MOBILE	US	AMAZON	US
ALTICE	NA	ELECTRONIC ARTS	US
MICROSOFT	US	CHARTER COMM.	US
FACEBOOK	US	AUTO TRADER	UK
ASML	NA	BALL CORPORATION	US

FUND EXPOSURE

CURRENCY REGION	LONG EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	1.4%	1.4%	78.9%
UNITED STATES	54.8%	54.8%	17.9%
UNITED KINGDOM	9.4%	7.9%	3.9%
EURO AREA	5.6%	5.6%	-0.5%
IRELAND	5.6%	5.6%	
SWITZERLAND	0.0%	-1.0%	0.0%
HONG KONG	3.0%	3.0%	0.0%
JAPAN	2.0%	2.0%	0.0%
SWEDEN	3.9%	3.9%	-0.2%
MALAYSIA	1.0%	1.0%	0.0%
TOTAL	81.1%	78.6%	100.0%

IMPORTANT INFORMATION

Munro Asset Management Limited (ABN 28 163 522 254, AFSL 480509) is the product issuer of the Munro Global Growth Fund (ARSN 612 854 547), inception date 1 August 2016, the Product Disclosure Statement (PDS) is available at www.munropartners.com.au/access/. Munro Partners (ABN 58 295 538 057) is the investment manager of the Fund, together Munro. The information contained in this monthly report is for general information purposes only and does not constitute financial product advice. This monthly report may contain information about securities, opinions and forecasts, all of which may change without notice and none of which has been prepared taking into account your objectives, financial situation or needs. While this information is provided in good faith and is derived from sources believed to be accurate and reliable at the time of publication, Munro makes no warranty as to the accuracy or reliability of the information. To the extent permitted by law, Munro accepts no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this information. This document remains the property of Munro and must not be forwarded or otherwise distributed to any other recipient without the express written consent of Munro.

Returns of the Munro Global Growth Fund are net of applicable fees, costs and taxes. Returns have not been annualised. Past performance is not a reliable indicator of future performance. The MSCI AC World TR Index (AUD) refers to the MSCI All Country World Net Index in Australian dollars. The Fund Exposure and Top 5 Holdings depict end of month figures and may have changed materially from holdings during the month or not disclosed due to confidentiality reasons. Numbers may not sum due to rounding. You should consider the PDS in its entirety before making a decision to acquire or continue to hold an interest in the Munro Global Growth Fund. Please also see our Financial Services Guide, Privacy Policy and Terms of Use via www.munropartners.com.au/legals/.

NOTABLE STOCK MOVES

AMAZON

Amazon detracted 32bps from monthly performance. After writing about its stellar performance last month, Amazon pulled back during October. Group results on the 28th of October showed top line revenue growth continuing to steam ahead up 29% year on year to 32.7bn as E-Commerce and Prime membership drove higher customer spending. However, as is often the case with Amazon, when they have an advantage over their competitors they push it, and management flagged higher spending as they roll out Amazon Prime in new territories in Asia and India. Ultimately this is the right thing to do for the business, but short term it will depress earnings in the near term and took the heat out of the shares. While we continue to be attracted to the sustainable growth runway Amazon has in both Prime and Amazon Web Services we acknowledge that the shares may struggle to make headway through this latest investment phase and have reduced our holding accordingly.

UNION PACIFIC

Union Pacific detracted 20bps from monthly performance. Union Pacific is the dominant West Coast railway for transporting goods and services to and from the US West Coast ports. They reported quarterly results on the 20th of October and while results were in line, in what is perhaps an ominous sign for corporate America, the company flagged that increasing wage costs and sluggish demand for their services meant that price growth may lag cost inflation in 2017. This was a surprise to us and the market who had previously predicted recovering commodity volumes and industrial production would allow both volumes and prices to rise in 2017, leading to recovering earnings. While Union Pacific retains a dominant position in US transport, it appears rising wage costs and some demand using the recently widened Panama Canal as a transport alternative, will delay any earnings growth. We have got this investment wrong for now and have exited the position.

