

#### 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%	2.2%								1.3%

#### MONTHLY SUMMARY

Developed equity markets posted strong gains in November with the US S&P 500 (+3.4%), the Eurostoxx 600 (+0.9%) and the Japanese Topix (+5.5%) all higher. Emerging markets were under pressure with the MSCI Emerging Markets Index (-4.7%) a laggard. The positive returns mask high levels of sector rotation, with investors fretting over the US election on 8 November and subsequent potential Trump policies for 2017.

The election of Donald Trump saw a rapid acceleration of the trends that were already evident during October. Monetary policy over fiscal policy was falling out of favour pre the election and the Trump win now leaves markets under no illusion that fiscal policy is coming back in a big way. Consequently the US 10-year Government Bond Yields finished the month +55bps to 2.38%, and have now moved over 100bps since its July 2016 lows. The result has been heavy sector rotation within the US S&P 500 with the trend being to sell 'safety / yield' and buy 'cyclical/ financials'.

After a difficult October, the Fund had already reduced exposure significantly into the election, leaving us with ample cash to deploy towards more financials and infrastructure names once the path ahead had become clearer. This helped the Fund to produce positive returns in another month that was difficult for traditional growth stocks. Fund performance came from recreational vehicle maker Thor, insulation provider Kingspan and our financial holdings and while we held no Consumer Staples or 'Yield' plays, performance was hurt by investor rotation away from our reduced tech holdings mainly Facebook, Activision Blizzard and Amazon. On currencies, the Fund also bought more USD post the election leaving it 34% exposed to USD, this along with a small GBP holding added a total of 50bps to monthly performance, versus an index gain of 173bps for the month. As mentioned previously, as an absolute return fund, we are generally reluctant to completely remove hedging on our offshore investments and this difference in hedging was the main source of index underperformance for the month.

#### MONTHLY OUTLOOK

We see the election of Donald Trump, and importantly the Republicans securing both houses of government, as a seismic shift for investment markets. The populist movement behind the Republican victory spells out clearly that the policies of cheap money and trickle-down economics employed by central banks since the financial crisis have not worked for the majority. Going forward, any political leader that doesn't listen to this majority is on notice. Large tax cuts, fiscal spending and budget deficits, not just in America but in all developed economies, now look likely. This in turn has profound implications for inflation, bond markets and the risk free rate from which most investments are made. Somewhat perversely, after 8 years of fund managers like us telling you that cheap debt is driving equity markets, this seismic shift to higher interest rates and higher growth can still be positive for equities, just not the bond like equities you used to hold.

From our point of view, the resulting fiscal push is likely to improve economic growth in 2017-2019 and hence our universe of growth stocks just got larger. Consequently, after years of our universe of growth stocks shrinking and getting more expensive this is actually a good thing for equity investors and it is not surprising that we can now find new areas of structural earnings growth that had previously remained dormant. Hence the market rotation. Looking ahead we are most excited by what tax cuts and fiscal spending could do for onshore US corporates and note that the success we have had with Thor (see overleaf) and Winnebago as just the beginning of what is potentially possible over the coming 12 months.

#### FUND SUMMARY

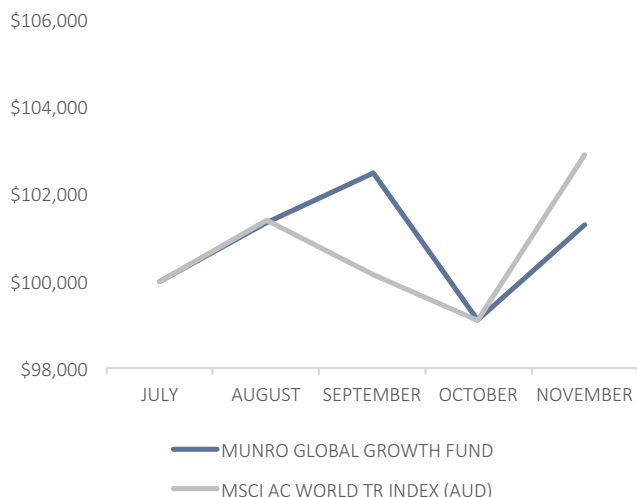
MUNRO GLOBAL GROWTH FUND	
UNIT PRICE	\$1.0130
EXIT PRICE	\$1.0115
ENTRY PRICE	\$1.0145
FUM	\$37.59M
APIR	MUA0002AU

#### TOP 5 HOLDINGS

STOCK	COUNTRY	INDUSTRY	WEIGHT
FACEBOOK	US	INTERNET	4.2%
THOR	US	CONSUMER	4.2%
WELLS FARGO	US	FINANCIAL	4.0%
EXPERIAN	UK	INDUSTRIAL	3.6%
LOCKHEED MARTIN	US	INDUSTRIAL	3.0%

#### HISTORICAL PERFORMANCE

GROWTH OF \$100,000

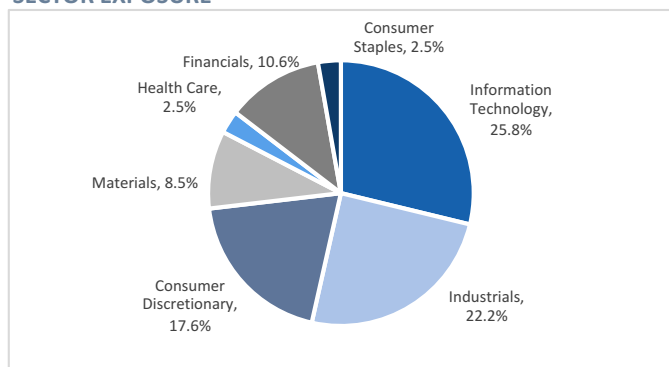


#### PERFORMANCE SUMMARY

	1MTH	2MTHS	3MTHS	6MTHS	9MTHS	1YEAR	SINCE INCEPTION
LOCAL CURRENCY RETURN	1.7%	-1.3%	0.6%				1.9%
+/- CURRENCY IMPACT	0.5%	0.2%	-0.7%				-0.6%
<b>MUNRO GLOBAL GROWTH FUND (AUD)</b>	<b>2.2%</b>	<b>-1.1%</b>	<b>-0.1%</b>				<b>1.3%</b>
MSCI AC WORLD TR INDEX (LOCAL CURRENCY)	2.1%	1.6%	1.8%				2.5%
+/- CURRENCY IMPACT	1.7%	1.2%	-0.3%				0.5%
MSCI AC WORLD TR INDEX (NET AUD)	3.8%	2.8%	1.5%				2.9%



#### SECTOR EXPOSURE



#### NOTABLE STOCK CONTRIBUTORS

TOP 5 CONTRIBUTORS		BOTTOM 5 CONTRIBUTORS	
THOR	US	ACTIVISION BLIZZARD	US
CLIFFS NAT. RESOURCES	US	FACEBOOK	US
WELLS FARGO	US	THULE	SW
KINGSPAN	IE	AMAZON	US
FIRST REPUBLIC BANK	US	GOOGLE	US

#### FUND EXPOSURE

CURRENCY REGION	LONG EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	0.0%	0.0%	56.4%
NORTH AMERICA	55.3%	54.8%	34.1%
UNITED KINGDOM	15.8%	13.8%	4.9%
EURO AREA	12.2%	11.2%	0.1%
GERMANY	0.0%	-1.0%	
NETHERLANDS	2.5%	2.5%	
IRELAND	9.6%	9.6%	
SWITZERLAND	0.0%	-1.5%	5.0%
HONG KONG	2.5%	2.5%	-0.3%
JAPAN	2.9%	2.9%	-0.1%
SWEDEN	4.5%	4.5%	-0.1%
MALAYSIA	1.5%	1.5%	0.0%
<b>TOTAL</b>	<b>94.6%</b>	<b>89.5%</b>	<b>100.0%</b>

#### 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/](http://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/](http://www.munropartners.com.au/legals/).

#### NOTABLE STOCK MOVES

##### THOR

Thor (THO) contributed 89bps to fund performance in November. Thor is the largest manufacturer of motorhomes and towable caravans in the United States. Thor is part of our 'Outdoor Active' basket which benefits from consumers increasingly focused on more experiences and leisure time over mall time. The key statistic here being the average age of a towable caravan purchaser has fallen from 58 to 48 in just 5 years as younger consumers free up more time to enjoy the outdoors.

Our thinking here was confirmed by Thor's stellar results on the 29<sup>th</sup> of November with organic unit sales growth of 24% year on year and EPS growth of 55% year on year with the help of the group's recent acquisition of Jayco Caravans America. The company again specifically pointed out growing uptake by millennials and more broad usage of their products at youth sports leagues and collegiate sports activities in their results commentary. These strong results also benefited other holdings we have in this space including Winnebago (WGO), Camping World (CWH) and Dometic in Sweden (DOM). Thor is also among a cluster of stocks that we believe will also benefit from a change in policy in the wake of the US elections; its earnings are 100% based in the US and hence will benefit from any corporate tax cuts and its consumers will also benefit from any effort to improve the wages of middle class Americans.

##### ACTIVISION BLIZZARD

Activision Blizzard (ATVI) detracted 57bps from monthly performance. ATVI is a leading producer of video games with titles including Call of Duty and Candy Crush. Shares fell on fears that Call of Duty is underperforming this holiday season. While we acknowledge the disappointment, we would point out that much of the fear was based on commentary from GameStop, a bricks and mortar retailer, whereas an increasing portion of the gaming industry's revenue is now derived from digital downloads and so this commentary is not all encompassing.

ATVI also provides a typical example of the types of sector rotations that we referenced earlier in this report. The stock has been a big structural growth story in recent years as the company has benefited from the shift from physical to digital sales of gaming products. The result has been ATVI's Price/Earnings ratio expanding from 15x to 22x in recent years. In its search for 'cyclicals' and 'value' post Trump the market has de-rated ATVI back to a multiple of 18x (only slightly higher than the broader market). Looking ahead we remain attracted to ATVI's position as the world's leading video game publisher and see them most likely to benefit from future mobile game add-ons, the growing Esports industry and potential for in-game advertising growth. Consequently we are likely to hold our view on this stock and look for it to re-assert its earnings power over the coming months.

