

MONTHLY PERFORMANCE BY FINANCIAL YEAR ¹

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL RETURN
2017FY		1.2%	1.1%	-3.3%	2.2%	0.9%	1.9%	0.0%	2.1%	3.5%	4.2%	-1.3%	12.9%
2018FY	1.9%	3.3%	1.7%	6.7%	1.1%	-2.5%	6.0%						19.3%

MONTHLY SUMMARY

The Munro Global Growth Fund returned 6.0% for the month of January, comprising a return of 7.3% from equities and -1.3% from currency. The MSCI AC World Index (AUD) meanwhile returned 2.0% for the month (4.1% from equities and -2.1% from currency).

It was a positive month for global equity markets, albeit with large divergences between the regions, the US S&P 500 was up 5.6%, the Hang Seng added 9.9%, the Japanese TOPIX rose 1.1% and the European STOXX index increased by 1.6%. Key events for the month included a strong US corporate earnings season which led to strong sell-side earnings upgrades, in part to factor in the effect of the Trump tax cuts. This led to c.7% upgrade in earnings at the S&P index level and ultimately a strong move for the market.

Positive performance for the Fund was driven by Netflix which reported strong quarterly results (see page 2); along with long-term core holdings Amazon and Blue Prism. On the negative side, BMW (short position), rose modestly; whilst Samsonite and Broadcom were both weak on limited news flow. On currencies, the USD continues to be weak against most currencies including the AUD, this resulted in a 128bps loss for the Fund from foreign exchange movements. By comparison, the fully unhedged index lost 208 bps from currencies.

MONTHLY OUTLOOK

We remain broadly positive on equities markets, although we expect higher volatility from here as we enter what we think is the later part of the cycle. For the moment, strong economic growth rates provide the backdrop for continued corporate earnings growth. The buoyant environment has been reflected in the December quarter reporting season. Thus far, 180 of the US S&P500 constituents have released results and 79% have beaten on earnings (by a historically high average magnitude of 4.6%), while 75% have beaten sales estimates.

The US equity market has run hard post tax reform in November, and while the speed of the move is a little concerning, the magnitude is currently supported by the earnings environment. Emboldening the bull case is the considerable upside still to come from corporates using their tax savings to increase buybacks, (i.e. shrinking the share count increases EPS), stimulate growth via increased investment spend and embark on transformative M&A.

The risks though we acknowledge are increasing, with unemployment at 4%, are that wage inflation may pick up and force the FED to move quicker on interest rates. While the current US 10-year bond yield of 2.80% is not in itself high, yields have now moved from a low of 2.01% in September and the speed of the move will eventually rattle markets. Higher rates reduce the relative attractiveness of the earnings yields available from equities and will pressure the already 'full' 18x forward PE multiple on the S&P 500.

FUND SUMMARY

KEY NUMBERS

UNIT PRICE	\$1.3070
EXIT PRICE	\$1.3050
ENTRY PRICE	\$1.3090
FUM	\$143.9m
APIR	MUA0002AU

KEY FACTS

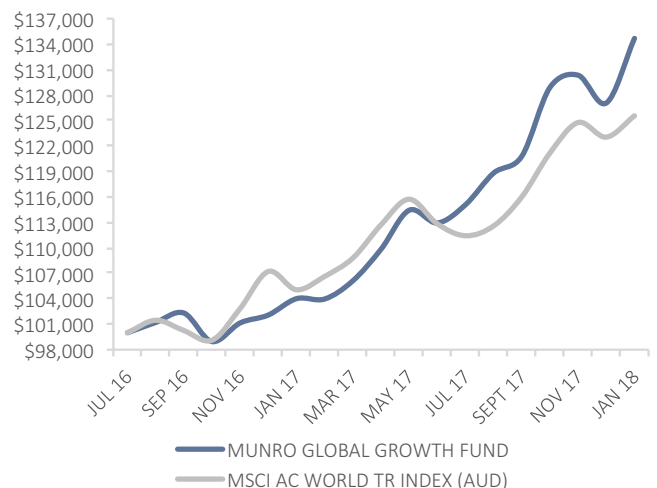
NUMBER OF STOCKS	30-50 POSITIONS
CASH WEIGHTING	0-100%
CURRENCY HEDGING	0-100%
MANAGEMENT COSTS	1.35% P.A.
PERFORMANCE FEE	10.00%

TOP 5 HOLDINGS

STOCK	COUNTRY	INDUSTRY	WEIGHT
FACEBOOK	US	INFO TECH.	4.5%
BLUE PRISM	UK	INFO TECH.	4.2%
AMAZON	US	CONSUMER DISC.	4.1%
ASML	NE	INFO TECH.	3.3%
ALPHABET	US	INFO TECH.	3.3%

HISTORICAL PERFORMANCE ¹

GROWTH OF \$100,000



PERFORMANCE SUMMARY AS AT 31 JANUARY 2018 ¹

	1MTH	3MTHS	6MTHS	1YR	SINCE INCEPTION (P.A.)	SINCE INCEPTION
MUNRO GLOBAL GROWTH FUND (AUD)	6.0%	4.5%	17.0%	29.5%	21.9%	34.7%
MSCI AC WORLD TR INDEX (AUD)	2.0%	3.6%	12.7%	19.5%	16.4%	25.6%
OVER / UNDER PERFORMANCE	4.0%	0.9%	4.3%	10.0%	5.5%	9.1%

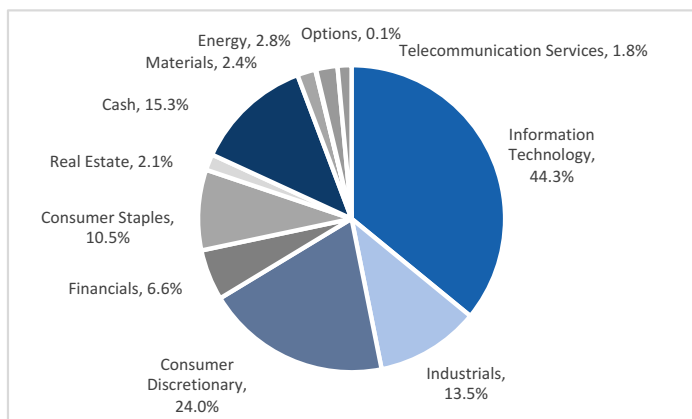
1. Past performance is provided for illustrative purposes only and is not a guide to future performance

Inception date is 1 August 2016. Returns of the Munro Global Growth Fund are net of management costs and assumes distributions have been reinvested. The MSCI AC World TR Index (AUD) refers to the MSCI All Country World Net Index in Australian dollars



The Munro Global Growth Fund is an absolute return international equities fund with a core focus on growth equities. The Fund is index-unaware, aiming for meaningful absolute returns through the investment cycle, whilst maintaining a capital preservation mindset. The Fund's flexible mandate allows it to dynamically manage its market exposure and predominantly hedges currency exposure to protect clients capital and to enhance the long term returns of our investments.

GROSS PORTFOLIO SECTOR EXPOSURE & CASH



NOTABLE STOCK CONTRIBUTORS

TOP 5 CONTRIBUTORS		BOTTOM 5 CONTRIBUTORS	
AMAZON	US	BMW	GY
NETFLIX	US	ASCENTIAL	UK
BLUE PRISM	UK	SWATCH	CH
ACTIVISION BLIZZARD	US	SOFTBANK	JP
ALPHABET	US	BROADCOM	US

FUND EXPOSURE

CURRENCY REGION	GROSS EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	1.0%	1.0%	62.0%
NORTH AMERICA	66.9%	62.7%	33.9%
UNITED KINGDOM	7.9%	7.9%	1.1%
EURO AREA	15.9%	10.2%	1.0%
IRELAND	4.2%	4.2%	
FRANCE	1.5%	1.5%	
ITALY	1.9%	1.9%	
SPAIN	1.5%	-1.5%	
GERMANY	3.6%	0.9%	
NETHERLANDS	3.3%	3.3%	
SINGAPORE	1.3%	-1.3%	0.0%
JAPAN	4.1%	4.1%	0.9%
SWITZERLAND	1.0%	-1.0%	-0.2%
SWEDEN	3.0%	1.3%	0.6%
ISRAEL	2.4%	2.4%	0.0%
HONG KONG/CHINA	4.5%	4.5%	0.7%
EXPOSURE	107.9%	91.7%	100.0%
DELTA ADJ. EXPOSURE	111.3%	91.0%	

IMPORTANT INFORMATION

The information contained in this document reflects, as of the date of publication, the views of Munro Partners and sources believed by Munro Partners to be reliable. There can be no guarantee that any projection, forecast or opinion in these materials will be realised. The views expressed in this document may change at any time subsequent to the date of issue.

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Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. None of Grant Samuel Fund Services, Munro Partners its related bodies or associates nor any other person guarantees the repayment of capital or the performance of the Fund or any particular returns from the Fund. No representation or warranty is made concerning the accuracy of any data contained in this document. This document is issued on 5 February 2018.

The management costs are inclusive of GST and RITC. 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. The Delta Adjusted Exposure includes impact of options hedging. Numbers may not sum due to rounding or compounding returns. The currency exposure of 0-100% is biased to maintaining high levels of hedging. The performance fee is calculated once the Fund exceeds the high watermark and hurdle rate. 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.

NETFLIX

Netflix was a strong contributor to Fund performance for the month (+70bps) having reported record subscriber growth in 2017.

In what management termed a "beautiful quarter", US streaming subscribers grew to 55 million (2 million net adds in December quarter) and International subs posted a significant beat of 63 million (with the over 6 million added in the quarter). This comes despite Netflix raising prices in October by ~10% on its basic package and ~17% on its premium service, demonstrating the considerable value consumers derive from the platform.

Further evidence is emerging of acceleration in Over The Top (OTT) adoption, as consumers shift off ad supported media. Netflix's deep pockets, which allows it to deliver a strong content slate of originals (such as Stranger Things and The Crown), is giving it a lead that is looking increasingly difficult for peers to surpass. Even Disney and its newly acquired Fox assets, is not likely to release its own direct-to-consumer offering until 2019.

Our investment rationale on Netflix is that its global content competitive advantage continues to grow with scale, building a virtuous cycle of subscriber and content growth that may ultimately see it as the unassailable winner of the OTT providers, leading to it taking sustained share from cable and commercial TV.

FRUTAROM

Israeli ingredients manufacturer Frutarom contributed 25bps to monthly performance as the company continued its strong performance from last year.

Frutarom is the world's 6th largest producer of flavour ingredients to the food and beverage industry and it is one of the largest in fine and natural ingredients, giving it a strong edge over its larger competitors. Continued growth amongst smaller natural food product suppliers plays right into Frutarom's sweet spot with the company active across 150 countries with 71 R&D labs and 55 production facilities.

The company's local production and customization to the specific consumer preferences in the different geographies has seen it strongly outpace its peers in this growing sector. With high single digit organic growth and over 40 acquisitions over the last 10 years Frutarom has grown its sales 4 times, recently upgrading its 2020 targets late last year to 2.25bn Euros in sales by 2020 from just 1.35bn in sales in 2017.

