

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%	0.9%	1.9%	0.0%	2.1%	3.5%	4.2%		14.6%

MONTHLY SUMMARY

The Munro Global Growth Fund returned 4.2% for the month of May, comprising a return of 4.0% from equities and 0.2% from currency. The MSCI AC World Index (AUD) meanwhile returned 2.7% for the month (1.6% from equities, and 1.1% from currency). Despite all the noise around US politics markets were strong again in May with the US S&P 500 up 1.2%, the European Stoxx 600 up 0.8% and the Japanese Topix up 2.4%.

In terms of stock specific attribution for the month, performance was driven by Artificial Intelligence plays Blue Prism (see synopsis in the April monthly report) and Micron (see December quarterly webcast), as well as video game publishers Activision Blizzard and Electronic Arts (see overleaf). Elsewhere, eCommerce companies Amazon and Baozun were strong, whilst Big Data stocks TransUnion and IHS Markit also contributed positively. On the negative side, semiconductors Sumco and ASML gave back some previous gains. 'Outdoor Active' caravan manufacturer Thor Industries continued to languish post management's seemingly more moderate guidance statement provided in March. The company is due to report again in June and our channel checks suggest the industry outlook is in fact healthy.

On currencies, the Fund remains predominately hedged with a 23% holding in USD and consequently generated 0.2% from FX, less than the index which fully benefited from the depreciation in the AUD versus various currencies. Finally, the Fund maintained some put option protection mainly against the Nasdaq through May, ultimately leading to a 27bps drag on monthly performance (see overleaf for a more detailed discussion).

MONTHLY OUTLOOK

With the Trump trade rapidly fading the market has become increasing focused on rewarding those companies that can generate growth independent of Trump's key tax, infrastructure and de-regulation policies. Accordingly, companies exposed to growth tailwinds have been increasingly favoured of late and this dynamic has assisted fund performance.

While we do feel that there are a range of companies currently in the portfolio that are benefiting from major structural growth tailwinds in the economy, we must also acknowledge that equity markets more broadly have had a good recent run. Major markets are not currently cheap (e.g. US S&P 500 forward PE of 18x) and market breadth has become narrower (some large segments of the market are struggling such as Banks and Materials).

Consequently, we anticipate continuing to move the Fund's net market exposure lower over coming weeks, either by banking some profits on the long side (particularly in the Information Technology sector) or introducing more shorts into the portfolio. Longer term we remain constructive equity markets and continue to find new and exciting areas to invest where earnings growth can remain strong for years ahead despite a still relatively tepid global growth environment.

FUND SUMMARY

KEY NUMBERS

UNIT PRICE	\$1.1459
EXIT PRICE	\$1.1442
ENTRY PRICE	\$1.1476
FUM	\$71.2m
APIR	MUA0002AU

KEY FACTS

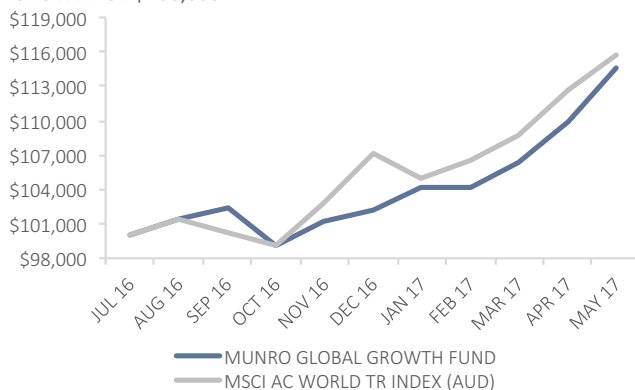
NUMBER OF STOCKS	30-50 POSITIONS
CASH WEIGHTING	0-100%
CURRENCY HEDGING	0-100%
MANAGEMENT COSTS	1.39% P.A.
PERFORMANCE FEE	10.25%

TOP 5 HOLDINGS

STOCK	COUNTRY	INDUSTRY	WEIGHT
BLUE PRISM	UK	INFO TECH.	5.0%
FACEBOOK	US	INFO TECH.	4.9%
AMAZON	US	CONSUMER DISC.	4.0%
ACTIVISION BLIZZARD	US	INFO TECH.	4.0%
ASML	NE	INFO TECH.	3.0%

HISTORICAL PERFORMANCE

GROWTH OF \$100,000



PERFORMANCE SUMMARY

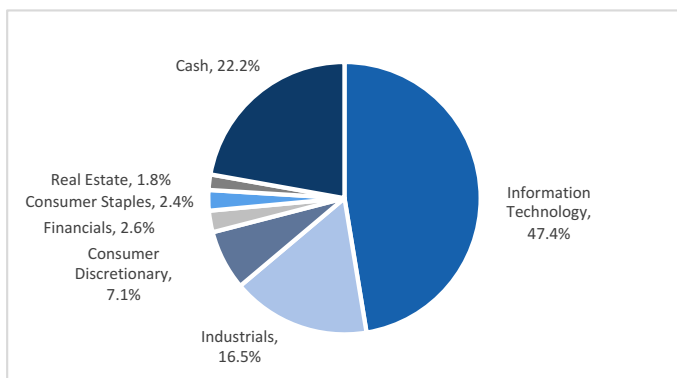
	1MTH	2MTHS	3MTHS	6MTHS	9MTHS	1YEAR	SINCE INCEPTION
LOCAL CURRENCY RETURN	4.0%	7.1%	9.2%	13.9%	14.6%		16.1%
+/- CURRENCY IMPACT	0.2%	0.7%	0.8%	-0.7%	-1.4%		-1.3%
MUNRO GLOBAL GROWTH FUND (AUD)	4.2%	7.8%	10.0%	13.1%	13.1%		14.6%
MSCI AC WORLD TR NET INDEX (LOCAL CURRENCY)	1.6%	2.9%	4.0%	11.4%	13.4%		14.2%
+/- CURRENCY IMPACT	1.1%	3.4%	4.4%	1.0%	0.6%		1.4%
MSCI AC WORLD TR INDEX (AUD)	2.7%	6.4%	8.5%	12.5%	14.1%		15.7%

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



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.

SECTOR EXPOSURE



NOTABLE STOCK CONTRIBUTORS

TOP 5 CONTRIBUTORS		BOTTOM 5 CONTRIBUTORS	
BLUE PRISM	UK	SUMCO	JP
ELECTRONIC ARTS	US	ASML	NE
ACTIVISION BLIZZARD	US	THOR INDUSTRIES	US
MICRON TECH.	US	KINGSPAN	IE
AMAZON	US	CRITEO	US

FUND EXPOSURE

CURRENCY REGION	LONG EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	0.0%	0.0%	73.1%
NORTH AMERICA	47.1%	46.4%	22.1%
UNITED KINGDOM	11.6%	11.2%	2.6%
EURO AREA	15.4%	14.5%	1.4%
POLAND	1.1%	1.1%	0.1%
FRANCE	3.0%	3.0%	
GERMANY	0.0%	-0.9%	
SPAIN	1.0%	1.0%	
NETHERLANDS	3.0%	3.0%	
IRELAND	7.4%	7.4%	
JAPAN	0.8%	0.8%	0.0%
SWEDEN	2.8%	2.8%	0.6%
HONG KONG	2.0%	2.0%	0.1%
EXPOSURE	79.7%	77.8%	100.0%
DELTA ADJUSTED EXPOSURE		76.0%	

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.

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 and 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. Please also see our Financial Services Guide, Privacy Policy and Terms of Use via www.munropartners.com.au/legals/.

NOTABLE STOCK MOVES

ACTIVISION BLIZZARD & ELECTRONIC ARTS

The stock market is increasing recognising that the major video game publishers have morphed from "hit driven" business models around AAA game releases, to companies that have been able to build more sustainable franchises via steady gamer engagement through the product cycle. Digitisation of the gaming industry has allowed publishers to prolong the popularity of their games by creating 'network effects' around key titles (i.e. think Massively Multiplayer Online, where gamers connect and play each other online). Further, digital in game purchases such as expansion packs has allowed publishers to smooth the monetisation profiles of their titles.

Interestingly this transformation in the gaming companies was evident in the share price performance of many of the major gaming companies through the recent results season. Activision Blizzard (+45bps), Take Two Interactive and EA Sports (+53bps) all announced fairly major delays to upcoming franchise game releases, however any related share price weakness was fleeting as investors quickly focused on improving profitability from the extension of game franchise lifecycles (fewer games, less development costs, better cash flows), as well as the move from physical to digital sales, which allows for better margins for the publishers (essentially cutting out the retailer).

While the key gaming stocks have had strong moves of late we see more room to run. The eSports opportunity is in the "early innings" and the fast-growing mobile gaming segment will continue to get better with improvements in smartphone technology, not to mention the eventual arrival of virtual reality.

PORTFOLIO HEDGING

In May, Fund performance was negatively impacted by its option hedging positions (-27bps). While we continue to have high conviction in the Fund's core portfolio holdings from a 'bottom-up' stock specific perspective, we feel it prudent to maintain some downside hedging against a broader market sell off as markets have enjoyed an extended run and are currently pricing in a lot of potential good news.

We generally option hedge via short dated exchange traded put options on major market indices, this has the benefit of providing cheap downside protection with the liability limited to the premium we invest. While this premium was clearly lost in May, it does give the Fund the downside cover needed while also allowing us to maintain conviction in our core underlying positions which ultimately helped generate the strong monthly performance.

The fund is likely to enter put option protection on a periodic basis over key risk events, such as elections, key data etc while also during periods of low volatility when such cover is at its cheapest.

