

### MONTHLY PERFORMANCE BY FINANCIAL YEAR <sup>1</sup>

	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%

### MONTHLY SUMMARY

The Munro Global Growth Fund returned -1.3% for the month of June, comprising a return of -0.4% from equities and -0.9% from currency. The MSCI AC World Index (AUD) meanwhile returned -2.5% for the month (0.2% from equities, and -2.7% from currency).

Markets were mixed in June with the US S&P 500 up 0.5%, the European Stoxx 600 falling 2.7% and the Japanese Topix up 2.8%. As is seasonally often the case, June proved to be difficult for equity investors. The benign headline index results masked heavy sector rotations, with the macro trigger being more hawkish statements from the ECB and US Fed which sent bond yields sharply higher. Higher rates signaled somewhat of a resurrection of the 'reflation trade' (financials and resources) and a sell-off in the defensives (telecoms, utilities and property). Technology was also weaker with the Nasdaq falling 0.9% in June. While technology fundamentals remain sound, the sector has been a very strong recent performer and, investor positioning has become somewhat crowded.

In terms of stock specific attribution, positive performance was driven by Japanese Semiconductor company Renesas Electronics and Chinese video game publisher Netease. On the negative side, Artificial Intelligence stocks Blue Prism and Applied Materials gave back some previous gains. On currencies, the Fund remains predominately hedged and with the AUD strengthening during the month resulting in a -0.9% loss from FX. By comparison, the fully unhedged index lost -2.7% from currencies.

### MONTHLY OUTLOOK

We had previously flagged an intention to reduce some of the Fund's net and gross market exposure into the seasonally weak mid-part of the year. Specifically, we called out some of the Fund's larger technology positions as likely to be trimmed, as we were cognisant of the wide performance discrepancies between winning and losing parts of the market in CY17 to date (e.g. Tech vastly outperforming Energy).

We have indeed reduced exposure from over 90% in March to mid 60% in June, however we clearly did not bank all our winners. Striking a balance between our shorter-term concerns around investment positioning, with our positive longer-term view on many of the key 'Areas of Interest' within the portfolio, is never an exact science. However, considering these extreme rotational events are becoming increasingly common, our hedging instruments and use of cash played a much better role in June than they did last October over the Trump election. At this point, our discussions with management teams continue to point to the favourable long-term tailwinds underpinning the Fund's key investments in Artificial Intelligence, eGaming, eCommerce, Big Data and Outdoor Active. We remain excited about the long term growth prospects in these areas, regardless of recent changes in macro variables.

### FUND SUMMARY

KEY NUMBERS	
UNIT PRICE	\$1.1308
EXIT PRICE	\$1.1291
ENTRY PRICE	\$1.1325
FUM	\$70.6m
APIR	MUA0002AU

### KEY FACTS

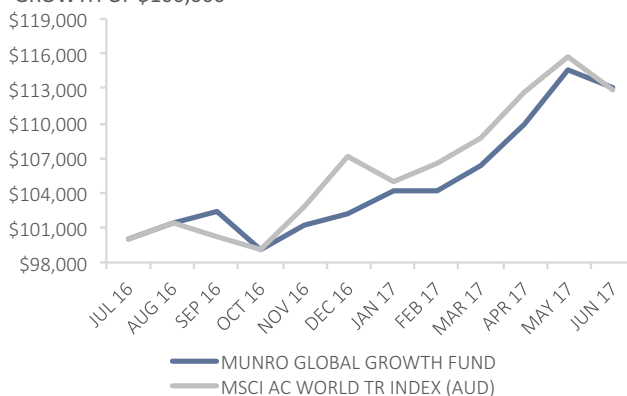
NUMBER OF STOCKS	30-50 POSITIONS
CASH WEIGHTING	0-100%
CURRENCY HEDGING	0-100%
MANAGEMENT COSTS	1.39% P.A.
PERFORMANCE FEE	10.25%

### TOP 5 HOLDINGS

STOCK	COUNTRY	INDUSTRY	WEIGHT
BLUE PRISM	UK	INFO TECH.	4.3%
AMAZON	US	CONSUMER DISC.	3.8%
FACEBOOK INC.	US	INFO TECH.	3.5%
ASML HOLDING	NE	INFO TECH.	3.4%
MICRON TECH.	US	INFO TECH.	3.3%

### HISTORICAL PERFORMANCE <sup>1</sup>

#### GROWTH OF \$100,000



### PERFORMANCE SUMMARY AS AT 30 JUNE 2017 <sup>1</sup>

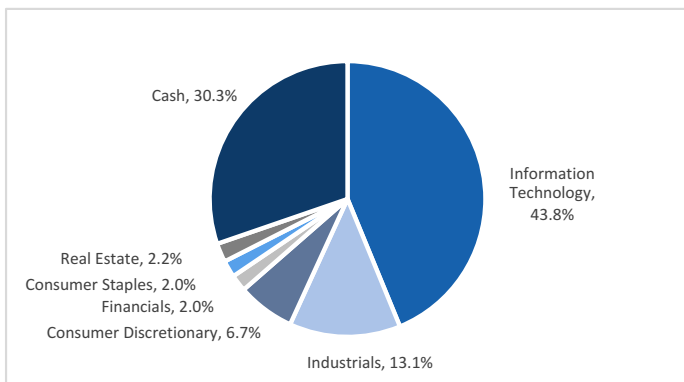
	1MTH	3MTHS	6MTHS	1YR	SINCE INCEPTION
LOCAL CURRENCY RETURN	-0.4%	6.7%	13.3%		15.5%
+/- CURRENCY IMPACT	-0.9%	-0.2%	-2.4%		-2.3%
<b>MUNRO GLOBAL GROWTH FUND (AUD)</b>	<b>-1.3%</b>	<b>6.4%</b>	<b>10.6%</b>		<b>12.9%</b>
MSCI AC WORLD TR NET INDEX (LOCAL CURRENCY)	0.2%	3.1%	8.9%		14.4%
+/- CURRENCY IMPACT	-2.7%	0.6%	-3.5%		-1.4%
MSCI AC WORLD TR INDEX (AUD)	-2.5%	3.7%	5.2%		12.8%

<sup>1</sup>. 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.

## SECTOR EXPOSURE



## NOTABLE STOCK CONTRIBUTORS

TOP 5 CONTRIBUTORS		BOTTOM 5 CONTRIBUTORS	
RENESAS ELECTRONICS	JP	BLUE PRISM	UK
NETEASE	US	ELECTRONIC ARTS	US
THOR INDUSTRIES	US	APPLIED MATERIALS	US
FIRST REPUBLIC BANK	US	CRITEO	US
DATALEX	IE	MICRON TECHNOLOGIES	US

## FUND EXPOSURE

CURRENCY REGION	LONG EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	0.0%	0.0%	74.5%
NORTH AMERICA	44.2%	41.9%	21.4%
UNITED KINGDOM	8.7%	8.7%	1.4%
EURO AREA	10.9%	9.7%	1.3%
POLAND	1.0%	1.0%	0.2%
IRELAND	6.5%	6.5%	
GERMANY	0.0%	-1.2%	
NETHERLANDS	3.4%	3.4%	
TAIWAN	2.2%	2.2%	0.0%
JAPAN	1.1%	1.1%	0.8%
SWEDEN	2.7%	2.7%	0.5%
HONG KONG	2.7%	2.7%	-0.1%
<b>EXPOSURE</b>	<b>72.4%</b>	<b>68.9%</b>	<b>100.0%</b>
DELTA ADJUSTED EXPOSURE		65.0%	

## 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/](http://www.munropartners.com.au/access/). Munro Partners (ABN 58 295 538 057) is the investment manager of the Fund, together Munro. Grant Samuel Funds Management Pty Limited ABN 14 125 715 004 AFSL 317587 ('GSMF') has a distribution arrangement with Munro to represent their products in the Australia and New Zealand markets. 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/](http://www.munropartners.com.au/legals/).

## NOTABLE STOCK MOVES

As the 2016/17 financial-year has drawn to a close, we are taking this opportunity to review the winners and losers for the year and what lessons can be learnt for the year ahead.

Looking at key stock winners by basis points, it is always pleasing when you go the extra mile and you get rewarded. We flagged Artificial Intelligence as a key growth area at the start of the year and it was good to see a combination of AI software winners in Blue Prism and Semiconductor winners in Micron, Siltronic and Renesas prevalent in the top five winners for the year. Elsewhere RV's were a polar opposite idea around the structural trend towards outdoor pursuits and hence we were happy to see Thor providing equally important non-correlated returns. Finally, its worth highlighting that while we like the so-called FANG's and they have done well for us, none of them appear in the top five performers for the year, emphasising that often you need to go beyond the obvious to find the next structural winners in an ever-changing market place.

## TOP & BOTTOM 5 CONTRIBUTORS SINCE INCEPTION

TOP 5	BPS	BOTTOM 5	BPS
BLUE PRISM	265	CURRENCY	-225
SILTRONIC	130	OPTION HEDGING	-156
MICRON TECHNOLOGIES	109	LAS VEGAS SANDS	-45
THOR INDUSTRIES	103	ANGLO AMERICAN	-32
RENESAS ELECTRONICS	98	UBISOFT	-31

Whilst it is never fun looking at what went wrong, it is important to learn and be transparent with our clients. Currencies and hedging losses dominated the negative contributors for the year.

On currency, the losses sustained were mainly on USD and GBP positions which weakened during the year versus the AUD. The USD position grew post the Trump election on concerns that a US border tax would be introduced, which has yet to come to fruition. The GBP position was seeking to benefit from a recovery in the pound post its steep Brexit fall, which didn't materialise and has since been closed. Whilst disappointed that currencies detracted from our strong stock returns, we have managed the Fund as predominately hedged since inception and are likely to be more mindful of taking currency positions moving forward for our Australian domiciled clients to minimise the likelihood of this outcome.

The option hedging made up losses of 156 bps, which is mainly comprised of buying exchange traded put option protection over key market moving events. It was a big year for these events with the US and French elections, plus the after effects of Brexit, but ultimately one with lower volatility than usual so losses were slightly higher than expected. We will continue to use exchange traded put options to hedge the downside to markets and consequently expect to make losses in the future as the options serve the purpose of protecting the underlying portfolio against significant negative volatility.

