

MONTHLY PERFORMANCE BY FINANCIAL YEAR¹

	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%	0.1%	-2.5%	0.0%	2.8%	1.1%	21.0%
2019FY	-0.4%	5.1%											4.7%

MONTHLY SUMMARY

The Munro Global Growth Fund returned 5.1% for August, comprising a return of 3.7% from equities and 1.3% from currency. The MSCI AC World Index (AUD) meanwhile returned 3.6% (1.1% from equities and 2.5% from currency). Global equity markets were mixed by region during August, with the US S&P 500 continuing to move higher (+3.0%) and the Japanese Nikkei also posting gains (+1.4%). Europe and China though continued to struggle, with the Euro Stoxx 600 down 2.4%, and the Chinese proxies Hong Kong HSI and China Enterprises Index falling 2.4% and 1.4% respectively. While the ongoing US and China trade dispute has shaken markets, attention has also turned to softening data points particularly out of China and the negative impact that this may have on companies that are reliant on the macroeconomic cycle to deliver earnings growth.

In terms of stock highlights, our Digital Enterprise area of interest continues to work well with Blue Prism and ServiceNow both performing strongly, while eCommerce giant Amazon and global payments company Worldpay also moved higher. On the negative side, several China exposed names, including premium drinks companies Kweichow-Moutai and Wuliangye, as well as video games publisher Tencent, detracted from performance. On currencies, the Fund is 44% exposed to USD and hence the depreciation in the AUD resulted in 134bps of gains for the Fund. By comparison, the fully unhedged index gained 248bps from FX movements.

MONTHLY OUTLOOK

Despite the continuous negative news cycle around trade tensions and emerging markets, developed equity markets continue to grind higher, with the US equity market the stand out. With so much concern, why is it that developed equity markets can be so strong? The answer is interest rates. Calendar 2018 was meant to be the year of the 'Bondcano', when stimulus, retreating QE and tax cuts all combined to see inflation come roaring back, ending the 30-year bull market in bonds and killing the equity bull market in the process. However, we are now in September and to date inflation has remained stubbornly benign and the US 10 year bond has spent most of the year below 3%. Trade concerns and emerging market volatility has served to put a cap on long term interest rates. Looking ahead, if interest rates continue to remain benign then investors are free to focus on earnings growth. While some sectors such as industrials and financials are showing signs of a slowdown, others including technology and healthcare continue to accelerate. Higher earnings and a low risk-free interest rate has equated to higher equity markets year to date. Looking forward, we don't see the earnings growth in many of these key areas slowing, while other areas of the market have already de-rated significantly in anticipation of slowing earnings. Should earnings growth endure through the second half of 2018, then the outlook for equity markets is unlikely to be as bad as most investors think.

FUND SUMMARY

KEY NUMBERS

UNIT PRICE	\$1.3476
EXIT PRICE	\$1.3456
ENTRY PRICE	\$1.3496
FUM	\$290.3m
APIR	MUA0002AU

KEY FACTS

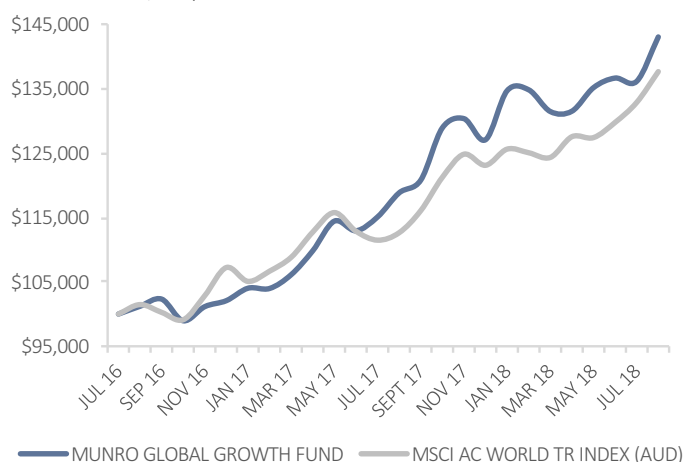
NUMBER OF STOCKS	30-50 POSITIONS
CASH WEIGHTING	0-100%
CURRENCY HEDGING	0-100%
MANAGEMENT COSTS	1.35% P.A.
PERFORMANCE FEE	10.00%

TOP 5 HOLDINGS

STOCK	COUNTRY	INDUSTRY	WEIGHT
AMAZON	US	CONSUMER DISC.	5.3%
BLUE PRISM	UK	INFO TECH.	5.0%
ALPHABET	US	INFO TECH.	4.4%
MICROSOFT	US	INFO TECH.	4.4%
ASML	NE	INFO TECH.	4.0%

HISTORICAL PERFORMANCE¹

GROWTH OF \$100,000



PERFORMANCE SUMMARY AS AT 31 AUGUST 2018¹

	1MTH	3MTHS	6MTHS	1YR	2YRS	INCEPTION (P.A.)	INCEPTION CUMULATIVE
MUNRO GLOBAL GROWTH FUND (AUD)	5.1%	5.8%	6.1%	20.4%	18.9%	18.8%	43.0%
MSCI AC WORLD TR INDEX (AUD)	3.6%	8.0%	10.1%	22.2%	16.5%	16.6%	37.6%
OVER / UNDER PERFORMANCE	1.5%	-2.2%	-4.0%	-1.8%	2.4%	2.2%	5.4%

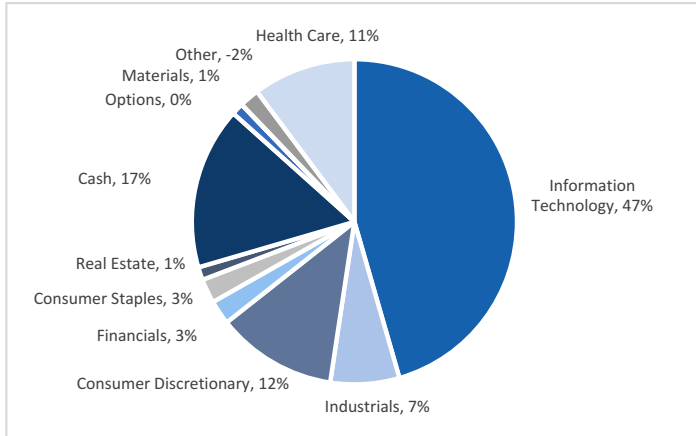
1. Past performance is provided for illustrative purposes only and is not a guide to future performance

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.

NET PORTFOLIO SECTOR EXPOSURE & CASH



NOTABLE STOCK CONTRIBUTORS

TOP 5 CONTRIBUTORS		BOTTOM 5 CONTRIBUTORS	
BLUE PRISM	UK	APTIV	US
AMAZON	US	KWEICHOW-MOUTAI	CH
SERVICENOW	US	TENCENT	HK
WORLDPAY	US	ASML	NE
TAKE-TWO INTERACTIVE	US	WULIANGYE	CH

FUND EXPOSURE

CURRENCY REGION	GROSS EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	1.5%	1.5%	50.2%
NORTH AMERICA	75.1%	67.0%	43.9%
UNITED KINGDOM	5.0%	5.0%	2.1%
EURO AREA	12.1%	5.3%	3.0%
IRELAND	2.1%	2.1%	
FRANCE	1.5%	-1.5%	
ITALY	2.0%	2.0%	
GERMANY	0.7%	0.7%	
NETHERLANDS	4.0%	4.0%	
BELGIUM	1.8%	-1.8%	
SINGAPORE	0.7%	-0.7%	-0.1%
SWEDEN	1.8%	1.8%	0.6%
HONG KONG/CHINA	3.1%	3.1%	-0.2%
JAPAN	1.9%	0.0%	0.5%
EXPOSURE	101.3%	83.2%	100.0%
DELTA ADJ. EXPOSURE	102.5%	82.0%	

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 September 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.

AMAZON

Amazon added 63bps to monthly performance continuing its strong recent run. Amazon's share price has now pushed through \$2,000 having passed \$1,000 per share less than 12 months ago and it now sits as the 2nd largest company on the planet at USD \$981bn. Amazon listed in 1997 at just \$18, with the post-split IPO price \$1.50. Despite this amazing wealth creation, what often surprises us is how few investors are prepared to invest in the company, essentially ignoring the 2nd largest company in the world based on its near-term valuation multiple, when focusing on near term valuation would have excluded this stock from analysis for the entirety of its 20-year journey.

Looking ahead, and still taking a longer-term view, what becomes clear to us is that Amazon still has a long runway of growth ahead of it. Amazon is the dominant E-Commerce player in the world, but E-Commerce is still just below 10% of all sales, growing at 13% versus regular commerce at 3%. Amazon is also the largest Cloud computing player, but cloud computing makes up less than 10% of all compute workloads and IT expenditure and is growing at over 20% per annum. The valuation remains ostensibly scary at 60x forward earnings but is a more palatable 25x forward EV/EBITDA if one wants to look at it on a cash basis. While the road ahead is unlikely to be as smooth as the previous year, what looks beyond doubt now is that Amazon should ascend to become the largest company in the world and if it can capture its fair share of its growth runway, it will hold that mantle for many years to come.

WORLDPAY

Worldpay contributed 34bps to monthly performance for August. Worldpay is a merchant acquirer, which means it essentially processes online and offline payments for individuals wishing to transact using credit/debit cards with merchants. Demand for Worldpay's products is fuelled by the ongoing structural shift from physical to digital cash, and the need for efficient infrastructure to process the increasing complexity of consumer transactions.

In its recent result, management noted that the company supports two thirds of the world's top e-commerce companies. Revenues in Q2 nearly doubled market expectations, with organic growth of 9% vs 4-6% expected, and EBITDA margins came in at 49%. E-commerce is the company's biggest focus, with cross-border payments growing the fastest. The company has noted an additional \$300bn of addressable e-commerce volume that could be captured from their existing client base. We continue to believe in the structural growth drivers Worldpay is benefitting from, and for consistent high single-digit revenue growth and 15% earnings growth, we believe Worldpay is very attractively priced at a PE of just over 20x forward earnings.

