

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% | 0.1% | -2.5% | 0.0% | 2.8% | 1.1% | 21.0% |
| 2019FY | -0.4% | 5.1% | 0.9% | -5.4% | | | | | | | | | -0.1% |

MONTHLY SUMMARY

The Munro Global Growth Fund returned -5.4% for the month of October, comprising a return of -6.4% from equities and +1.0% from currency. The MSCI AC World Index (AUD) meanwhile returned -5.6% (-6.9% from equities and 1.4% from currency). October was a difficult month for global equities. None of the major markets were spared in the month with the US S&P 500 down 6.8%, the NASDAQ fell 9.2%, the European STOXX index fell 5.5%, the Japanese TOPIX declined 9.4% and the Hang Seng Index dropped 10%.

The market was beset by worries over rising interest rates, trade tensions and a slowing global economy. With the US mid-term elections in early November, there was a lack of desire to "buy the dip" prior to this event taking place. For the Fund, our capital protection tools added value for the month (see page two), while our long positions were under significant pressure in what can be best described as extreme profit taking and de-risking by market participants. Long-term fund holdings Blue Prism, Amazon and Activision Blizzard were all down significantly for the month. On currencies, the declining AUD benefited the Fund by 99 basis points (with the Fund maintaining 60% hedging back to the AUD). The fully unhedged index by comparison received a 135bps tailwind from foreign exchange movements.

MONTHLY OUTLOOK

After grinding higher all year, volatility finally got to the US equity market during the month of October. In the end, higher bond yields and a stubborn Federal reserve were the triggers but the problems in China, trade and weakening economic data had been evident for some time. In response, the Fund used its liquidity and materially reduced net equity exposure from early October. On the stock front, we maintain our views on our structural growth winners as previously, we just recognise that the outlook has become more uncertain and have adjusted exposure levels accordingly. Equity markets have now had a significant valuation reset with the US S&P 500 now trading on 15.5x forward earnings from over 18x forward earnings in January. Consensus expectations for earnings growth for the next 12 months currently sits at 9%, which now looks too high. Consequently, we expect continued volatility in the short run as market participants adjust their view on the outlook for corporate earnings and what is the right price to pay for that outlook considering numerous uncertainties still exist. For the Fund to deploy materially more cash from here we would need to see 1) the Fed back off on rate hikes due to softer economic data or a greater recognition by the Fed of the risks building globally; and 2) stabilisation in China in the form of a US trade deal or a material stimulus package. Elsewhere we remain watchful for any adverse consequences out of the US mid-term elections on November 6.

FUND SUMMARY

KEY NUMBERS

| | |
|-------------|-----------|
| UNIT PRICE | \$1.2589 |
| EXIT PRICE | \$1.2840 |
| ENTRY PRICE | \$1.2878 |
| FUM | \$304.2m |
| APIR | MUA0002AU |

KEY FACTS

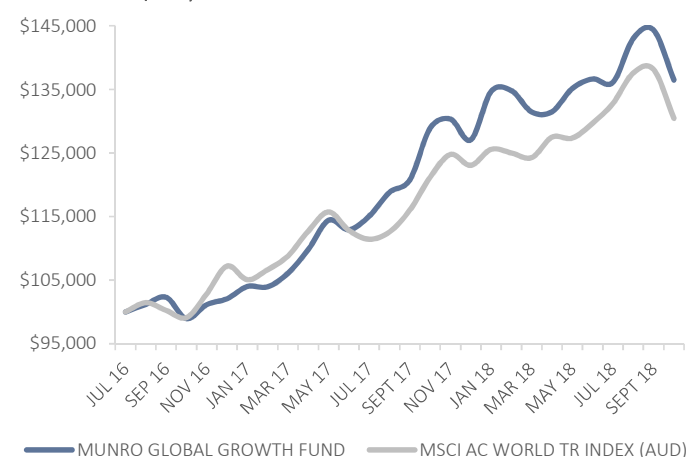
| | |
|------------------|-----------------|
| NUMBER OF STOCKS | 30-50 POSITIONS |
| CASH WEIGHTING | 0-100% |
| CURRENCY HEDGING | 0-100% |
| MANAGEMENT COSTS | 1.35% P.A. |
| PERFORMANCE FEE | 10.00% |

TOP 5 HOLDINGS

| STOCK | COUNTRY | INDUSTRY | WEIGHT |
|------------|---------|----------------|--------|
| AMAZON | US | CONSUMER DISC. | 4.8% |
| ALPHABET | US | INFO TECH. | 4.4% |
| MICROSOFT | US | INFO TECH. | 3.8% |
| BLUE PRISM | UK | INFO TECH. | 3.4% |
| MASTERCARD | US | INFO TECH. | 2.9% |

HISTORICAL PERFORMANCE ¹

GROWTH OF \$100,000



PERFORMANCE SUMMARY AS AT 31 OCTOBER 2018 ¹

| | 1MTH | 3MTHS | 6MTHS | 1YR | 2YRS | INCEPTION (P.A.) | INCEPTION CUMULATIVE |
|--------------------------------|-------|-------|-------|-------|-------|------------------|----------------------|
| MUNRO GLOBAL GROWTH FUND (AUD) | -5.4% | 0.3% | 3.8% | 5.9% | 17.4% | 14.8% | 36.4% |
| MSCI AC WORLD TR INDEX (AUD) | -5.6% | -1.8% | 2.3% | 7.6% | 14.7% | 12.6% | 30.4% |
| OVER / UNDER PERFORMANCE | 0.1% | 2.0% | 1.5% | -1.8% | 2.7% | 2.3% | 6.0% |

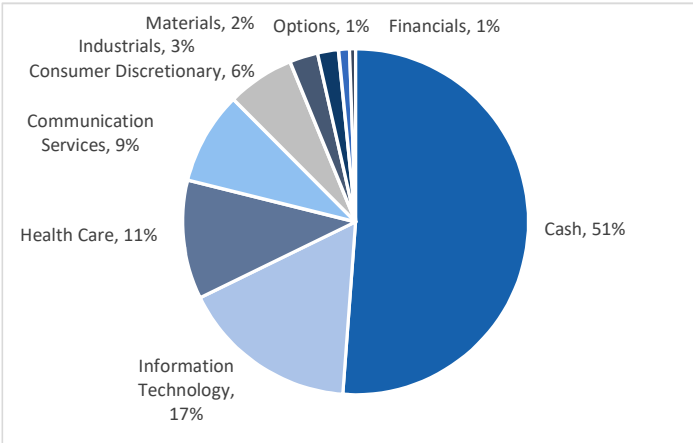
1. Past performance is provided for illustrative purposes only and is not a guide to future performance

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 | |
|----------------------|----|-----------------------|----|
| SMC CORPORATION | JP | BLUE PRISM | UK |
| MELEXIS | BB | AMAZON | US |
| ANHEUSER-BUSCH INBEV | BB | ACTIVISION BLIZZARD | US |
| ABB | SW | MONCLER | IT |
| CME GROUP | US | ALPHABET | US |

FUND EXPOSURE

| CURRENCY REGION | GROSS EXPOSURE | NET EXPOSURE | CURRENCY EXPOSURE |
|---------------------|----------------|--------------|-------------------|
| AUSTRALIA | 0.0% | 0.0% | 53.8% |
| NORTH AMERICA | 47.8% | 44.7% | 42.6% |
| UNITED KINGDOM | 3.4% | 3.4% | 1.1% |
| EURO AREA | 3.4% | -0.5% | 1.9% |
| FRANCE | 0.9% | -0.9% | |
| ITALY | 1.5% | 1.5% | |
| GERMANY | 1.0% | -1.0% | |
| SWITZERLAND | 0.8% | -0.8% | -0.1% |
| SWEDEN | 0.4% | 0.4% | 0.2% |
| JAPAN | 2.0% | 1.0% | 0.5% |
| EXPOSURE | 57.9% | 48.3% | 100.0% |
| DELTA ADJ. EXPOSURE | 69.5% | 38.1% | |

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.

Grant Samuel Fund Services Limited ABN 48 129 256 104 AFSL 321517 (Grant Samuel Fund Services) is the responsible entity of the Munro Global Growth Fund ARSN 612 854 547 (Fund) and is the issuer of this information. This information has been prepared without taking account of the objectives, financial situation or needs of individuals. Before making an investment decision in relation to the Fund, investors should consider the appropriateness of this information, having regard to their own objectives, financial situation and needs and read and consider the product disclosure statement for the Fund dated 1 March 2018 (PDS) which may be obtained from www.gsfm.com.au, www.munropartners.com.au/access or by calling (02) 8188 1510.

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 November 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.

CAPITAL PROTECTION

With volatility returning to markets in October, we wanted to remind investors of the capital protection tools the Munro Global Growth Fund has at its disposal to help protect against volatile markets and how we used them during the month of October.

Net Exposure. Firstly, the Fund has a flexible mandate and can hold up to 100% cash. As at the end of September, the Fund was sitting at 81% net exposure and 99% gross exposure, and as such we were not expecting the volatility that ensued. The first sign of trouble was on Wednesday 3rd of October when the US 10 Year Bond Yields spiked above 3.20%. Cash levels were raised significantly at this juncture and with the market falling significantly over the month, several of the Fund's holdings were also triggered by the "20% loss from peak" stop-loss.

Option Protection. As has been the case for most of the year, the Fund was running short term put option protection on the Nasdaq and S&P500 market indices at the time of the sell off, and these were added to over the month. These puts rose significantly, resulting in a large reduction in the delta adjusted exposure of the Fund. Put options contributed 107bps of performance for the month.

Short Positions. The Fund held just under 10% in short equity positions going into the sell off with this weighting increased and recycled throughout October. Many of these positions were closed during the month as markets fell. Short positions contributed 99bps to performance for the month.

Currency. As is often the case during market sell offs, the USD rose as a flight to safety currency, causing the AUD to fall 2.1% versus the USD over the month. The Fund held approximately 40% exposure to USD assets over the month, which added 99bps to monthly performance. The fully unhedged MSCI World AC Index in AUD gained 135bps from the falling currency.

Stocks. This month's stock selection did not provide capital protection and was a large detractor of monthly performance with our long positions overall falling over 800bps. Three of the top five holdings at the beginning of the month fell >20% for the month, namely Blue Prism, Activision Blizzard and Amazon. Having enjoyed a strong period of performance, and the market in 'flight to safety' mode, it is not surprising that these stocks suffered disproportionately, as did other parts of our long portfolio. However, it does not change our view that these companies will still be the winners going forward, valuation events such as this one are transient where as earnings growth will win in the long run.

Finally, we would like to stress that as an absolute return manager, we take capital protection very seriously and while these tools can help us protect capital they by no means guarantee that we will in future bouts of volatility. We merely hope to provide comfort that they are available to us and to provide some insight into to how we used them to negotiate what was a difficult month of October.

