MUNRO PARTNERS

MUNRO GLOBAL GROWTH FUND
JUNE 2019

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%	-3.1%	-1.4%	2.1%	3.1%	1.2%	3.3%	-4.1%	2.4%	**3.1%**

MONTHLY SUMMARY

The Munro Global Growth Fund returned 2.4% for the month of June, comprising a return of 3.1% from equities and -0.7% from currency. The MSCI AC World Index (AUD) meanwhile returned 5.2% for the month, with a 5.7% move in equities and -0.5% from currency.

June was a positive month for stocks, with the US S&P 500 up 7.5%, the European STOXX index up 4.5%, the Japanese TOPIX rising 2.7% and the Hang Seng adding 6.7%. After the weak May performance, markets bounced back in June driven by dovish comments for US Federal Reserve and hopes of a more benign trade outcome as China and the US used more conciliatory language ahead of the G20 summit.

From a stock perspective, Fund strength was driven by large US cloud computing companies, Amazon, Microsoft and Adobe (see page 2 for details). Alphabet contributed negatively to performance along with several short positions that rallied in a rising market. On currencies, the Fund had a 50% holding in USD, which led to a modest detraction in performance for the month.

MONTHLY OUTLOOK

June ended with President Trump and President Xi meeting at the G20 summit in Japan. While no concrete solution to the trade tension was established, it was agreed that no further tariffs would be imposed and the two leaders would continue to work towards a solution. The prolonging of the trade impasse looks likely to extend the status quo of sub-par economic growth and record low interest rates for the medium term.

We are encouraged by the strong structural growth prospects of our core investments and look forward to the market resuming its focus on company fundamentals in the upcoming second quarter results season. Difficulty for the Fund has arisen in the last nine months during this period of heightened volatility in equity markets as we have felt compelled to actively protect the downside on numerous occasions. However, this has resulted in the Fund giving up a good part of the upside as ultimately the broader market has looked through the trade tension and interest rate missteps. Importantly, positive overall returns have been maintained throughout this period, despite significant market draw downs.

Going forward, we look for strong stock fundamentals in our key investments to drive returns in the months and years ahead regardless of the prevailing market noise. The key risk to this outlook is that sub-par growth ultimately turns into negative growth as policy missteps continue to escalate.

FUND SUMMARY

KEY NUMBERS	
UNIT PRICE	$1.3273
EXIT PRICE	$1.3253
ENTRY PRICE	$1.3293
FUND FUM	$385m
STRATEGY FUM	$969m
APIR	MUA0002AU

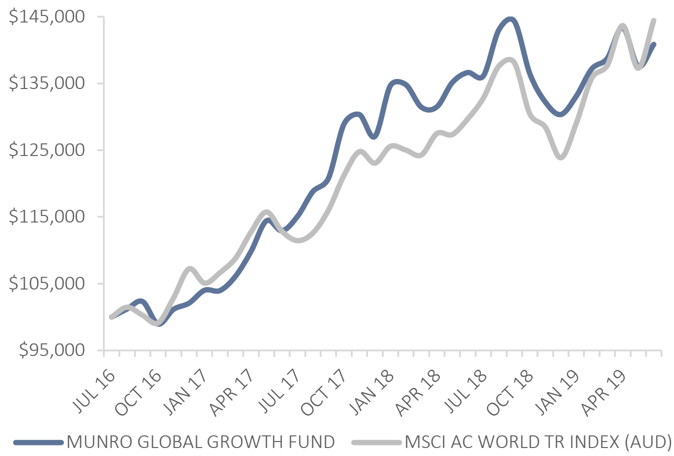
KEY FACTS	
NUMBER OF STOCKS	30-50 POSITIONS
CASH WEIGHTING	0-100%
CURRENCY HEDGING	0-100%
MANAGEMENT FEE	1.35% P.A.
PERFORMANCE FEE	10.00%

TOP 5 HOLDINGS

STOCK	COUNTRY	INDUSTRY	WEIGHT
AMAZON	US	CONSUMER DISC.	6.4%
MICROSOFT	US	INFO TECH.	5.9%
ALPHABET	US	COMM. SERVICES	5.6%
DANAHER	US	HEALTH CARE	3.2%
AIRBUS	FR	INDUSTRIALS	3.1%

HISTORICAL PERFORMANCE [1]

GROWTH OF $100,000



PERFORMANCE SUMMARY AS AT 30 JUNE 2019 [1]

	1MTH	3MTHS	6MTHS	1YR	2YRS	INCEPTION (P.A.)	INCEPTION CUMULATIVE
MUNRO GLOBAL GROWTH FUND (AUD)	**2.4%**	**1.5%**	**8.1%**	**3.1%**	**11.7%**	**12.5%**	**40.8%**
MSCI AC WORLD TR INDEX (AUD)	5.2%	4.9%	16.6%	11.3%	13.1%	13.5%	44.4%
OVER / UNDER PERFORMANCE	**-2.8%**	**-3.4%**	**-8.5%**	**-8.2%**	**-1.5%**	**-1.0%**	**-3.6%**

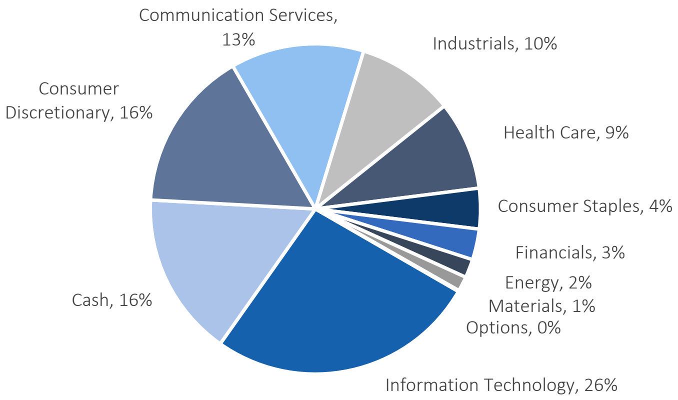
1. Past performance is provided for illustrative purposes only and is not a guide to future performance

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, while maintaining a capital preservation mindset. The Fund's flexible mandate allows it to dynamically manage its market exposure and 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	
MICROSOFT	US	RICHEMONT	SW
AMAZON	US	ALPHABET	US
ALIBABA	CH	ENBRIDGE	CN
MONCLER	IT	ITX	SP
ADOBE	US	CD PROJEKT	PL

FUND EXPOSURE

CURRENCY REGION	GROSS EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	0.0%	0.0%	51.6%
UNITED STATES	63.5%	61.5%	46.3%
UNITED KINGDOM	0.0%	0.0%	0.4%
CANADA	1.8%	1.8%	-0.1%
EURO AREA	20.3%	17.0%	2.2%
BELGIUM	0.5%	-0.5%	
FRANCE	9.4%	8.1%	
ITALY	2.8%	2.8%	
NETHERLANDS	2.5%	2.5%	
SPAIN	5.1%	4.1%	
SWITZERLAND	1.0%	1.0%	-0.4%
HONG KONG/CHINA	2.4%	2.4%	0.0%
EXPOSURE	**89.0%**	**83.8%**	**100.0%**
DELTA ADJ. EXPOSURE	92.6%	80.2%	

ALIBABA

Alibaba contributed 34bps to performance during June. Alibaba bounced back from what was a difficult May, where the stock was driven down on negative sentiment surrounding the trade war. Alibaba is a core holding for the Fund and is at the forefront of several significant growth runways in China, such as e-commerce, cloud computing and digital payments.

The company is expanding its reach in China, enabling its offering into tier 2, 3 and 4 cities. Chinese retail sales are growing at more than double the rate of the US, and with more than 50% market share of Chinese e-commerce sales, Alibaba is set to benefit from over 20% growth in e-commerce sales in 2019. Additionally, its cloud computing business is in the relatively early stages of what is expected to be a long runway for growth and is now positioned in the top four 'Infrastructure as a Service' providers globally, along with Amazon AWS, Microsoft Azure and Google Cloud.

Rumours have been circulating recently that Alibaba is looking to pursue a $20bn secondary listing on the Hong Kong stock exchange later this year. We view this as a positive move for Alibaba, given it will open the company up to more investors throughout Asia Pacific, reducing Asian large cap tech investor concentration in Tencent. At 24x forward earnings with extensive growth runways ahead, we believe Alibaba offers a compelling growth investment opportunity.

ADOBE

US Software as a Service (SaaS) player Adobe was a strong contributor to Fund performance for the month (+26bps) after reporting strong growth for 2Q19.

Adobe has two key segments, 1) Digital Media, which is made up of Creative Cloud and Document Cloud; and 2) Digital Experience, which includes the Marketing, Analytics, Advertising and eCommerce Clouds. Both segments are growing above 20% and are showing no signs of slowing down.

The market had been concerned that Adobe needed to make acquisitions to continue to grow, following the acquisitions of Magento, a leading e-commerce platform, and Marketo a B2B marketing automation platform. However, management has guided to faster Digital Experience growth in the 2H19, suggesting an acceleration in organic revenue growth.

Adobe is the poster child for the transition from licence-based to subscription-based software. This transition is largely complete, but Adobe is still maintaining high growth rates through a combination of low upfront pricing and new offerings. Despite these high growth rates, Adobe has best-in-class margins, with 44% adjusted EBITDA margins. This compares to the new breed of SaaS companies that are loss-making and trade at very high EV/Sales multiples. Adobe stands out as a combination of high growth, high profitability and trades at a relatively modest 26x EV/EBITDA multiple vs. its SaaS peers.