

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%
2020FY	0.9%	-0.6%											0.3%

MONTHLY SUMMARY

The Munro Global Growth Fund returned -0.6% for August, comprising a return of -1.4% from equities and +0.8% from currency. The MSCI AC World Index (AUD) returned -0.1% (-2.0% from equities and +1.9% from currency).

Global equity markets were again pressured by tariff concerns during August, with the developed markets of the US S&P (-1.8%) and the Eurostoxx 600 down (-1.6%) suffering considerably less than Asian markets of Hong Kong (-7.4%) and Japan (-3.8%). The Brexit situation in the UK also caused concern on the local market, with the UK FTSE 100 down 5.0% for the month.

Positive performance for the Fund was driven by a strong set of full year results from French spirits company Pernod Ricard (see page 2), which was rewarded after beating analyst estimates despite acknowledging future macro related concerns. Our Spanish infrastructure holding Cellnex also contributed positively, along with US exchange CME Group. The key detractors for August came in the form of poor results from technology giant Cisco (see page 2) and US flavour and fragrance company IFF.

Increasing trade war rhetoric and domestic monetary policy pressure kept the Australian Dollar in its downward trend during August, with the currency falling 1.6% against the USD. Given our position of being approximately 50% unhedged, this caused the Fund to only benefit by 80bps compared to the fully unhedged index contribution of 189bps.

MONTHLY OUTLOOK

It appears increasingly unlikely that a US-China trade deal of any substance will occur before the US elections (November 2020). While central banks and policy makers are adjusting for this trade war continuation, we see a slow growth environment sustaining as businesses and consumers readjust. Despite these short-term headwinds, we remain constructive longer term. The ultra-low interest rate environment underlines the relative attractiveness of owning quality growth companies and we currently see little long-term risk to the underlying earnings growth of our investments. Consequently, the Fund has maintained its core holdings throughout the recent volatility choosing to use our hedging tools to mitigate the sudden bursts of volatility including deploying hedging around major tariff deadlines or meetings.

In terms of AUD positioning, the Fund is approximately 50% unhedged, which has meant it hasn't picked up the full benefit of the falling Australian dollar (relative to an index). The temptation is to increasingly unhedge the AUD as interest rates fall. However, with the AUD having already depreciated considerably to 67 cents, there is a growing risk of capital loss for fully unhedged funds should the currency move back higher. The most likely catalyst for this would be Australia being seen as a safe haven trade as the US administration potentially intervenes to weaken the greenback.

FUND SUMMARY

KEY NUMBERS

UNIT PRICE	\$1.3318
EXIT PRICE	\$1.3298
ENTRY PRICE	\$1.3338
FUND FUM	\$383m
STRATEGY FUM	\$1,007m
APIR	MUA0002AU

KEY FACTS

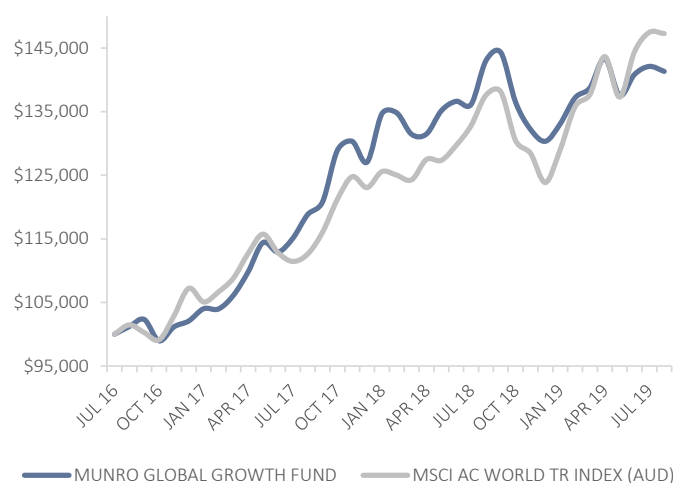
NUMBER OF STOCKS	30-50 POSITIONS
CASH WEIGHTING	0-100%
CURRENCY HEDGING	0-100%
MANAGEMENT FEE	1.35% P.A.
PERFORMANCE FEE	10.00%

TOP 5 HOLDINGS

STOCK			WEIGHT
AMAZON	US	CONSUMER DISC.	5.7%
ALPHABET	US	COMM. SERVICES	5.4%
MICROSOFT	US	INFO TECH.	4.1%
ASML	NE	INFO TECH.	4.0%
PERNOD RICARD	FR	CONS. STAPLES	3.2%

HISTORICAL PERFORMANCE ¹

GROWTH OF \$100,000



PERFORMANCE SUMMARY AS AT 31 AUGUST 2019 ¹

	1MTH	3MTHS	6MTHS	1YR	2YRS	3YRS	INCEPTION (P.A.)	INCEPTION CUMULATIVE
MUNRO GLOBAL GROWTH FUND (AUD)	-0.6%	2.7%	3.0%	-1.2%	9.1%	11.8%	11.9%	41.3%
MSCI AC WORLD TR INDEX (AUD)	-0.1%	7.3%	8.5%	7.0%	14.4%	13.2%	13.4%	47.3%
OVER / UNDER PERFORMANCE	-0.4%	-4.5%	-5.4%	-8.2%	-5.3%	-1.4%	-1.5%	-5.9%

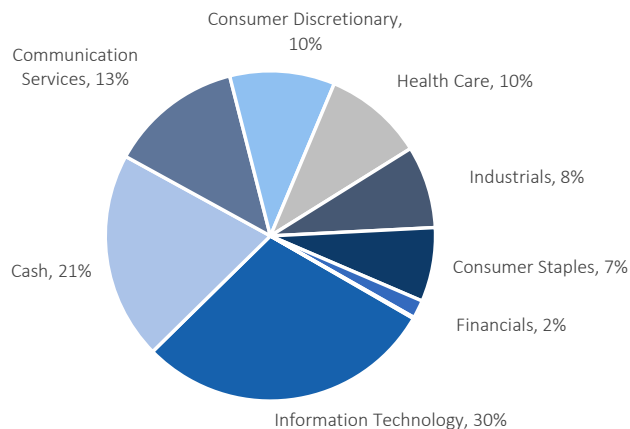
¹ Past performance is provided for illustrative purposes only and is not a guide to future performance

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	
PERNOD RICARD	FR	CISCO	US
CELLNEX	SP	IFF	US
CME	US	AMAZON	US
STRYKER	US	TENCENT	HK
NESTLE	SZ	SERVICENOW	US

FUND EXPOSURE

CURRENCY REGION	GROSS EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	0.0%	0.0%	46.1%
UNITED STATES	64.4%	59.7%	53.4%
UNITED KINGDOM	1.5%	1.5%	0.1%
HONG KONG/CHINA	0.9%	0.9%	0.0%
EURO AREA	21.1%	16.5%	0.5%
FRANCE	9.1%	7.4%	
ITALY	1.3%	1.3%	
NETHERLANDS	5.5%	2.6%	
SPAIN	5.3%	5.3%	
SWITZERLAND	3.6%	1.6%	0.0%
JAPAN	1.1%	-1.1%	-0.1%
EXPOSURE	92.7%	79.3%	100.0%
DELTA ADJ. EXPOSURE	96.7%	75.3%	

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 GSFM Responsible Entity 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 6 September 2019.

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.

PERNOD RICARD

Pernod Ricard contributed 27bps to August performance driven by a strong half yearly result. Spirits offer a compelling way to play the Emerging Consumer Area of Interest underpinned by the premiumisation of taste preferences. As is the case with luxury, consumers are trading up when it comes to alcohol with a shifting preference from beer to spirits. While some may argue that the trend has been prevalent for over 10 years, we believe spirit penetration on a global scale will sustain growth as younger, spirit inclined generations gradually enter the market and emerging markets play catch up with the rest of the developed world.

Pernod Ricard's results outperformed consensus estimates with strong revenue growth and significant operating leverage within the business. The company's Asian business - organic growth of 21% and 20% in India and China respectively - supports the narrative proposed by fellow luxury and consumer peers that politically weakened Chinese demand currently remains exaggerated. In addition, the more mature US market is expected to accelerate benefiting from strong secular spirit growth within the country. Pernod's performance within these key markets reaffirms our confidence in the prevailing structural shift towards both spirits and the premiumisation of spirits.

CISCO

Cisco detracted 49bps from August performance after a mixed set of results. For the second quarter, the company's results were very strong, with over 6% sales growth and an improving margin structure beating earnings per share estimates compared to consensus. However, Cisco reduced their third quarter sales guidance to growth of 0-2%, compared to the slightly higher consensus expectation of 2.5%. As a result, earnings per share guidance was also reduced by just over 2%.

The company pointed out the broader macro environment as contributing to the slower growth, particularly in China. While Cisco's Chinese business makes up less than 3% of total sales, the decline was so significant it impacted the overall company. We believe the stock was oversold on the day of its result for what was only a relatively minor downgrade to revenue forecasts. We are still encouraged by the structural shift in Cisco's business from hardware to software, particularly in its security division, giving rise to the whole company's margin profile increasing over time. At just over 13.5x forward earnings, we believe Cisco continues to offer a compelling growth opportunity with a software transition that is still to play out.

