

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%	-1.4%										-1.0%

MONTHLY SUMMARY

The Munro Global Growth Fund returned -1.4% for September, comprising a return of -1.3% from equities and -0.1% from currency. The MSCI AC World Index (AUD) returned 2.0% (2.2% from equities and -0.2% from currency).

Equity markets globally were higher with the US S&P (+1.7%), the Eurostoxx 600 (+3.6%), and Hong Kong (+1.4%). However, the month was dominated by a large 'growth' to 'value' stocks style swing triggered by a spike in US bond yields and an unwinding of the US IPO market, where there has been a significant shift in investor appetite for loss making unicorns coming to market.

From a Fund perspective, while the relative performance was weak we did manage to avoid the major calamities in our 'Growth' space over September with most of the relative underperformance actually driven by a lack of Autos, Energy or Financials in the portfolio rather than any large losses. From a stock attribution perspective, positive contributions came from European semiconductor company ASML, and short positions in subscale internet and e-commerce businesses. Performance detractors included dating and media company IAC, Amazon and payments companies, Visa and Mastercard.

MONTHLY OUTLOOK

Equity markets continue to be unusually volatile and we suspect this is being driven by a high level of uncertainty around where we are in the cycle.

Market participants' outlooks for 2020 appear to fit into three broad camps: growth is currently bottoming and will re-accelerate into next year; growth is weak but should muddle through; or the global economy is going into recession. Currently we favour the second camp but the economic data has continued to deteriorate lately and this builds pressure on earnings estimates.

On the flip side, central banks are feverishly cutting interest rates to counter slowing economies, providing stimulus to the consumer and also underpinning corporate valuations with record low risk-free rates. Adding to the volatility has been some vicious rotations between so called 'value' and 'growth' stocks as participants jump from one side of the boat to the other as their views on the outlook above change. From our point of view, recent Fund performance has been disappointing, but we are reluctant to change positions to cope with the top down-market narrative of the day. Rather than get caught in the style or macro discussions, we increasingly see a world where a few companies win and get bigger and many companies lose and get smaller. Our goal is to invest in the ones that get bigger and consequently, we remain focused on company fundamentals as we approach another earnings season where we expect our convictions to be confirmed and rewarded.

FUND SUMMARY

KEY NUMBERS

UNIT PRICE	\$1.3136
EXIT PRICE	\$1.3116
ENTRY PRICE	\$1.3156
FUND FUM	\$374m
STRATEGY FUM	\$995m
APIR	MUA0002AU

KEY FACTS

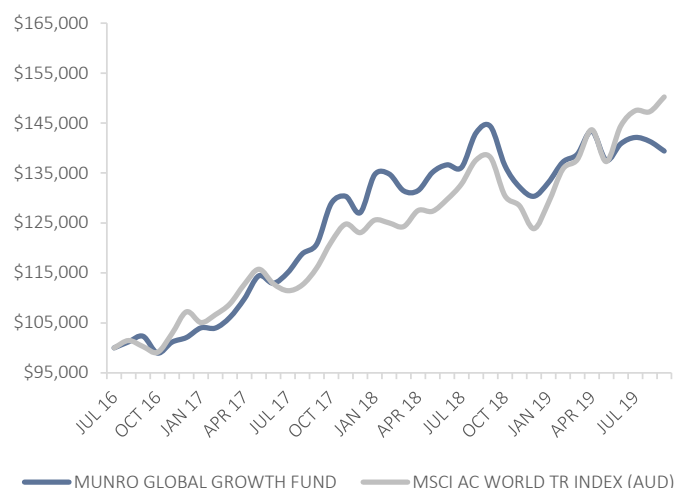
NUMBER OF STOCKS	30-50 POSITIONS
CASH WEIGHTING	0-100%
CURRENCY HEDGING	0-100%
MANAGEMENT FEE	1.35% P.A.
PERFORMANCE FEE	10.00%

TOP 5 HOLDINGS

STOCK	WEIGHT
ALPHABET US COMM. SERVICES	5.0%
AMAZON US CONSUMER DISC.	5.0%
MICROSOFT US INFO TECH.	4.7%
VISA US INFO TECH.	3.4%
ASML NE INFO TECH.	3.3%

HISTORICAL PERFORMANCE ¹

GROWTH OF \$100,000



PERFORMANCE SUMMARY AS AT 30 SEPTEMBER 2019 ¹

	1MTH	3MTHS	6MTHS	1YR	2YRS	3YRS	INCEPTION (P.A.)	INCEPTION CUMULATIVE
MUNRO GLOBAL GROWTH FUND (AUD)	-1.4%	-1.0%	0.5%	-3.4%	7.4%	10.9%	11.1%	39.4%
MSCI AC WORLD TR INDEX (AUD)	2.0%	4.0%	9.1%	8.8%	13.8%	14.4%	13.7%	50.2%
OVER / UNDER PERFORMANCE	-3.4%	-5.1%	-8.6%	-12.2%	-6.4%	-3.6%	-2.7%	-10.9%

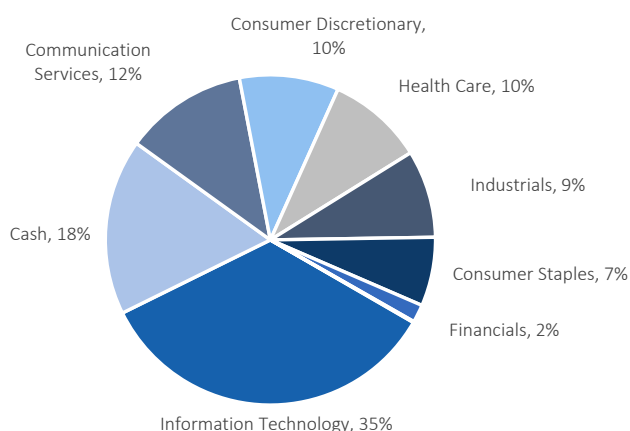
¹ Past performance is provided for illustrative purposes only and is not a guide to future performance

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	
ASML	NE	IAC	US
CHEWY	US	ROKU	US
TAKEAWAY.COM	NE	STARBUCKS	US
TAIWAN SEMI.	TW	VISA	US
CISCO	US	PAYPAL	US

FUND EXPOSURE

CURRENCY REGION	GROSS EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	0.6%	0.6%	40.4%
UNITED STATES	67.5%	61.9%	59.5%
UNITED KINGDOM	1.5%	1.5%	0.0%
HONG KONG/CHINA	1.0%	1.0%	0.0%
EURO AREA	21.7%	15.2%	0.1%
FRANCE	8.1%	6.2%	
GERMANY	1.8%	-0.3%	
ITALY	1.8%	1.8%	
NETHERLANDS	4.5%	2.0%	
SPAIN	5.5%	5.5%	
SWITZERLAND	3.1%	2.1%	0.0%
EXPOSURE	95.3%	82.3%	100.0%
DELTA ADJ. EXPOSURE	99.2%	78.4%	

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 9 October 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.

ASML

ASML contributed 47bps to September performance. ASML produces lithography equipment for the semiconductor industry which is integral to the continued shrink required to continue Moore's Law and ultimately make computers more powerful over time. Today the company is at the beginning of a new product cycle - rolling out EUV (Extreme Ultraviolet Lithography) technology. This new technology allows their customers, mainly the large semiconductor foundries TSMC, Samsung and Intel, to continue the process of squeezing more and more transistors onto a semiconductor.

The difference with this technology versus previous transitions is that ASML has virtually no competitors. The EUV process was 10 years in the making and is now proven at a commercial level. The semiconductor foundries are in a race to install it as quickly as possible so as to capture a bigger share of their customers business. Customers such as Apple, Google, AMD, and Nvidia are demanding the faster chips as it allows them to increase their technical lead over their competitors.

All of this suggests ASML will evolve to a monopoly position in the semiconductor value chain over time, which should see earnings growth continue to expand for years to come. The only real question outstanding is how fast this will happen. Early indications from capex intentions of the major foundries suggests this may happen quicker than we thought, hence the strong performance over September.

VISA & MASTERCARD

The card networks detracted 25bps from Fund performance in September as the market digested its recent strong share price appreciation. Over the past couple of years, both companies have re-rated towards P/E's around 30x as opposed to their historic mid 20x levels. Based on recent meetings with US payments companies, we believe that Visa and Mastercard can hold these higher valuation multiples. Partly aided by lower interest rates but more so because their dominate positions as the "payment rails" have become even more entrenched. Previous bear cases of disintermediation by the likes of PayPal and Apple Pay have proven incorrect as these platforms have been built in partnership with the networks and have helped to expand the overall ecosystem.

While the payments networks are central to major structural growth changes like eCommerce and B2B payments, it is the 'tap and go' in the US that is the most obvious near-term opportunity. Australia took two years to go from 1% to 7% contactless penetration, then it expanded to over 50% in the next two years. In contrast, the US is now only nine months into contactless and is at low single digit penetration. We expect the US to follow the Australian adoption curve. We forecast Visa and Mastercard to grow sales 10% p.a. and earnings per share around 15% p.a. for the next 5 years and consider valuations at reasonable levels.

