

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%	-0.3%									-1.4%

MONTHLY SUMMARY

The Munro Global Growth Fund returned -0.3% for October, comprising a return of 0.9% from equities and -1.3% from currency. The MSCI AC World Index (AUD) returned 0.6% (2.0% from equities and -1.4% from currency).

Equity markets globally were higher with the US S&P 500 +2.2%, the Europe STOXX 600 +1.1%, Japan's TOPIX +5.0% and the Hang Seng +3.3%. Last month's rotation from 'growth' to 'value' stocks continued in October with a rise in US bond yields and a 'Phase 1' trade deal between the US and China. Recent US IPOs continued to struggle as 'lock-ups' expired and pre-IPO investors took profits that resulted in a flood of selling in the market.

From a Fund perspective, we continued to work our way through this difficult trading environment for our strategy and have not suffered significant stock specific drawdowns despite the market being littered with these in the high growth space. From a stock attribution perspective, positive contributions came from Taiwan Semiconductor (see page 2) and our Internet Disruption group of stocks exposed to the digital advertising structural growth trend. Performance detractors included Boeing (see page 2) and several of our Food & Beverage Revolution stocks, such as Diageo, that were used as sources of funds as the market shifted its focus from defensive growth stocks to more cyclical stocks.

On currencies, the Fund remains roughly 50/50 in USD/AUD which meant it was exposed to the appreciation of the AUD versus the USD over the month without picking up the offsetting benefit of a stronger Euro and GBP.

MONTHLY OUTLOOK

The third quarter earnings season was volatile with many outsized stock moves on what was, on the surface at least, generally in line with expectation results. Investor positioning played a large role here with numerous cyclicals and financials higher on less-bad-than-feared results, while higher multiple software and healthcare names gapped lower on not-strong-enough results. Looking ahead some key geopolitical stalemates are coming to a head in the next few months, namely the US-China trade war and the UK-EU Brexit negotiations. The probabilities of a more positive outcome in both geopolitical events has increased over the past month, with Donald Trump pressing ahead with plans to sign a limited trade truce with his Chinese counterpart, Xi Jinping. Meanwhile, UK Prime Minister Boris Johnson confounded cynics by getting a Brexit treaty agreed with the EU at lightning speed.

We have positioned the Fund with a higher net exposure, and increased exposure to premium semiconductor companies and 5G beneficiaries as we expect expenditure in the technology arms race to accelerate in to 2020. Elsewhere, we remain invested in Payments, Healthcare and Internet names which have struggled to make headway over recent months but ultimately should continue to grow in the months and years ahead.

FUND SUMMARY

KEY NUMBERS	
UNIT PRICE	\$1.3093
EXIT PRICE	\$1.3073
ENTRY PRICE	\$1.3113
FUND FUM	\$369m
STRATEGY FUM	\$980m
APIR	MUA0002AU

KEY FACTS

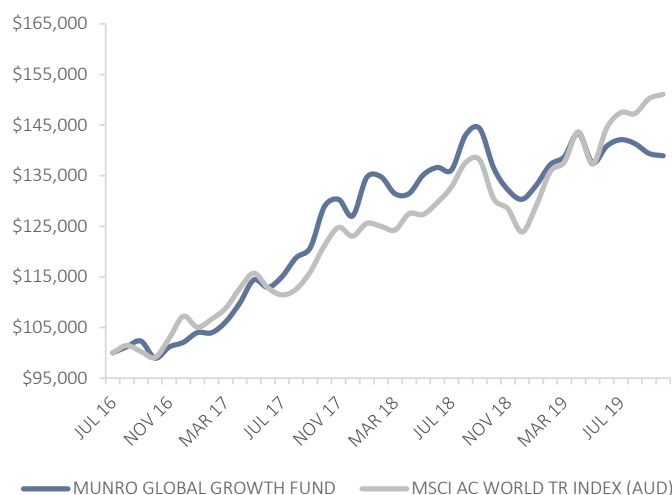
NUMBER OF STOCKS	30-50 POSITIONS
CASH WEIGHTING	0-100%
CURRENCY HEDGING	0-100%
MANAGEMENT FEE	1.35% P.A.
PERFORMANCE FEE	10.00%

TOP 5 HOLDINGS

STOCK			WEIGHT
AMAZON	US	CONS. DISC.	5.2%
MICROSOFT	US	INFO TECH.	4.9%
ALPHABET	US	COMM. SERVICES	4.7%
TSMC	TW	INFO TECH.	3.5%
ASML	NE	INFO TECH.	3.2%

HISTORICAL PERFORMANCE ¹

GROWTH OF \$100,000



PERFORMANCE SUMMARY AS AT 31 OCTOBER 2019 ¹

	1MTH	3MTHS	6MTHS	1YR	2YRS	3YRS	INCEPTION (P.A.)	INCEPTION CUMULATIVE
MUNRO GLOBAL GROWTH FUND (AUD)	-0.3%	-2.2%	-3.1%	1.8%	3.8%	12.0%	10.7%	38.9%
MSCI AC WORLD TR INDEX (AUD)	0.6%	2.5%	5.2%	15.8%	11.7%	15.1%	13.6%	51.1%
OVER / UNDER PERFORMANCE	-0.9%	-4.7%	-8.3%	-14.0%	-7.8%	-3.1%	-2.9%	-12.2%

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

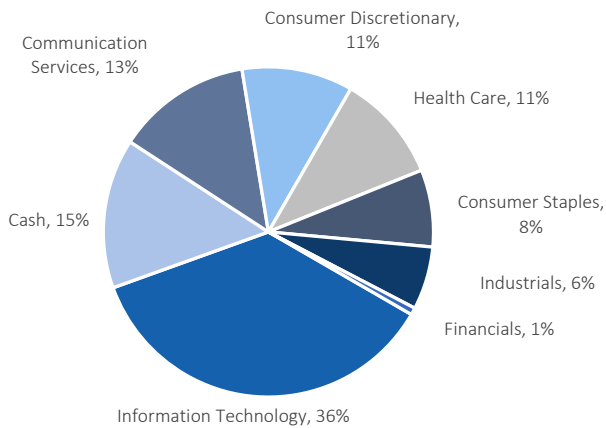
Inception date is 1 August 2016. Returns of the Munro Global Growth Fund are net of management costs and assumes distributions have been reinvested

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	
TSM	TW	BOEING	US
CELLNEX	SP	HARLEY DAVIDSON (SHORT)	US
ROKU	US	CISCO	US
PUBLICIS GROUP (SHORT)	FR	DIAGEO	UK
AIRBUS	FR	NIKE	US

FUND EXPOSURE

CURRENCY REGION	GROSS EXPOSURE	NET EXPOSURE	CURRENCY EXPOSURE
AUSTRALIA	0.3%	0.3%	47.3%
UNITED STATES	64.1%	59.9%	52.6%
UNITED KINGDOM	2.4%	2.4%	-0.1%
HONG KONG/CHINA	0.9%	0.9%	0.0%
EURO AREA	22.3%	17.9%	0.5%
FRANCE	10.5%	8.4%	
GERMANY	1.0%	1.0%	
ITALY	1.9%	1.9%	
NETHERLANDS	4.4%	2.1%	
SPAIN	4.5%	4.5%	
SWITZERLAND	4.1%	1.0%	-0.1%
SOUTH KOREA	2.5%	2.5%	0.0%
JAPAN	0.3%	0.3%	-0.2%
EXPOSURE	97.0%	85.3%	100.0%
DELTA ADJ. EXPOSURE	97.0%	85.3%	

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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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.

TSMC

Taiwan Semiconductor Manufacturing Corporation (TSMC) added 33 bps to monthly performance. Last month we discussed the role of ASML and its EUV technology in helping extend Moore's Law and enabling shrink beyond the 10-nanometre node. As the world's biggest semiconductor foundry, TSMC is the chief beneficiary of this new technology and hence is the 2nd key pillar in our High Performance Computing Area of Interest.

The cost of adopting EUV technology is prohibitively high for most semiconductor foundries and consequently, TSMC has extended its technology lead over its main competitors (i.e. Samsung, Intel and Global Foundries) by aggressively adopting the technology. This has allowed them to attract more leading-edge business from fabless chip makers such as AMD, Nvidia and the Chinese players. These chip makers crave the leading-edge solutions as it allows them to sell into the global arms race that is occurring to adopt Artificial Intelligence, 5G and autonomous driving. This facilitates an increasing share of the semiconductor market to TSMC, while also allowing them to earn higher margins as competition is reduced at the leading-edge nodes.

Finally, being Taiwan based, TSMC appears to be increasingly playing the role of Switzerland as the chief weapons manufacturer in the technology arms race that is occurring between China and the US. We see all these dynamics contributing to 20% EPS CAGR over the next 3 years; with the stock trading at 19 times forward earnings with a 4% dividend yield, this still looks underappreciated.

BOEING

Boeing shares underperformed and detracted 17 bps from monthly performance as the company came under increasing pressure.

The market fretted after a story broke that a 737 MAX test pilot may have misled the FAA prior to the initial certification of the plane and this was shortly followed by the Boeing CEO coming under fire during testimony to lawmakers in Washington. The return to service of the MAX has been slower than anticipated and could now be even further delayed as a result of political and public pressure. While the FAA's timeline shouldn't change based on these events and news stories, we must be realistic and assume further time delays at the regulator as a result of these developments.

The key to the Boeing investment thesis is that it is part of duopoly in commercial aviation with Airbus (also a portfolio holding). Demand for air travel has consistently grown mid-single digits over the past decade driven by emerging market travellers. Meanwhile, the narrow body market is particularly tightly supplied (Boeing 737 and Airbus A320) and an airline cancelling a MAX order today would need to go to the back of the 8-year line at Airbus for the equivalent narrow body. The backlogs in narrow bodies provides tremendous visibility into the companies' future cash flows and hence timing on ungrounding of the MAX is critical to the stock near term.

