MUNRO GLOBAL GROWTH FUND

ABSOLUTE RETURNS

MARCH 2020 QUARTERLY UPDATE

QUARTERLY HIGHLIGHTS

- Munro Global Growth Fund delivered strong performance for the March quarter, +7.6%, despite the difficult equity markets and economic backdrop.

- Like most managers. our long investments suffered in the market weakness detracting 12.6% from quarterly performance, but this was offset by short positions and portfolio hedging which added 7.2% and 5.9% respectively. Lastly, the Australian dollar depreciated 12.7% during the quarter, adding 7.1% to performance due to the Fund's average of a 55% holding in US dollars over the quarter. (page 2).

- Net equity exposure was decreased significantly over the quarter as COVID-19 spread across the globe. We see a relatively deep recession developing and while buying stocks at, or near, an economic trough can result in outsized gains, we are for now staying conservative in our positioning with net equity exposure finishing the quarter at roughly 50% (page 2).

- It's important to remember that recent financial market volatility is a by-product of what is actually a significant health crisis for the planet. Our thoughts are with those who are impacted during this difficult period.

QUARTER#	7.6%	SINCE INCEPTION (P.A.)#	13.2%

FUND UPDATE WEBINAR WITH NICK GRIFFIN

As we navigate to the new "work from home" environment, Munro Partners invites you to join a live webinar with our Chief Investment Officer, Nick Griffin, to present on how the Fund navigated the difficult quarter and current thoughts as to how to approach the months ahead.

Wednesday, 8th April at 12:00pm (AEDST)

The webinar will be hosted by our partners, GSFM, and its Head of Retail Distribution, Stephen Fletcher.

Please use the registration link here or navigate from the homepage on our website at www.munropartners.com.au

FUND FEATURES

GLOBAL GROWTH EQUITIES
ABSOLUTE RETURNS
30-50 POSITIONS
CAPITAL PRESERVATION MINDSET
$399M FUND FUM
$1,115M STRATEGY FUM

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FUND COMMENTARY

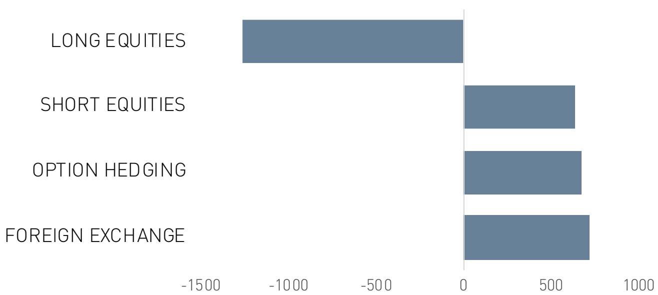
Global equity markets closed out their worst quarter since the depths of the financial crisis, with most markets globally down over 20%. What began as a virus in Wuhan, China and seemed like purely a supply chain issue, quickly spread globally with large cities and even whole countries going into lockdown. The Coronavirus, or COVID-19, has rapidly changed into a global demand-side issue that is likely to lead to a global recession.

As an absolute return fund, the Munro Global Growth Fund has a range of capital protection tools at its disposal to use during these times of crisis and all of them were required during the first quarter. Like most managers. our long investments suffered in the market weakness detracting 12.6% from quarterly performance, but this was offset by short positions and portfolio hedging which added 7.2% and 5.9% respectively. Lastly, the Australian dollar depreciated 12.7% during the quarter, adding 7.1% to performance due to the Fund's average of a 55% holding in US dollars over the quarter.

From a stock attribution perspective, positive contributions came from Amazon and NVIDIA, while strong gains were made in long-held short positions in integrated oil majors, Exxon and Chevron, and consumer durables, Harley Davidson and Swatch. The largest Fund detractors included Moncler, Uber, Airbus and Stryker that were most directly impacted by repercussions of the corona virus on particular industries.

The Fund finished the quarter with net equity exposure at roughly 50% and we have also chosen to take advantage of the weakening AUD to reduce its USD holdings to 35%.

MARCH 2020 QUARTERLY ATTRIBUTION BY INVESTMENT CATEGORY



MARKET OUTLOOK

By now, I suspect most of our readers have become quasi-epidemiologists, spending as much time as we have trying to identify when 'the curve will flatten' and when we may eventually escape our homes. Rather than add to this debate, we would instead make two simple observations:

1. most people don't want to get COVID-19; and

2. the only current health defence we have is social distancing.

Combined, this will have a profound and lasting impact on growth and confidence. We see a relatively deep recession developing here and while buying stocks at, or near, an economic trough can result in outsized gains, we are for now broadly staying conservative in our positioning. Put simply, and we are not alone here, we don't really know how long this trough will last and what aggregate demand will look like on the other side.

The positive news is that markets have at least stabilised near term on the back of the efforts of the major central banks and governments to plug the holes with massive levels of 'stimulus'. With little in the way of moral hazard this time around, we expect fiscal and monetary policy to continue to be deployed in size to help tide over businesses and workers as the backdrop worsens.

The negative news is that it probably shouldn't be called 'stimulus', it is actually 'compensation' for lost earnings. And the more time this extends, the more 'compensation' that will be required. So, for equities, this eventually becomes a solvency crisis as few businesses can survive revenues down more than 50% for a sustained period. Government aid will help, but we also expect equity holders to have to play their part. This means that for some listed companies, equity holders may choose to be wiped out rather than contribute more capital. This is going to take time and will keep the pressure on equity markets over the medium term as ultimately, it is a source of capital when capital becomes scarce. The solvency issues highlighted suggest it is currently too early to survey the wreckage of this current crisis as one needs to be acutely focused on those companies that have the liquidity available to weather the lengthening storm.

The key message is that we will continue to act in your best interests here – preserve capital first and generate returns second. There will undoubtably be good buying opportunities ahead, and we are in the position to increase exposure quickly as the crisis passes. Finally, it is worth remembering that the longer-term effects of this crisis only reinforce our conviction in our underlying portfolio of e-commerce, software and healthcare companies that are going to survive and prosper as the world changes and adapts to what may become the new normal.

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STOCK STORY - EXXON & CHEVRON (SHORTS)

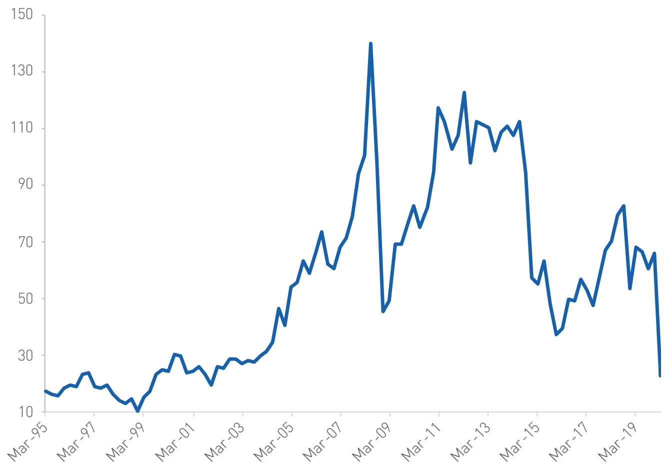
AREA OF INTEREST: CLIMATE CHANGE
COMBINED MARKET CAP: US$290B

Our short positions in Exxon and Chevron contributed 1.6% to fund performance for the quarter. Initially, we saw the oil sector as a key structural loser in our Climate Change Area of Interest as the world moved to more sustainable sources of energy, but with the onset of COVID-19 this evolved to a vast accumulation of industry specific challenges.

The issues in the oil sector have been building for some time. Like tobacco before them, they produce a product that the world is trying to wean itself off. Rapidly accelerating energy transition from fossil fuels left the major oil companies with a quandary: continue to exploit natural resources and the environment or pivot the business model to more sustainable but ultimately lower returning sources of energy? While the European energy majors Total and Shell decided to pivot, Exxon and Chevron did not. It caused a self-perpetuating cycle: the ensuing lower demand environment led to improved production efficiency and lower costs, which in turn increased oil supply, further lowering prices. Before COVID-19, OPEC was happy to be the swing producer and support prices above $60 a barrel. But post the demand shock of COVID-19, OPEC ultimately crumbled.

The current oil price is barely above $20 per barrel and the oil majors are currently navigating their most trying period since World War 2. This has been brought on by COVID-19 related demand side weakness and the OPEC price war supply side complications. We're particularly bearish on Exxon, the company continues to buoy its 10.6% dividend yield drawing leverage on an organic free-cash flow which has been negative since 2013. Net debt is considerably higher at USD$61bn when compared to previous down turns average of US$25bn. With this in mind, we expect the dividend bracing their stock price to be cut and EPS in 2020 to become negative for the first time in 25 years.

BRENT CRUDE OIL PRICE ($USD)



Source: Bloomberg, 31 March 2020

STOCK STORY - AMAZON

AREA OF INTEREST: E-COMMERCE
MARKET CAP: US$950B

Amazon contributed 0.3% to performance during the March quarter. The mere fact that the 3rd largest company in the world can deliver a positive return during a quarter when the S&P 500 is down 20% is testament to the unique role that Amazon has built in our society.

Amazon has been a top position in the Munro Global Growth Fund since inception. We have always been attracted to its leadership in two areas of major structural change in e-commerce and cloud computing. At the end of January, Amazon delivered results that closed out an incredible decade of company growth, surpassing consensus expectations again.

As we enter the next decade, Amazon looks set to benefit from its rapid expansion over the last 10 years as it becomes an increasingly important to our way of life in a post COVID-19 world.

In this time of social distancing, Amazon's e-commerce business has been vital to keeping the wheels of commerce moving. Consumers are increasingly relying on e-commerce as a form of accessing goods, while sellers can also rely on Amazon's extensive 3rd party e-commerce platform to help them get their products to market.

In cloud computing, it's important to recognise that Amazon's AWS platform powers over 50% of all cloud workloads on the planet today. Every Netflix movie you watch, large parts of the software ecosystem and many of the social or fitness platforms you subscribe to, are all powered by Amazon Web Services. As 'work from home' becomes 'WFH' and a more permanent part of our life, cloud adoption should accelerate faster than we previously envisaged. Despite the turmoil, Amazon's next decade looks likely to continue where the last one left off.

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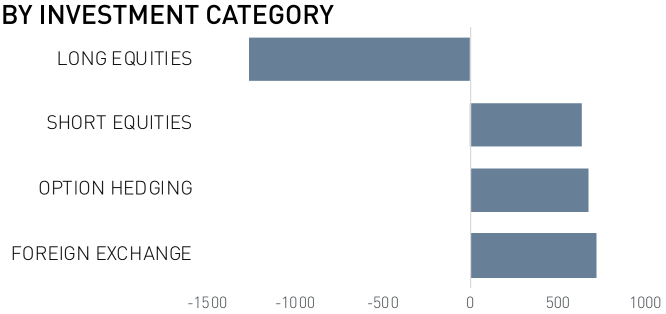
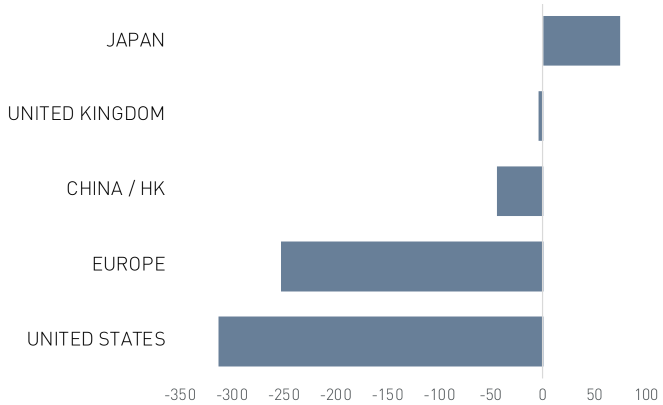
QUARTERLY FUND ATTRIBUTION

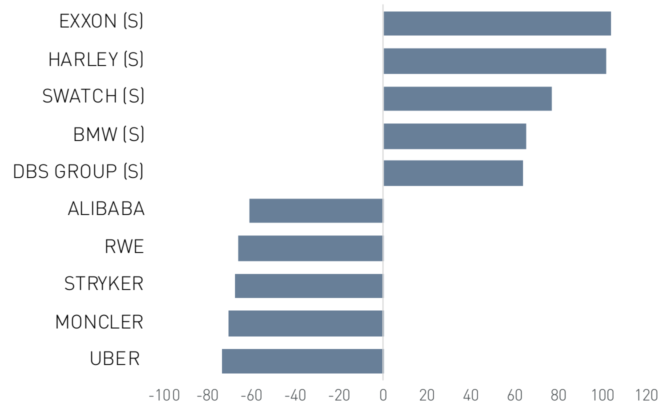
BY INVESTMENT CATEGORY



BY REGION (EQUITIES ONLY)



TOP & BOTTOM CONTRIBUTORS (EQUITIES ONLY)



QUARTER END EXPOSURE

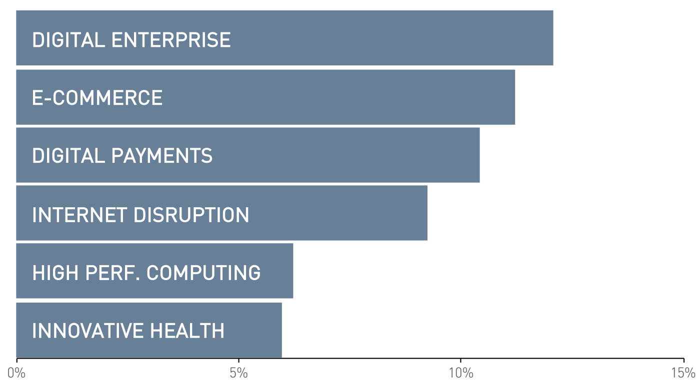
BY INVESTMENT CATEGORY

GROSS	79%	TOTAL POSITIONS	39
LONG	65%	LONG POSITIONS	28
SHORT	14%	SHORT POSITIONS	11
NET	52%		
DELTA ADJUSTED NET	49%		
CURRENCY HEDGE (AUD)	66%		

BY REGION

	GROSS	NET	CURR.
AUSTRALIA	0.0%	0.0%	65.5%
UNITED STATES	60.9%	43.4%	35.5%
UNITED KINGDOM	0.9%	0.9%	0.1%
HONG KONG/CHINA	5.0%	5.0%	-0.3%
EURO AREA	6.1%	4.0%	0.1%
FRANCE	1.9%	1.9%	
GERMANY	1.0%	-1.0%	
NETHERLANDS	3.2%	3.2%	
SWITZERLAND	1.8%	-1.8%	-0.4%
DENMARK	1.9%	1.9%	0.0%
NORWAY	0.5%	-0.5%	0.0%
JAPAN	1.8%	-1.3%	-0.9%
EXPOSURE	78.9%	51.6%	100.0%
DELTA ADJ. EXPOSURE	81.5%	49.0%	

BY AREAS OF INTEREST (AOI)



PERFORMANCE	3MTHS	6MTHS	1YR	2YRS (P.A.)	3YRS (P.A.)	INCEPTION (P.A.)	INCEPTION CUMULATIVE
MUNRO GLOBAL GROWTH FUND (AUD)	7.6%	13.0%	13.5%	9.5%	14.1%	13.2%	57.6%
MSCI AC WORLD TR INDEX (AUD)	-9.7%	-5.6%	3.0%	6.8%	9.2%	10.0%	41.8%

	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%	4.6%	0.7%	5.6%	0.6%	1.3%				**11.9%**