MUNRO GLOBAL GROWTH FUND

ABSOLUTE RETURNS

JUNE 2020 QUARTERLY UPDATE

QUARTERLY HIGHLIGHTS

- Munro Global Growth Fund delivered strong performance for the June quarter, +10.5%, driven by rebounding equity markets but somewhat offset by the strengthening Australian dollar.
- After being focused on capital preservation in the first quarter, the Fund acted quickly following the unprecedented central bank and government relief to the economy, increasing net exposure to over 80% during the first half of April.
- Positive contributions mainly came from our holdings in large digital winners such as Amazon, Microsoft, PayPal (see page 3) and ServiceNow (see page 3).
- The Fund paid a 10.5% distribution for the 2019/20 financial year. The higher distribution amount was due to the annual returns (23.6%) and that a large portion of the distribution was generated from short selling and portfolio hedges, which were realised during the March quarter.

QUARTER#	10.5%	SINCE INCEPTION (P.A.)#	15.2%

NEW YOUTUBE CHANNEL

We have recently updated the Munro Partners' YouTube channel and encourage our clients to subscribe.

We will be recording a new Q&A update video with Founding Partner and Chief Investment Officer, Nick Griffin next week.

This will be first available on YouTube. Subscribers will receive an alert when the video is published.

Munro Partners YouTube channel includes videos on:

- Our Investment Process
- Areas of Interest (e.g. Infrastructure as a Service)
- Fund Updates (e.g. the March quarter webinar)

FUND FEATURES

GLOBAL GROWTH EQUITIES

ABSOLUTE RETURNS

30-50 POSITIONS

CAPITAL PRESERVATION MINDSET

$478M FUND FUM

$1,530M STRATEGY FUM

CONTENTS

FUND COMMENTARY

Global equity markets had their highest quarterly returns in decades as markets rebounded from the March COVID-19 induced lows. The dramatic recovery was led by essentially a 'less bad' outlook on COVID infections and an unprecedented wave of stimulus by central banks and governments across the globe.

The key stimulus package came from US President Donald Trump who signed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act. This $2 trillion US stimulus package was the largest emergency relief bill in American history. Similar packages were passed in other developed countries, combined with co-ordinated central bank efforts to lower interest rates for sovereigns and corporates alike.

Asset prices responded in kind with all asset classes rising. However, equity markets did bifurcate from the lows with strong differentiation between the so-called digital and technology 'winners' in a post COVID world and the so-called bricks & mortar retail, financials and autos 'losers'. This is most evident when looking at the calendar year performance of indices in the US, where the Nasdaq is up 13.7% and the smaller cap Russell 2000 index is down 14.2%.

From a stock attribution perspective for the Fund, positive contributions mainly came from our large digital winners such as Amazon, Microsoft, Paypal and ServiceNow. Elsewhere, strong gains were also achieved from semi-conductor equipment player ASML and in healthcare via Thermo Fisher and Danaher. Detractors for the quarter primarily came from shorts, such as BMW and First Republic, most of which were closed early in the quarter, and hedging losses on put options.

The Fund finished the quarter with net equity exposure over 82% and has increased its USD exposure to 50% following a strong appreciation of the AUD vs. USD.

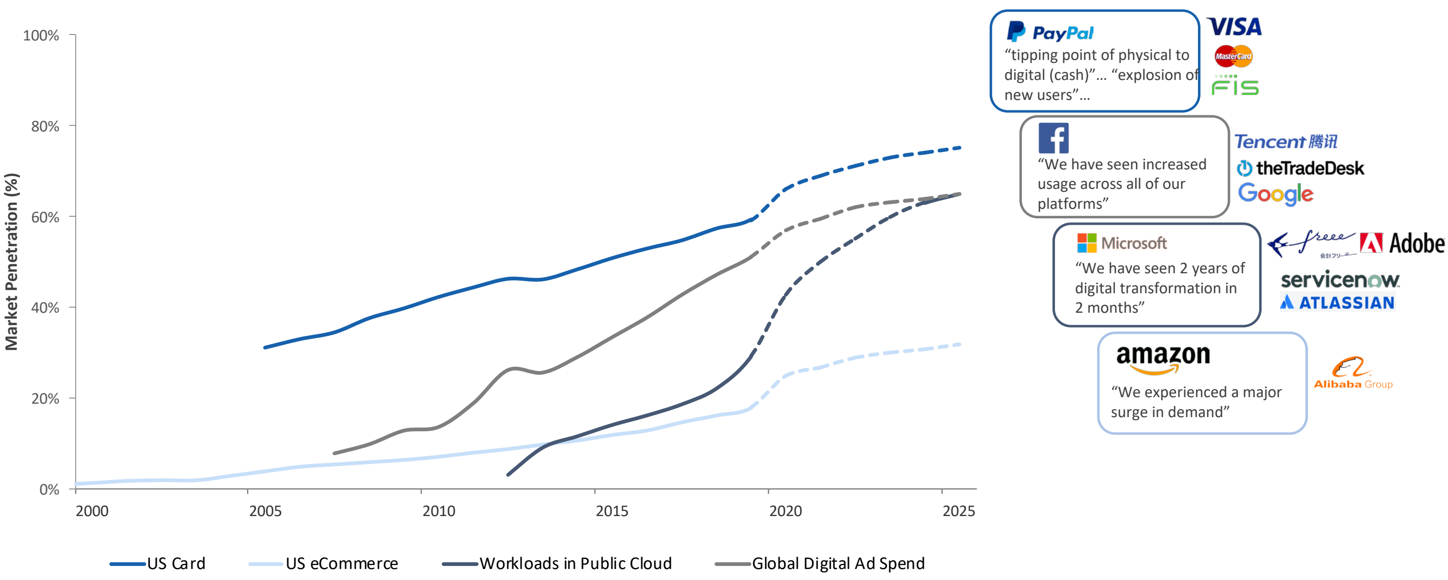
MARKET OUTLOOK

The COVID-19 pandemic is essentially a health crisis and by extension a solvency crisis for many small businesses across the globe. Consequently, governments and central banks alike have seen little need to worry about moral hazard or sovereign debt levels, instead moving quicker than usual to provide unprecedented levels of stimulus and far reaching interventions into credit markets which together have provided a strong firewall against any near-term solvency concerns.

Seeing these unprecedented actions and having also learnt the lesson of the 'Powell Pivot' in December 2018, the Fund acted quickly to close its remaining hedges and short positions, increasing net exposure significantly over the first two weeks of April. Furthermore, we also chose to deploy our remaining cash into identified Areas of Interest (AoI) that would be better off in a post COVID world. Specifically, we have pushed portfolio exposure higher in key winning AoIs like Digital Enterprise, Digital Payments, eCommerce and Innovative Health. Many of our key portfolio holdings are now uniquely positioned to accelerate their market share dramatically as disruption speed, social distancing and the need to test the population becomes more prevalent.

We would reiterate that over the medium to long term it is far more important to correctly identify an area of structural growth and the companies set to benefit from that growth, than to try to predict the direction of the economy or market. With so many areas of disruption occurring at once post COVID-19, we feel confident about the opportunities ahead over the medium to long term.

That said, it would be naïve to think that there are not more twists and turns in the road ahead given the global pandemic. While we are comfortable in our core holdings, we remain watchful for large market drawdowns and are prepared to use our capital preservation tools again should they be required in the months ahead.



Source: Company Filings, Magna, Morgan Stanley, Munro estimates 30 June 2020

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STOCK STORY - PAYPAL

AREA OF INTEREST: DIGITAL PAYMENTS

MARKET CAP: US$210B

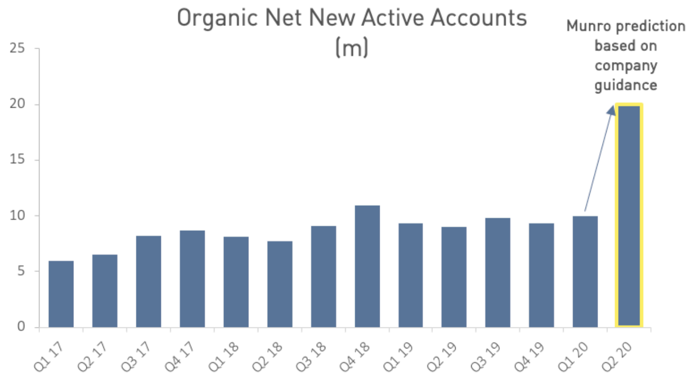
PayPal contributed 1.4% to Fund performance during the June quarter.

The 2020 COVID pandemic has proved an accelerant for digital payments. As consumers have been required to stay at home, e-commerce has become an essential service for many, particularly to buy groceries and pharmaceutical products, and it has also benefited from the shift in spending away from travel and entertainment. Elsewhere, cash has been deemed a virus transmitter, with many businesses and individuals choosing to no longer accept it as a form of payment.

PayPal is the dominant online payment platform, sitting at the forefront of the Digital Payments structural growth trend and has been a core holding in the Fund since early 2018. PayPal operates as a three-sided platform: it connects the bank, consumer and merchant selling online goods to securely process online transactions.

While PayPal's Q1 results were in line with expectations, comments on its accelerating outlook by CEO Dan Schulman were what drove the recent strong performance. As evidence of this positive inflection, on the 1st of May, PayPal had its largest single day of transactions in history, larger than either of Black Friday and Cyber Monday last year.

The company also reports how many 'net new actives' have joined the platform, i.e. net new users adopting PayPal. Typically, PayPal reports 3-4 million net new active users per quarter. During April alone, the company recorded 7.4 million net new active users for a single month and looks on track to deliver nearly 20 million net new active users for the 2nd quarter, (see below). Despite the strong recent performance, we see PayPal as only beginning to monetise these new consumers and expect wider adoption and further performance in the years ahead.



Source: PayPal reports, Bloomberg, Munro estimates 30 June 2020

STOCK STORY - SERVICENOW

AREA OF INTEREST: DIGITAL ENTERPRISE

MARKET CAP: US$80B

ServiceNow contributed 0.9% to Fund performance during the June quarter.

As the market leader in IT Service Management software, ServiceNow is automating IT departments and help desks, as well as enabling them to function virtually, all over the world. While ServiceNow's Q1 results were good, the outlook was also upbeat with the business quickly pivoting to remote working and virtual implementations. CEO Bill McDermott said on the call that "Post COVID, digital transformation will accelerate, and ServiceNow is the workflow standard for digital transformation. And most important, the Now Platform, the platform of platforms, has become the standard for workflow design experiences".

Like many of our software investments, ServiceNow is dominating its core vertical, which in this case is IT support. This domination allows increased R&D investments to create increased functionality and network effects which in turn creates further domination.

ServiceNow's latest software update includes chatbots that automate low level IT helpdesk queries such as resetting passwords; allowing human IT power to focus on more complex requests. Also included were machine learning features – by observing thousands of past queries the machine ascertains what the best outcome is, having learned from history. These features could add significant value in a COVID world where IT help desks have been overwhelmed by the volume of requests.

Other key products in HR and Customer Service Management are early in their life cycle, with management estimating they are 1% penetrated in their addressable markets. Here ServiceNow is the workflow management software that sits on top of the underlying system of record software products. For example, an employee onboarding process touches many different departments from HR, payroll, security, etc. ServiceNow's product allows for automated workflow of this process.

ServiceNow has been a core holding in the fund since early 2018 and the investment case looks as attractive as ever; with the acceleration of digital transformation and vast growth opportunities ahead for a company that is already growing revenues at >30% per annum at close to a 30% FCF margin.

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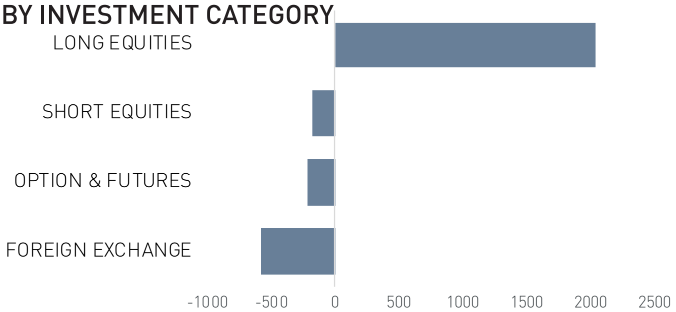
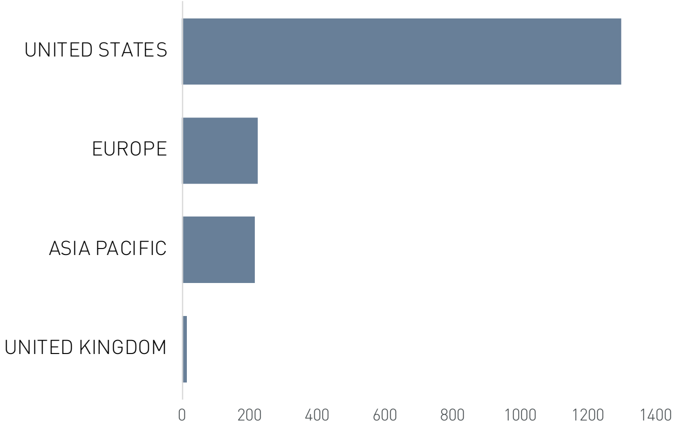
QUARTERLY FUND ATTRIBUTION

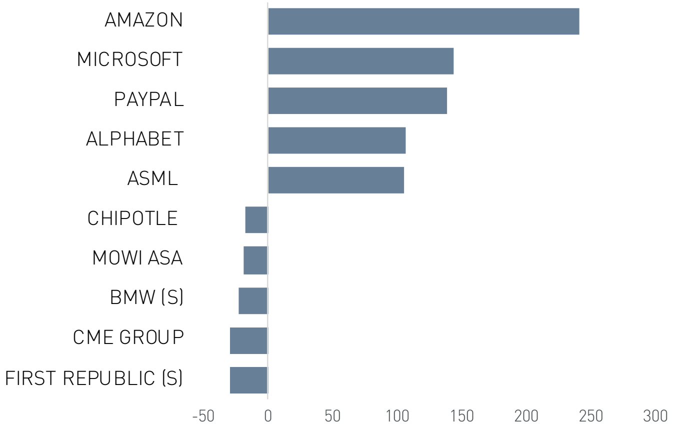
BY INVESTMENT CATEGORY



BY REGION (EQUITIES ONLY)



TOP & BOTTOM CONTRIBUTORS (EQUITIES ONLY)



QUARTER END EXPOSURE

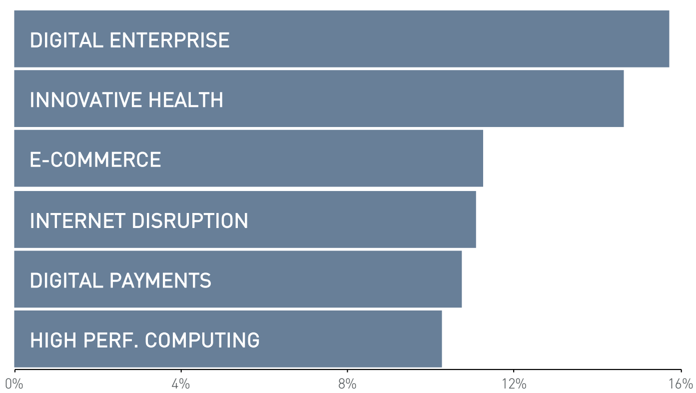
BY INVESTMENT CATEGORY

GROSS	109%	TOTAL POSITIONS	41
LONG	95%	LONG POSITIONS	34
SHORT	13%	SHORT POSITIONS	7
NET	82%		
DELTA ADJUSTED NET	82%		
CURRENCY HEDGE (AUD)	49%		

BY REGION

BY REGION	GROSS	NET	CURR.
AUSTRALIA	0.0%	0.0%	49.1%
UNITED STATES	70.9%	55.7%	50.4%
UNITED KINGDOM	1.1%	1.1%	-0.1%
HONG KONG/CHINA	15.7%	15.7%	0.0%
EURO AREA	9.6%	6.9%	0.2%
GERMANY	1.4%	-1.4%	
IRELAND	1.9%	1.9%	
NETHERLANDS	4.2%	4.2%	
PORTUGAL	2.2%	2.2%	
SWITZERLAND	3.5%	1.6%	0.0%
DENMARK	2.5%	2.5%	0.1%
NORWAY	0.5%	-0.5%	0.0%
JAPAN	4.7%	-0.7%	0.2%
EXPOSURE	108.5%	82.3%	100.0%
DELTA ADJ. EXPOSURE	108.5%	82.3%	
	0.2%		

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)	**10.5%**	**18.9%**	**23.6%**	**12.9%**	**15.5%**	**15.2%**	**74.1%**

	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%	4.6%	0.7%	5.6%	0.6%	1.3%	4.2%	3.9%	2.1%	**23.6%**

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