MUNRO CONCENTRATED GLOBAL GROWTH FUND

RELATIVE RETURNS

JUNE 2021 QUARTERLY UPDATE

QUARTERLY HIGHLIGHTS

- The Munro Concentrated Global Growth Fund returned 8.1% in the June quarter (6.7% from equities and 1.3% from currency), while the MSCI World (Ex-Aus) returned 9.3% (7.6% from equities and 1.7% from currency).
- Global equity markets had another positive quarter, continuing the strong rally from the COVID-19 related lows in March 2020. Market performance was driven by rapidly rising earnings estimates as market participants continue to underestimate the strength of the economic recovery and companies' ability to profit from it.
- At the end of the quarter, the Fund held 32 positions across 11 Areas of Interest and 10 countries.
- From a stock attribution perspective for the quarter, positive contributions came from Nvidia (see page 3), Hello Fresh (see page 3) and Microsoft. Detractors for the quarter included Internet Disruption names The Trade Desk and Uber, and Digital Enterprise company, Twilio.

FUND QUARTER RETURN	8.1%

MSCI QUARTER RETURN	9.3%

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WEBINAR INVITATION

Together with GSFM, we would like to invite you to attend our virtual webinar and Q&A session.

DATE: Tuesday 27 July

TIME: 12.00pm AEST

To recieve the zoom link, please register your details here.

NEW VIDEOS

Throughout the quarter, our YouTube channel published several new videos, including:

- Area of Interest: High Performance Computing
- Stock Story: ASML
- Capital Preservation Mindset

To view our other videos and be notified of upcoming releases, subscribe to our YouTube channel.

MEDIA HIGHLIGHTS

Munro Partners has featured in a number of articles over the quarter. In case you missed them, some highlights have been listed below.

Nick Griffin interviewed with Henry Jennings on the Marcus Today Podcast.

"Meme stock trading 'is just gambling'", The Australian on the rise of meme stocks.

"Investors at odds on how to read the tech rout" - Australian Financial Review.

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FUND COMMENTARY

Global equity markets had another positive quarter, continuing the strong rally from the COVID-19 related lows in March 2020.

Market performance was driven by rapidly rising earnings estimates as market participants continue to underestimate the strength of the economic recovery and companies' ability to profit from it. Aggressive sector rotation continued through the second quarter as investors adjusted their portfolios for the perceived success of vaccine rollouts and the degree to which fiscal and monetary policy support continues.

Further adding to the complexity of the reopening of communities has been the ongoing debate around structural versus transitory inflation. The hawks arguing that the US Federal Reserve is letting the recovery run too hot and the doves saying that inflationary impulses will subside when supply chains normalise post the crisis.

From the Fund point of view, the quarter was volatile but ultimately positive. Areas of interest that contributed strongly to the portfolio in the quarter included eCommerce, High Performance Computing and Digital Enterprise. Climate was weaker as we entered a slower period for political catalysts and some of the renewable companies were pressured by shorter term raw materials and logistics issues.

From a stock attribution perspective for the quarter, positive contributions came from Nvidia (see page 3), Hello Fresh (see page 3) and Microsoft. Detractors for the quarter included Internet Disruption names The Trade Desk and Uber, and Digital Enterprise company, Twilio.

MARKET OUTLOOK

Most market observers will have noted the large sector rotations that have occurred throughout the COVID-19 pandemic. Whether it was the initial shift into 'Work from Home' winners or post vaccine, out of them and into 'Re-Opening' beneficiaries and finally, out of them and into 'Inflation Winners'. Even the market commentators are struggling to keep up with which part of the Growth versus Value trade we should be in right now.

So rather than contribute to this ongoing narrative we make the following three points:

- Stocks follow earnings over the long term;
- Interest rates will only change the price you pay for earnings growth, but they will not change who grows or shrinks in the long run; and
- The world will probably only re-open once.

As we sit here today, the second quarter results season should be the high point for re-opening earnings growth, and in our view its noteworthy that long term interest rates and inflation expectations have stopped going up. Elsewhere, many of the Areas of Interest that contributed positively to Fund performance for the quarter were supposedly in the wrong part of the market for 're-opening'. This would suggest this is the market starting to refocus on earnings growth over the longer term and that the leading growth stocks will re-assert themselves over time. This is particularly clear in our Digital Areas of Interest where growth accelerated during COVID-19 and there is scant evidence that this will slow as workers and consumers alike look to retain the conveniences they discovered. Whether it be hybrid workforces or groceries delivered online, these changes are here to stay.

Outside of the Digital Areas of Interest, we see the broadening economic backdrop as supportive of the Emerging Consumer names in the portfolio, particularly those with travel exposure. Elsewhere, we note some of the global infrastructure policies as likely to help the Climate Area of Interest. Further into 2021, the UN COP26 meeting in Glasgow in November looks set to be a major catalyst for the leading decarbonisation enablers in the Fund.

To conclude, we remain generally positive. The backdrop of economic growth broadening and global interest rates likely to remain structurally lower, creates a good environment for companies with the ability to grow. Equities will clearly be the asset class of choice if this environment prevails. The key risk to this outlook remains that long term interest rates have further to rise. While, in our view, moderately higher rates are very manageable for growth stocks, we do watch for an overshoot if the Federal Reserve is forced into hiking more aggressively. For risk management purposes, we are running a slightly more balanced portfolio by Areas of Interest and by stock valuations.

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STOCK STORY - HELLOFRESH

AREA OF INTEREST: ECOMMERCE

MARKET CAP: EUR 14B

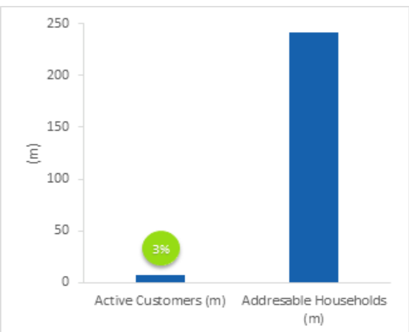
HelloFresh added 96bps to quarterly performance.

Listed in Germany, HelloFresh is the global leader in online meal-kits. The company is solving the age-old problem of "what am I going to cook for dinner tonight?".

This is still a nascent business model that is addressing the very large grocery market. HelloFresh sources ingredients from 3rd parties and complete the kit with in-house manufacturing (package ingredients and box them up). Effectively the business is 100% private label, which gives HelloFresh a much higher gross margin than supermarkets. HelloFresh "source to order" therefore has much lower food wastage (<1%) versus a supermarket that "sources to stock" (and therefore has 15-25% wastage). Given HelloFresh is sourcing a small number of Stock-Keeping-Units (SKUs) in large scale from relatively smaller suppliers, they have strong bargaining power. HelloFresh has a limited real estate footprint (only leased manufacturing facilities) as compared to a supermarket and finally, they are paid in advance, so have the benefit of negative working capital which can be used to fund further expansion of production facilities.

During the quarter, HelloFresh raised their 2021 full year revenue growth guidance range from 20%-25% to 35%-45%. The company also narrowed their Adjusted EBITDA margin guidance range from between 9%-12% to 10%-12%. This large guidance range lift was on the back of a more favourable than expected customer growth during the first quarter of 2021 and continued higher order rates.

During the quarter, HelloFresh added net new customers of 2 million taking the active customer number to just over 7 million. We continue to like HelloFresh given their founder-led mindset, in which they continue to provide customers with more choice and convenience. The company has barely scratched the surface of its addressable market and looks set to benefit as more and more consumers discover the convenience of ordering groceries online.



Source: Cowen & eMarketer 2020

STOCK STORY - NVIDIA

AREA OF INTEREST: HIGH PERFORMANCE COMPUTE

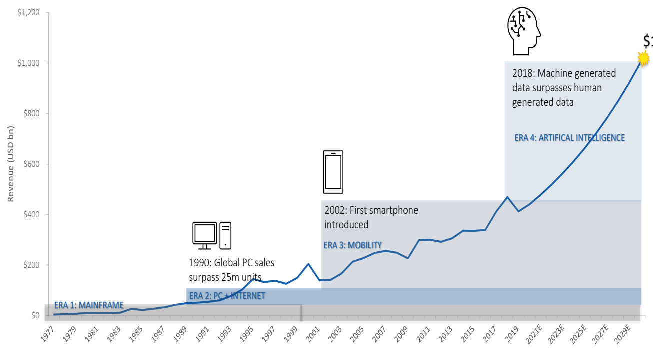
MARKET CAP: USD 515B

Nvidia added 158 basis points to June quarterly performance.

Starting life as producer of graphics cards primarily to help run video games, Nvidia has emerged to become the world's leading designer of semiconductors, dominating the so-called 4th era of computing: the era of artificial intelligence. Put simply, a Graphic's Processing Unit (GPU) can process thousands of operations at once, known as parallel processing, ideal for functions like video games where there are thousands of potential outcomes every second. This capability also makes them perfect for the world of Artificial Intelligence (AI) as voice recognition software or personalised recommendations online for instance need similar capability.

Consequently, Nvidia GPU's and their attached software CUDA dominate the video game industry. They now also design into hyperscale cloud data centres, autonomous vehicles and numerous Internet of Things (IOT) devices. This trend is known as 'Accelerated Computing', the shift to GPU's and parallel computing to sit alongside the CPU's (Central Processing Unit) good for serial processing, to essentially make computers solve complex algorithms faster. It is also the primary reason why Nvidia has recently passed Intel as the world's largest semiconductor company.

Quarterly performance for Nvidia was driven by their fiscal first quarter results on the 27th of May. The company beat consensus handily and gave guidance that saw consensus earnings forecasts lifted by nearly 20%. Clearly gaming demand remains strong but it was the insatiable demand from hyperscale data centres that wrong-footed consensus. The large hyperscale data centre providers like Amazon Web Services, Google Cloud and Microsoft Azure have a seemingly insatiable demand for accelerated computing. Their ability to process AI functionality faster is in essence the key differentiator in the service level they offer for cloud customers versus on-site workloads. With attach rates of GPU's still low, it is unlikely that this demand will slow, and we see a long runway of growth ahead for Nvidia, who should become the key enabler of AI functionality in all its forms for the 4th era of computing.



Source: World Semiconductor Trade Statistics, April 2021, Applied Materials

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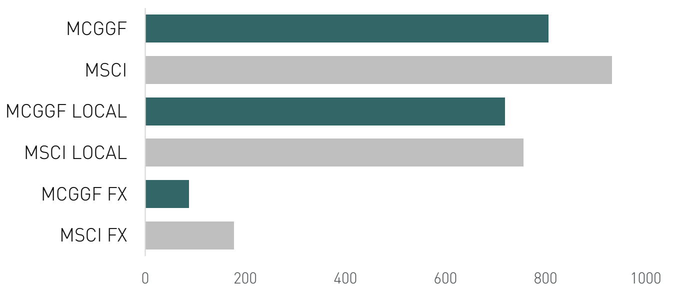
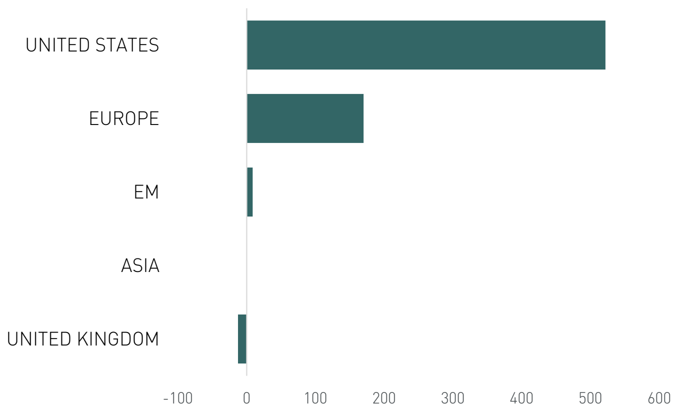
QUARTERLY FUND ATTRIBUTION (BASIS POINTS)

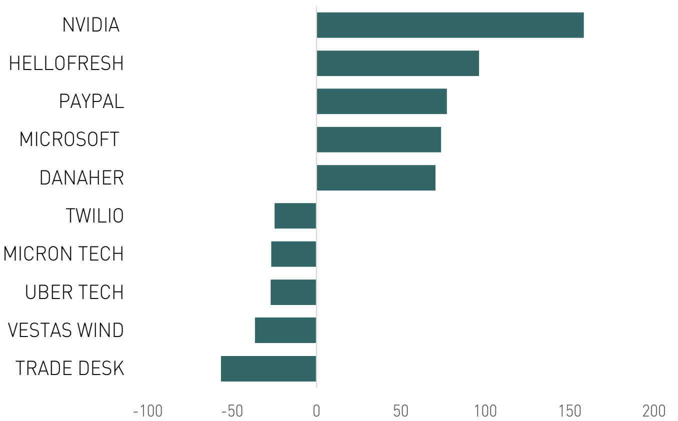
INVESTMENT CATEGORY



REGION



CONTRIBUTORS (TOP & BOTTOM)



QUARTER END EXPOSURE

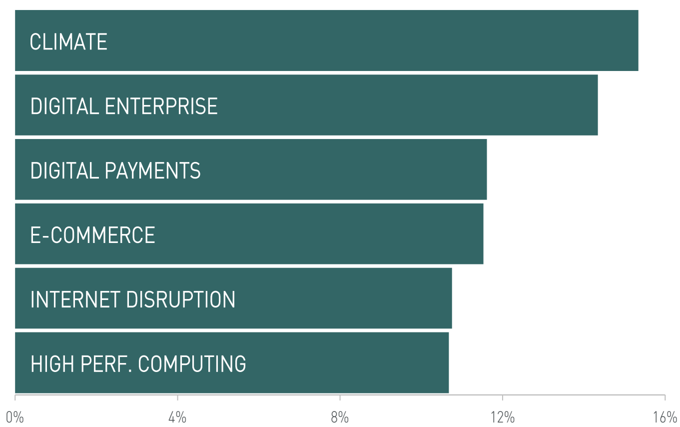
INVESTMENT CATEGORY

LONG	94.3%	INFO TECH	39%
CASH	5.7%	INDUSTRIAL	14%
NO. OF LONG POSITIONS	32	COMM. SERV.	10%
		CONS. DISC.	12%
		OTHER	19%

REGION

	LONG
UNITED STATES	64.6%
EUROPE	25.5%
GERMANY	6.1%
FRANCE	5.7%
ITALY	3.2%
IRELAND	1.9%
SPAIN	3.7%
NETHERLANDS	3.6%
DENMARK	1.3%
TAIWAN	2.8%
JAPAN	1.4%
EXPOSURE	94.3%
CASH	5.7%

AREAS OF INTEREST (AOI)



PERFORMANCE	3 MTHS	6 MTHS	FYTD	12 MTHS	INCEPTION P.A.	INCEPTION CUMULATIVE
MUNRO CONCENTRATED GLOBAL GROWTH FUND (AUD)	**8.1%**	**8.7%**	**26.5%**	**26.5%**	**27.9%**	**50.6%**
MSCI AC WORLD (EX-AUS) TR INDEX (AUD)	9.3%	16.2%	27.5%	27.5%	15.8%	27.6%
EXCESS RETURN	-1.3%	-7.6%	-1.0%	-1.0%	12.1%	23.0%

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL RETURN
2020FY					4.9%	-1.2%	7.4%	-1.1%	-4.2%	6.7%	4.4%	1.3%	**19.0%**
2021FY	4.4%	4.4%	1.0%	2.0%	3.1%	0.5%	1.2%	-0.4%	-0.2%	3.6%	-2.2	6.6%	**26.5%**

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

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