



MUNRO

Quarterly report

Munro Climate Change Leaders Fund

MCCL.ASX

March 2026



Munro Climate Change Leaders Fund & MCCL.ASX

March 2026 – Quarterly report

MCCL Fund quarter return (net)

7.9%

MSCI ACWI quarter return

-5.8%

MCCL.ASX Fund quarter return (net)

7.9%

MSCI ACWI quarter return

-5.8%

QUARTERLY HIGHLIGHTS

- The Munro Climate Change Leaders Fund returned 7.9% net for the quarter (MCCL.ASX 7.9% net) outperforming the MSCI ACWI Index which returned -5.8%.
- Key contributors to performance for the quarter included GE Vernova, Quanta Services and Vertiv. Key detractors from performance over the quarter included Constellation Energy, Mirion Technologies and Heidelberg Materials.
- Global equity markets started 2026 with broadly strong performance in January. However, throughout February and March, most major global indices fell, largely due to AI disruption risks and the Iran war.

MUNRO MEDIA

Livewire Rules of Investing Podcast, March 2026

Munro's CIO Nick Griffin talks to Livewire's James Marlay about his views on the current landscape of growth investing.

[Listen to the episode here](#)

Invest in the Journey podcast, March 2026

Analyst Dan Condon and Ben Chamberlain discuss the latest earnings season.

[Listen to the episode here](#)

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QUARTERLY COMMENTARY

Fund commentary

The Munro Climate Change Leaders Fund returned 7.9% net for the quarter (MCCL.ASX 7.9% net) outperforming the MSCI ACWI Index which returned -5.8%.

Global equity markets started 2026 with broadly strong performance. However, throughout February and March, most major global indices fell, largely due to AI disruption risks and the Iran war. For the quarter, the US S&P finished down 4.6%, the Nasdaq down 6% and the European Stoxx 600 down 1.5%. Asian markets were mixed; the Hang Seng followed US and European markets, finishing down 3.3%, the Japanese Nikkei finished up 1.4%, but the standout performer was the South Korean KOSPI, closing up 19.9%, driven by strong performance from companies exposed to the semiconductor supply chain. The appreciating AUD was another headwind for returns, appreciating 2.7% versus the USD for the quarter.

The first appearance of equity market volatility in the quarter was driven by investor concern over disruption risk emanating from artificial intelligence. Large Language Models (LLMs) created by companies such as Anthropic, OpenAI and others continued to release new tools and applications, instilling a heightened sense of fear around software and information services stocks. Secondly, the Iran war commenced in March, closing the Strait of Hormuz, which consequently created volatility in global energy markets and, as a result, broad equity indices. We discuss its potential impact on the energy transition below.

GE Vernova (Clean Energy) was the largest contributor to performance. Performance this quarter was driven by the insatiable demand for gas turbines globally to support power infrastructure and the AI compute buildout. As we have noted previously, gas is less than 50% of revenue and the majority comes from wind, grid, hydro and nuclear energy equipment which enables decarbonisation. The company continued its positive run after management delivered a strong outlook for the medium term at the analyst day in December. Quanta Services (Clean Energy), which builds electrical grid infrastructure, also contributed to performance. Their labour force of electricians remains a key bottleneck to adding new electricity supply, which was again highlighted at their Capital Markets Day on the last day of March. Vertiv (Energy Efficiency) was also a positive contributor after posting rapid acceleration in orders for their energy efficient data centre cooling equipment.

Detractors from performance for the quarter included Constellation Energy, Mirion Technologies and Heidelberg Materials. Constellation Energy (Clean Energy), which owns the largest fleet of nuclear energy reactors in the US, was impacted by several issues explained in the stock story below. Heidelberg Materials (Circular Economy), whose increasing mix of revenue from lower carbon cement and concrete led to its inclusion in the fund, was impacted first by rumours of a less ambitious EU Emissions Trading Scheme and then by increasing input prices following the Iran war. Finally, Mirion Technologies (Clean Energy) fell after its organic growth missed the already reduced guidance.

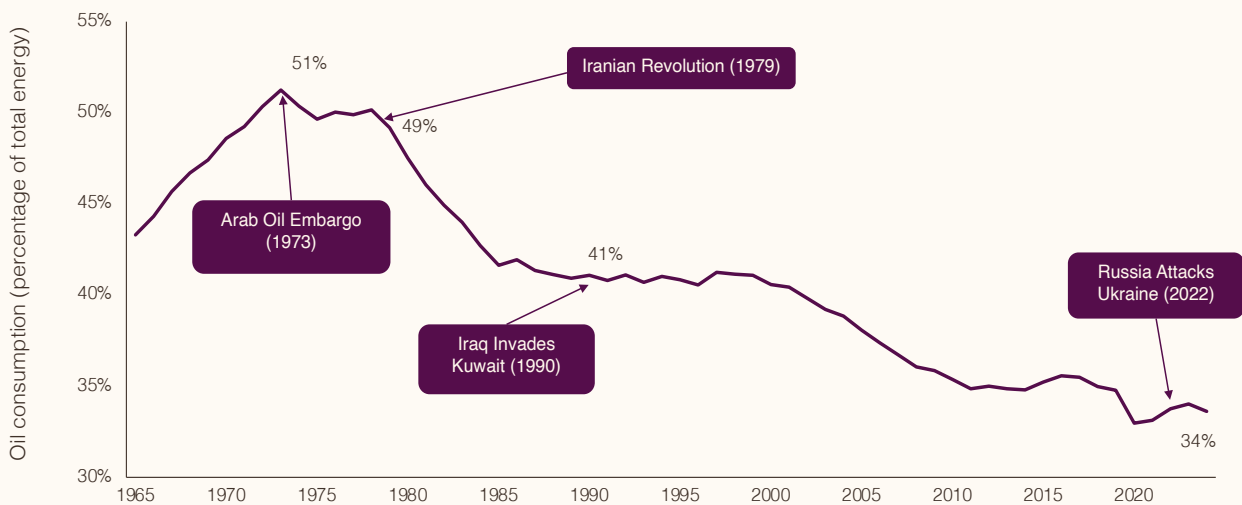
QUARTERLY COMMENTARY

Market Outlook

The narrative in 2026 has been dominated by the Iran War. As the conflict enters its second month, we must acknowledge that we simply do not know the future of the conflict and its many implications.

But one thing we do know is that it does bring national energy security and reliance on foreign oil to the fore. As the chart below shows, past oil crises have accelerated moves to other fuels.

OIL CRISES HAVE HISTORICALLY ACCELERATED ITS CONSUMPTION DECLINE MUNRO



Source: Energy Institute Statistical Review, Bloomberg, March 2026.

Importantly, unlike those previous periods, today there are viable, cheap alternatives to oil-based technologies. The most obvious example is an electric car or truck as an alternative to an internal combustion engine vehicle. Another example is heating and cooling that does not rely on fossil fuels. Both require more electricity generation, which in turn is supportive of cheap, fast-to-deploy renewable generation and grid infrastructure.

So, all else equal, we consider the current crisis an accelerator for electrification.

We discuss EV battery maker CATL, which we think is a key beneficiary, below.

For the team's broader market outlook, please reference The Munro Global Growth Fund report [available here](#).¹

¹ https://www.munropartners.com/wp-content/uploads/Munro_Quarterly_MGGFMAET_MAR26.pdf

STOCK STORY: CATL

CATLSUB-AREA OF INTEREST: **Clean Transport**MARKET CAP: **US\$269bn**

CATL contributed 110bps to performance for the March quarter.

CATL, in the Clean Transport Sub-Area of Interest, is the world's largest battery cell manufacturer with 39% of global market share in power batteries in 2025. The company operates a vertically integrated model spanning mining, processing, R&D and battery cell production for electric vehicles (EVs) and energy storage systems (ESS).

In EVs, which remains the largest end market for their products, the company's customers include 9 of the top 10 leading EV manufacturers by volume. CATL holds a leading position in lithium iron phosphate (LFP) batteries, which are increasingly the preferred chemistry due to their cost advantage and superior safety profile. While we anticipate EV volumes to slow in 2026, larger batteries with longer range mean a content uplift opportunity for CATL.

However, recently it has been ESS, not EVs, which have the more exciting area of growth. In particular, China needs ESS because much of the solar it has already installed is curtailed (essentially wasted) because supply exceeds demand. To illustrate, in the first half of 2025, 33% of the solar generated in the western Chinese region of Tibet was curtailed. If they had more ESS, they could store this excess supply during daylight hours and use it in the evening peak. To address this, China recently announced ambitious ESS policies aiming to grow capacity by nearly 30% p.a. to 180GW by 2027, requiring investment of US\$35b: a huge revenue opportunity for developers and battery makers. We anticipate growth of over 50% in CATL's ESS end market in 2026.

At CATL's result in late March, they also confirmed expectations of between 20-30% volume growth for the next 5 years. CATL also said they expect net profit per unit (kWh) will remain stable in 2026. The ability to grow profitably has been a key difference between CATL and listed peers which, despite also benefiting from the underlying volume growth, have struggled with maintaining margins. This was a key focus leading up to the result given the lithium price, a key raw material for batteries, has increased over 30% year to date (using the Chinese lithium carbonate spot price as a proxy). CATL reiterated that its EV customers have cost pass through contracts, and for ESS they regularly adjust prices for raw materials and demonstrate value-add to maintain pricing and margins.

We also continue to see CATL leading innovation. One example is in sodium ion batteries. In February, CATL and EV maker Changan Automotive unveiled the first mass-production EV with sodium ion batteries - a technology which does not use lithium and promises between 30-40% lower battery cost versus lithium over time. It also changes the percentage of the battery cost which comes from raw materials, with CATL hoping that they can again benefit from their technological lead and grow profitably.

Finally, in the Market Outlook above we discuss the implications of the Iran war on the energy transition, and how electric vehicles may benefit. The chart below shows Google Search interest over time in the phrase "electric vehicle" is at all-time highs. In the US, current interest eclipses both the introduction of Biden-era \$7,500 consumer subsidies in 2022 and the spike in interest ahead of them being scrapped in 2025.

Again, while the many macro implications of the Iran war – including interest rates and consumer confidence – are unknown, it does suggest a rapid change in preferences.

STOCK STORY: CATL

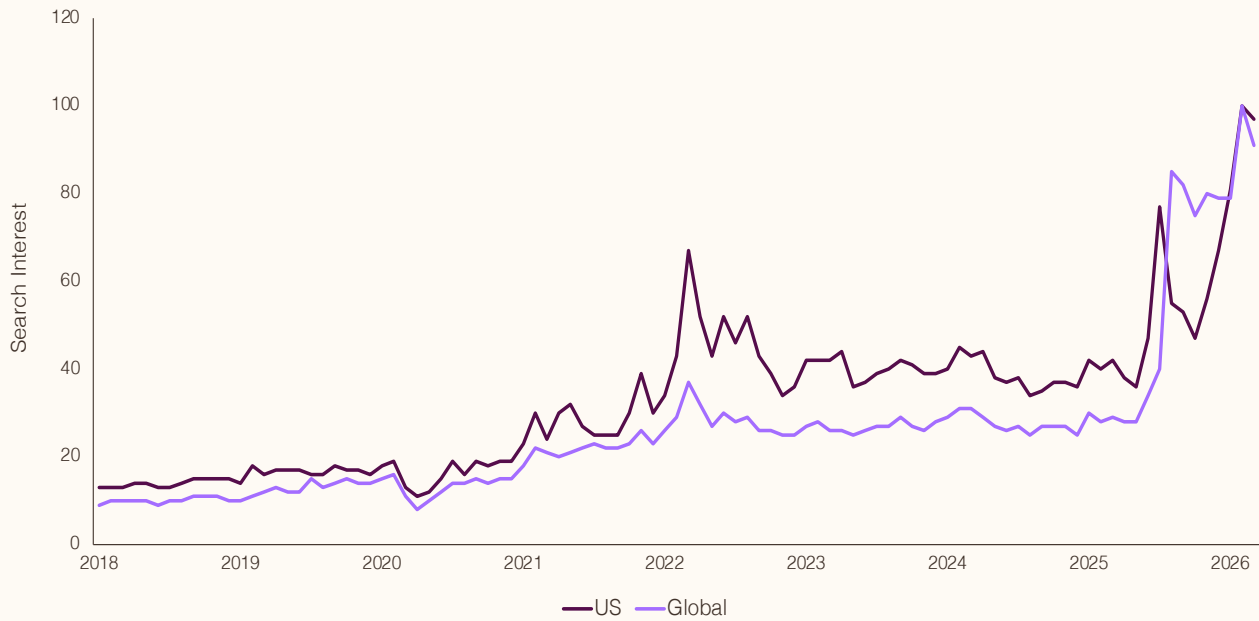


SUB-AREA OF INTEREST: **Clean Transport**

MARKET CAP: **US\$269bn**

INTEREST IN ELECTRIC VEHICLES OVER TIME

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Source: Google Trends. Search interest for 'electric vehicle'. The chart is on a relative scale from 0 to 100, where 100 signifies the peak interest since 2004. A value of 50 indicates half the popularity of the peak.



STOCK STORY: CONSTELLATION ENERGY



SUB-AREA OF INTEREST: **Clean Energy**

MARKET CAP: **US\$101bn**

Constellation Energy detracted 119bps to performance for the March quarter.

Over the last six months, key elements of our investment thesis on Constellation Energy (CEG) have deteriorated, and we recently exited the position.

When we first invested in 2022, we saw the potential for CEG to evolve from a commodity power producer into the owner of scarce nuclear assets, capable of securing long-term contracts at premiums to prevailing power prices. That thesis was strengthened by rising hyperscaler demand for generation capacity to support increasingly power-intensive AI data centres.

While we continue to see AI-driven power demand accelerating, the backdrop for CEG has become more challenging. There is growing political and regulatory sensitivity around redirecting existing power generation away from the grid and towards hyperscalers, particularly where this could contribute to higher electricity prices for households. As a result, the pace of new data centre-related contracting has slowed, and we decided to manage our position, appreciating this emerging risk and the volume of data centre deals reflected in the stock price.

At its recent guidance update, management did not deliver a new data centre deal as they had promised and acknowledged that recent policy developments have made these agreements harder to execute. We now have lower confidence that CEG will be able to contract most of their generation fleet at premiums we had expected, which would impact our qualitative assessment of CEG's earnings durability. According to our investment process, this reduces the multiple we're prepared to pay for CEG's earnings.

From a portfolio perspective, our preference has also shifted toward beneficiaries of new power capacity rather than existing generation. This is reflected in positions such as GE Vernova (GEV) and Siemens Energy (ENR), which are among the Fund's largest holdings.

How a sample of companies in the Munro Climate Change Leaders Fund are enabling decarbonisation

The Munro investment process seeks to identify companies across a range of industries and countries whose earnings prospects would improve with increased investment and focus on decarbonisation, as the global economy moves towards reducing carbon emissions. Companies Munro considers climate change leaders and decarbonisation enablers generally fit one or more of the following sub themes:

- Clean Energy – Companies benefiting from the demand for carbon-free and renewable energy including energy generation covering wind, solar, nuclear, renewable diesel and electrical grid equipment.
- Clean Transport – Companies benefiting from the growth of electric vehicles, battery technology and other low carbon transportation methods.
- Energy Efficiency – Companies offering energy-efficient solutions such as insulation products, electrical switches, lighting, metering and other related technologies.
- Circular Economy – Companies positioned to benefit from advancements in recycling, alternative packaging, waste and wastewater management, agricultural technologies and other resource-conserving services.

How some of the Fund's holdings meet Munro's definition of a climate change leader:

Constellation Energy

Clean Energy

Constellation Energy owns the largest fleet of nuclear power stations in the US. Nuclear energy is a carbon-free source of electricity.

Nearly 90% of their annual output is carbon-free.*

CATL

Clean Transport

CATL is the world's largest supplier of lithium batteries for electric vehicles (EVs), which are key to the decarbonisation of transport. CATL also makes batteries for energy storage solutions (ESS) which when combined with renewable energy generation help to decarbonise the electricity grid.

Quanta Services

Clean Energy

Quanta Services develops electricity infrastructure, which is essential in the transition to decarbonise the planet because it allows things including cars, heating and cooling to be electrified. Separately, Quanta has a dedicated business which develops renewable energy projects.

Clean Harbors

Circular Economy

Clean Harbors collects, manages and destroys or stores hazardous industrial waste. Some of this waste has high global warming potential (GWP) if it is released into the atmosphere. Clean Harbors' safe destruction helps avoid emissions. Clean Harbors also recycles used motor oil. This process is less emissions intensive than making oil from crude.

Nvidia

Energy Efficiency

As the world's demand for artificial intelligence grows rapidly, Nvidia is enabling more energy efficient data centres through their GPU chips. Nvidia's latest GPUs are over 50 times more energy efficient for certain AI workloads compared to CPUs. And, pleasingly, newer products are continuing to achieve large energy efficiency gains per unit of computing.

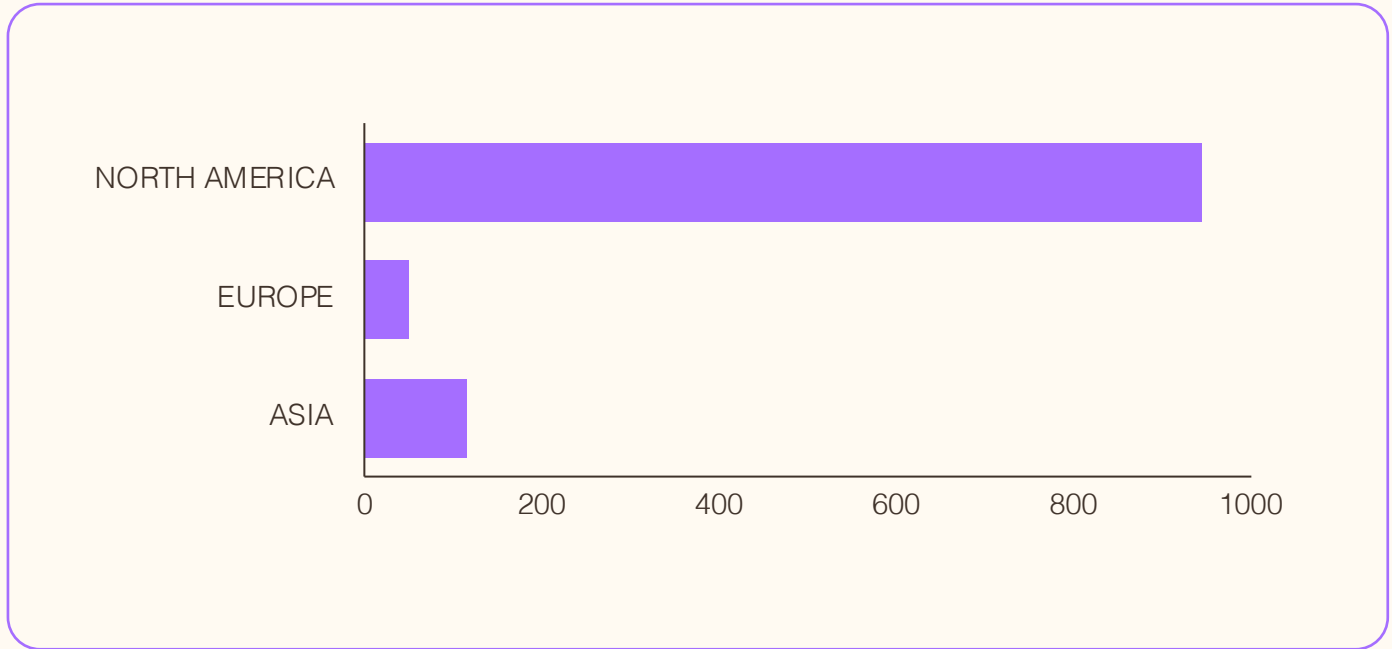
GE Vernova

Clean Energy

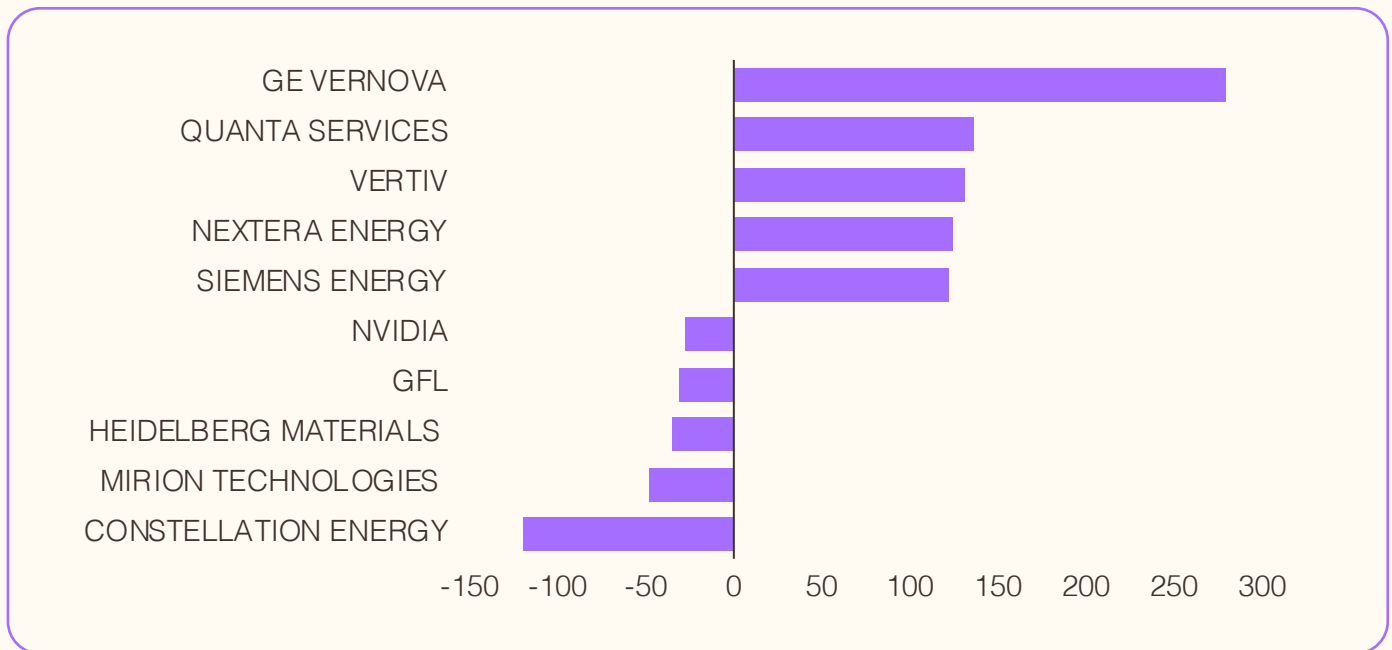
GE Vernova provides electrical grid, wind energy, nuclear energy and hydropower equipment and services. This infrastructure is essential to decarbonising electricity, which also enables other things like transport and heating to be electrified and decarbonised.

QUARTERLY FUND ATTRIBUTION (BASIS POINTS)

By region (equities only)



Top & bottom contributors to performance



QUARTER END EXPOSURE

Category

EQUITIES	97.6%
CASH	2.4%
NO. OF POSITIONS	25

Sector

INDUSTRIALS	58.1%
UTILITIES	17.9%
INFORMATION TECHNOLOGY	9.0%
OTHER	12.7%
CASH	2.4%

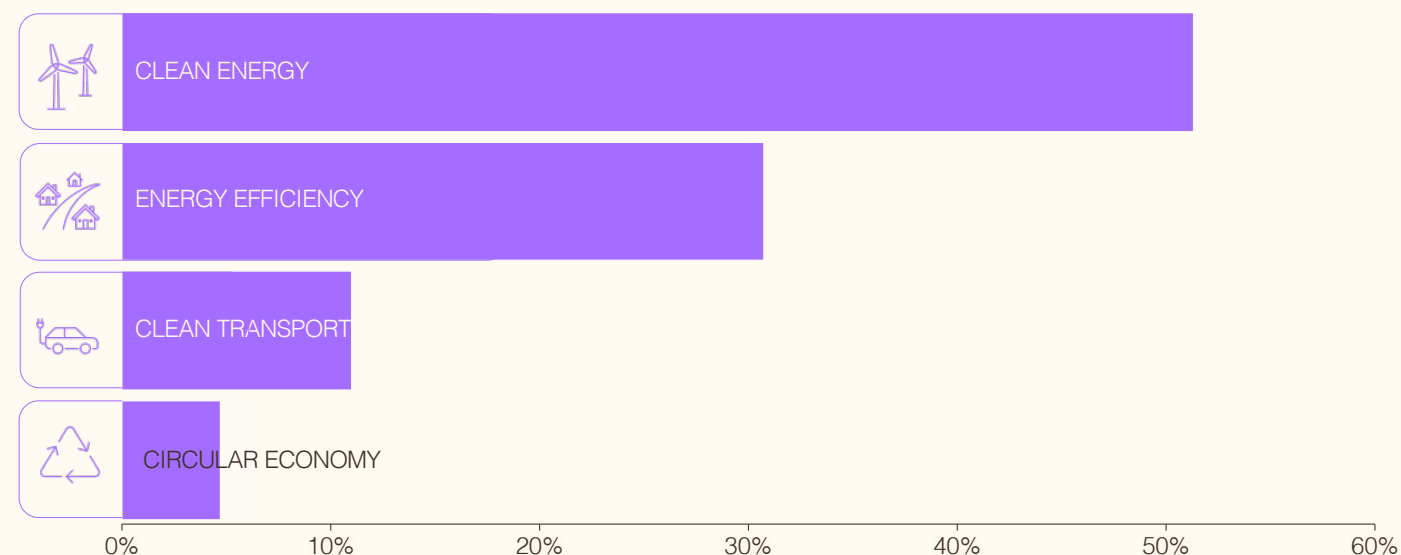
Region

UNITED STATES	69.9%
EUROPE	20.0%
FRANCE	5.0%
SPAIN	4.5%
GERMANY	10.5%
BRITAIN	1.4%
ASIA	6.3%
TOTAL	97.6%
CASH	2.4%

Top 5 holdings

GE VERNOVA	9.5%
NEXTERA ENERGY	9.0%
LINDE	7.1%
CATL	6.3%
SIEMENS ENERGY	5.9%

Sub-Areas of Interest



Net Performance - MCCL

	3MTHS	6MTHS	1YR	3 YRS	INCEPT P.A.	INCEPT CUM.
MUNRO CLIMATE CHANGE LEADERS FUND (AUD)	7.9%	10.6%	41.8%	32.9%	18.8%	114.3%
MSCI ACWI*	-5.8%	-3.2%	9.2%	15.7%	10.3%	54.5%
EXCESS RETURN	13.6%	13.9%	32.6%	17.2%	8.5%	59.8%

INCEPTION: 29 OCTOBER 2021

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2022FY				0.0%	3.5%	0.8%	-10.5%	-3.9%	0.2%	-4.5%	-1.1%	-6.6%	-20.7%
2023FY	10.6%	0.8%	-2.4%	3.3%	2.9%	-7.2%	-0.5%	1.6%	6.1%	-1.8%	4.1%	3.1%	21.3%
2024FY	2.5%	0.3%	-6.2%	-3.4%	4.9%	4.1%	4.4%	21.3%	5.7%	-1.7%	9.9%	-2.9%	42.8%
2025FY	2.9%	-1.0%	5.5%	5.6%	7.0%	-2.8%	3.8%	-5.1%	-5.4%	3.9%	11.1%	5.2%	33.6%
2026FY	5.8%	-4.7%	4.6%	4.8%	-0.7%	-1.5%	1.1%	8.1%	-1.2%				18.8%

Net Performance - MCCL.ASX

	3MTHS	6MTHS	1YR	3 YRS	INCEPT P.A.	INCEPT CUM.
MCCL.ASX (AUD)	7.9%	10.6%	41.8%	32.9%	21.6%	126.7%
MSCI ACWI*	-5.8%	-3.2%	9.2%	15.7%	10.7%	53.3%
EXCESS RETURN	13.7%	13.9%	32.6%	17.2%	10.8%	73.4%

INCEPTION: 20 JANUARY 2022

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2022FY							-1.1%	-3.9%	0.2%	-4.5%	-1.1%	-6.6%	-16.1%
2023FY	10.6%	0.8%	-2.4%	3.3%	2.9%	-7.2%	-0.5%	1.6%	6.2%	-1.8%	4.1%	3.1%	21.3%
2024FY	2.6%	0.3%	-6.2%	-3.4%	4.9%	4.1%	4.4%	21.3%	5.7%	-1.7%	9.9%	-2.9%	42.8%
2025FY	2.9%	-1.0%	5.5%	5.6%	7.0%	-2.8%	3.8%	-5.1%	-5.4%	3.9%	11.1%	5.2%	33.6%
2026FY	5.8%	-4.7%	4.6%	4.8%	-0.7%	-1.5%	1.0%	8.1%	-1.2%				16.8%

Differences in performance between the Munro Climate Change Leaders Fund and MCCL (ASX quoted share class of the Fund) relate to their respective inception dates, the buy/sell spread of the iNAV for MCCL.ASX, and the timing difference between the issuing of units during the day on the ASX for MCCL.ASX. This may result in reporting small differences in performance.

IMPORTANT INFORMATION: Past performance is provided for illustrative purposes only and is not a guide to future performance. Data is as at 31 March 2026 unless otherwise specified. The inception date of the Munro Climate Change Leaders Fund is 29 October 2021, and the inception date of MCCL.ASX is 20 January 2022. Returns of the Funds are net of management costs and assumes distributions have been reinvested. Numbers may not sum due to rounding or compounding returns. The MSCI ACWI Index refers to the MSCI All Country World Index Total Return Net Total Return Index in Australian Dollars. BPS refers to Basis Points. Sub-Aol refers to Sub-Area of Interest. EM refers to Emerging Markets (including China). GSFM Responsible Entity Services Limited ABN 48 129 256 104 AFSL 321517 (GRES) is the responsible entity of the Munro Climate Change Leaders Fund ARSN 654 018 952 APRI GSF1423AU (Fund) (MCCL). GRES is the issuer of this information. Unit class A (MCCL) is an unlisted class of units in the Fund and Unit class E (MCCL.ASX) is an ASX Quoted class of units in the Fund. Collectively they are referred to as the Funds. This information has been prepared without taking account of the objectives, financial situation or needs of individuals. Before making an investment decision in relation to the Funds, investors should consider the appropriateness of this information, having regard to their own objectives, financial situation and needs and read and consider the Product Disclosure Statement (PDS) for the Funds and the Additional Information to the PDS (AIB) which may be obtained from www.gsfm.com.au, www.munropartners.com or by calling 1300 133 451. GSFM Responsible Entity Services has produced a Target Market Determination (TMD) in relation to the Munro Climate Change Leaders Fund and MCCL.ASX Fund. The TMD sets out the class of persons who comprise the target market for the Funds and is available at www.gsfm.com.au. None of GRES, Munro Partners, their related bodies or associates nor any other person guarantees the repayment of capital or the performance of the Funds or any particular returns from the Funds. No representation or warranty is made concerning the accuracy of any data contained in this document.

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