



MUNRO

Quarterly report

Munro Global Growth Small & Mid Cap Fund

December 2025



Munro Global Growth Small & Mid Cap Fund

December 2025 – Quarterly report

Munro Global Growth Small & Mid Cap Fund quarter return (net)

-0.8%

MSCI ACWI SMID CAP Index quarter return

1.5%

QUARTERLY HIGHLIGHTS

- The Munro Global Growth Small & Mid Cap Fund returned –0.8% net for the quarter underperforming the MSCI ACWI SMID CAP Index which returned 1.5%.
- Top contributors to performance for the quarter included Ciena, Celestica and Comfort Systems. Key detractors from performance over the quarter included Leonardo DRS, Wuxi Biologics and Astera Labs.
- Over the 2025 calendar year, the Fund returned 14.4%, outperforming the benchmark's return of 10.8% by 3.6%. From our perspective, the outlook for small and mid-cap growth companies in 2026 is promising and we remain committed to a diversified portfolio.

MUNRO MEDIA

2025 Year in Review and 2026 Market Outlook, December 2025

CIO Nick Griffin reflects on 2025, and provides his outlook for the year ahead.

[Watch the video here](#)

Invest in the Journey podcast, December 2025

Wrapping up the year that was and looking to the year ahead.

[Listen to the episode here](#)

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INVESTMENT TEAM



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QUARTERLY COMMENTARY

Fund commentary

The Munro Global Growth Small & Mid Cap Fund returned –0.8% net for the quarter underperforming the MSCI ACWI SMID CAP Index which returned 1.5% net.

Global equity markets finished 2025 with solid performance, as indicated by the S&P which rose by 18%, the Russell 2000 rose 13% (both in local currency) and the MSCI ACWI SMID CAP Index which rose 10.8% over the year.

AI dealmaking accelerated in the December quarter as startups like OpenAI and Anthropic unveiled a rapid succession of partnerships with Nvidia, Broadcom, AMD, and Oracle. Initial enthusiasm has shifted toward scrutiny of startup sustainability and hyperscaler CapEx. This scepticism mirrors previous debates in 2025, such as those surrounding DeepSeek, yet the fundamental trajectory remains unchanged: AI models are growing smarter, faster, and more integrated into the global economy. As industry bottlenecks transition from silicon to power and networking, we expect infrastructure enablers to emerge as long-term winners - a thesis supported by our Connectivity AOL, which was the Fund's top contributor for both the quarter and calendar year.

The top contributors for the December quarter were Ciena and Celestica within the Connectivity AOL, and Comfort Systems in Infrastructure. Both Ciena and Celestica posted robust Q3 results, exceeding consensus expectations by 15–20% and subsequently raising their full-year guidance.

Ciena continues to capitalise on the shift toward optical networking equipment as traditional copper solutions hit physical limits in range and speed. Meanwhile, Celestica saw strong performance driven by its production of networking switches and board assembly for Google's proprietary ASIC chips. The successful launch of Google's Gemini 3 large language model served as a significant proof point for these chips, brightening Celestica's prospects. Comfort Systems also reported another strong set of results.

The largest detractors from performance for the quarter were Leonardo DRS in Security AOL; Wuxi Biologics in Innovative Health; and Astera Labs in High Performance Computing.

While Security AOL was the biggest detractor during the fourth quarter, it remained the second largest contributor for the 2025 calendar year. The year marked a paradigm shift in global defence. Amidst renewed tensions in the Middle East and evolving dynamics in US-China and Russia-Ukraine relations, a clear trend has emerged: global defence spending is not only increasing but is shifting toward unmanned weaponry, high-tech sensors, and edge-computing AI. To capture this shift, defence companies are investing heavily in R&D. While this has created temporary margin pressure for portfolio companies such as Leonardo DRS and AeroVironment, we believe over the long term, these R&D investments are expected to translate into faster, more sustainable revenue and EPS growth. Despite strong bookings and defence demand, the Security AOL was pressured by a temporary Chinese germanium export ban and elevated R&D spending. We view the supply issue as transitory and the R&D as a driver for future growth.

Wuxi Biologics' shares were volatile due to investors' concerns on its inclusion on the US Chinese Military Company (CMC) list. However, Wuxi was not named on the final December CMC list, removing this overhang and reaffirming its role as a premier, cost-effective R&D partner. Following a robust Q3, Astera Labs experienced volatility driven by a temporary shift in investor sentiment rather than fundamental issues.

Over the December quarter, the Fund returned 0.03% from equities however the rising AUD vs USD saw currency detract 0.84% from performance. This was the theme for CY25 with the Fund returning 14.4% net, with 21.7% contributed from equities while FX detracted 7.78%.

Watch Qiao provide a 2025 Year in Review for the Munro Global Growth Small & Mid Cap Fund [here](#).¹

¹<https://youtu.be/dV5o3bH2xhk>



QUARTERLY COMMENTARY

Market outlook

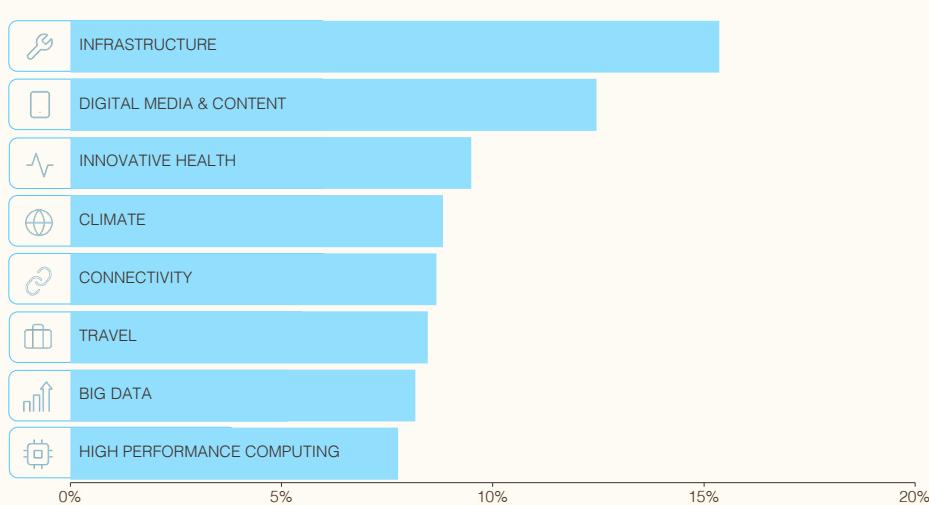
Our outlook for small and mid-cap growth companies in 2026 is positive. The interest rate environment remains supportive; during the December quarter, the Fed delivered two rate reductions of 25 basis points each. Valuations in our core Aols are attractive relative to the large-cap peers. And most importantly, robust earnings growth remains the primary driver of share returns.

The Fund will continue to offer a diversified portfolio through Munro's Areas of Interest. As 2026 unfolds, we look forward to seeing more new projects breaking ground for Comfort Systems, gripping UFC and WWE events from TKO, innovative medical therapies launched via WuXi Biologics, more aeroplane parts produced by Heico, just to name a few.

SMID INVESTMENTS BY THEME

MUNRO

Positioning of the Munro Global Growth Small & Mid Cap Fund by 'Aol' – 31 December 2025



Number of holdings	Indicative position
5	COMFORT SYSTEMS USA
3	TKO
4	GALDERMA
3	QUANTA
3	ciena
3	HEICO
4	Interactive Brokers
3	NOVA PROCESS INSIGHT

Source: Munro Partners 31 December 2025. Refer to the website for the full list of Aols.

For Munro's detailed market outlook, please reference the Annual Letter [available here](#).²

²<https://www.munropartners.com/wp-content/uploads/2025-Annual-Letter.pdf>

STOCK STORY: CIENA

AREA OF INTEREST: **Connectivity**MARKET CAP: **US\$33bn**

Ciena contributed 150bps to Fund performance for the quarter.

For decades, the optical networking industry lived through a cruel irony: it built the very backbone that enabled the internet revolution, yet it struggled to capture the value it created. Ciena was the silent architect of this era. Since the early 2000s, Ciena pushed the physical limits of light to transmit data across oceans and continents. But while global data traffic grew at a 40% CAGR, the industry saw only 6% revenue growth. Brutal “price-per-bit” deflation meant that as Ciena made networking faster and better, the financial benefits largely flowed to telecom giants rather than the innovators themselves. Ciena became a “forgotten” stock - a high-tech marvel with a low-growth reality.

That changed in 2025 as the AI “scaling laws” hit a physical wall: power. Training the world’s most advanced Large Language Models (LLMs) requires an immense amount of electricity. While the original ChatGPT used roughly 10,000 GPUs, the next generation of “Frontier” models aims for over 1 million GPUs, requiring gigawatts of power—enough to fuel a small city. Finding that much power in a single location is nearly impossible. The solution is “scaling across”, meaning connecting separate data centres located miles apart so they can function as one single, coherent supercomputer.

This is where Ciena’s technology finally found its perfect moment. To make GPUs in different cities talk to each other as if they were in the same room, you need nearly instantaneous data transfer. Ciena’s WaveLogic 6 provides this, moving 1.6 terabits per second, the equivalent of half a million photos every second, over distances of 100 kilometres. This allows hyperscalers to bypass power shortages by linking distributed sites. What was once a niche technology for long-distance phone calls is now the essential nervous system of the AI backbone.

The financial shift has been dramatic. After a decade of 6% growth, Ciena’s revenue growth accelerated to 19% in 2025, with management guiding for up to 28% in 2026. The company has secured massive “scale-across” orders from three of the world’s largest hyperscalers, including a landmark project for Meta’s 5GW data centre. By also acquiring Nubis Communications to replace copper wiring inside data centres with light, Ciena is no longer just a “telecom play.” It has emerged as a high-growth, key infrastructure winner in the AI era.



STOCK STORY: TKO HOLDINGS



AREA OF INTEREST: **Digital Media & Content**

MARKET CAP: **US\$41bn**

TKO Group Holdings (TKO) contributed 33bps to Fund performance for the quarter.

TKO represents a unique investment opportunity as a pure-play sports enterprise that unites two of the world's most recognisable brands: the Ultimate Fighting Champions (UFC) and Worldwide Wrestling Entertainment (WWE).

Under the leadership of Ariel Emanuel and Dana White, TKO has successfully merged the athleticism of MMA with the high-stakes drama of professional wrestling. This combination has created a media juggernaut that reaches over one billion viewers worldwide, capturing a massive and highly engaged younger demographic.

The primary driver of TKO's value lies in its exceptional, "always-on" content that bridges the gap between sports and entertainment. Unlike traditional seasonal leagues, TKO produces live events year-round that can be hosted anywhere in the world, making them in demand to broadcasters and streaming platforms. This high demand is reflected in a consistent trend of media rights roughly doubling every five years. A recent landmark deal with Paramount+ highlights this trajectory; by removing the pay-per-view barrier for 70 million subscribers, TKO is poised to potentially triple its audience reach, further enhancing its brand equity and long-term valuation.

TKO's business model is anchored by a vertically integrated structure that operates as a powerful, self-sustaining flywheel. Unlike other sports where leagues and teams are fragmented, TKO owns the entirety of its production and distribution chain - from signing fighters and scheduling matches to managing advertising and merchandise. This control allows for an industry-leading EBITDA margin of over 35% and consistent free cash flow growth of 15% annually. By offering the largest platforms and highest pay, TKO attracts and retains the world's elite talent, which in turn secures the massive audiences that fuel its high-margin revenue streams.

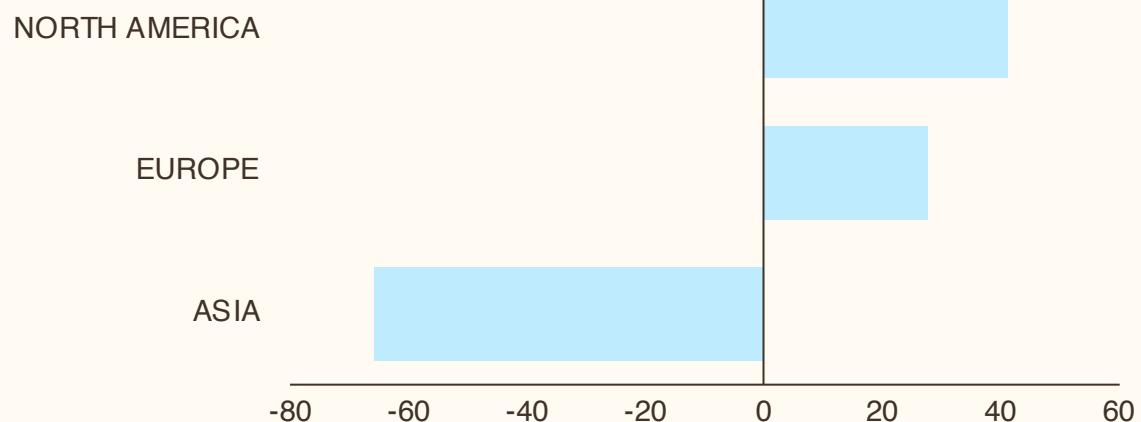
Despite its dominant market position and robust cash flow, TKO remains a somewhat "undiscovered" asset within the broader equity market. With a market capitalisation under \$45 billion and limited Wall Street coverage, the stock offers a rare opportunity for individual investors to participate in sports ownership, a sector typically reserved for billionaires. Trading at an attractive multiple of roughly 20x EBITDA, TKO combines unique content, a resilient business model, and significant growth potential. As the company continues to integrate its global brands, it remains a "knockout" prospect for investors seeking exposure to the evolving media and sports landscape.

Watch Qiao pitch TKO at the 2025 Sohn Hearts & Minds Conference [here](#).³

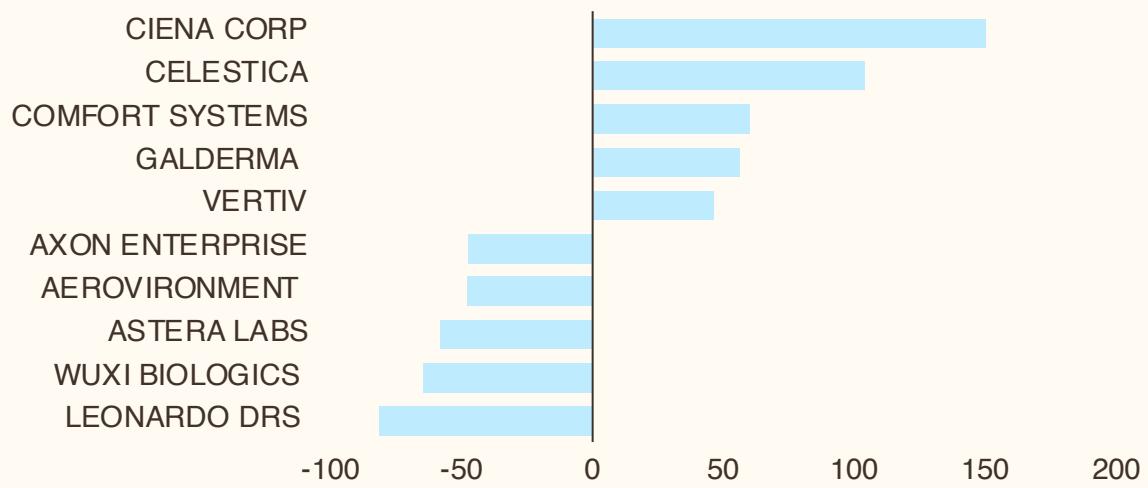
³<https://vimeo.com/1137111442/930193f47f?share=copy&fl=sv&fe=ci>

QUARTERLY FUND ATTRIBUTION (BASIS POINTS)

By Region (ex-cash)



Top & bottom contributors to performance



QUARTER END EXPOSURE

Category

EQUITIES	91.1%
CASH	8.9%
NO. OF POSITIONS	34

Sector

INDUSTRIALS	32.3%
INFORMATION TECHNOLOGY	13.9%
COMMUNICATION SERVICES	12.5%
FINANCIALS	10.3%
OTHER	22.2%
CASH	8.9%

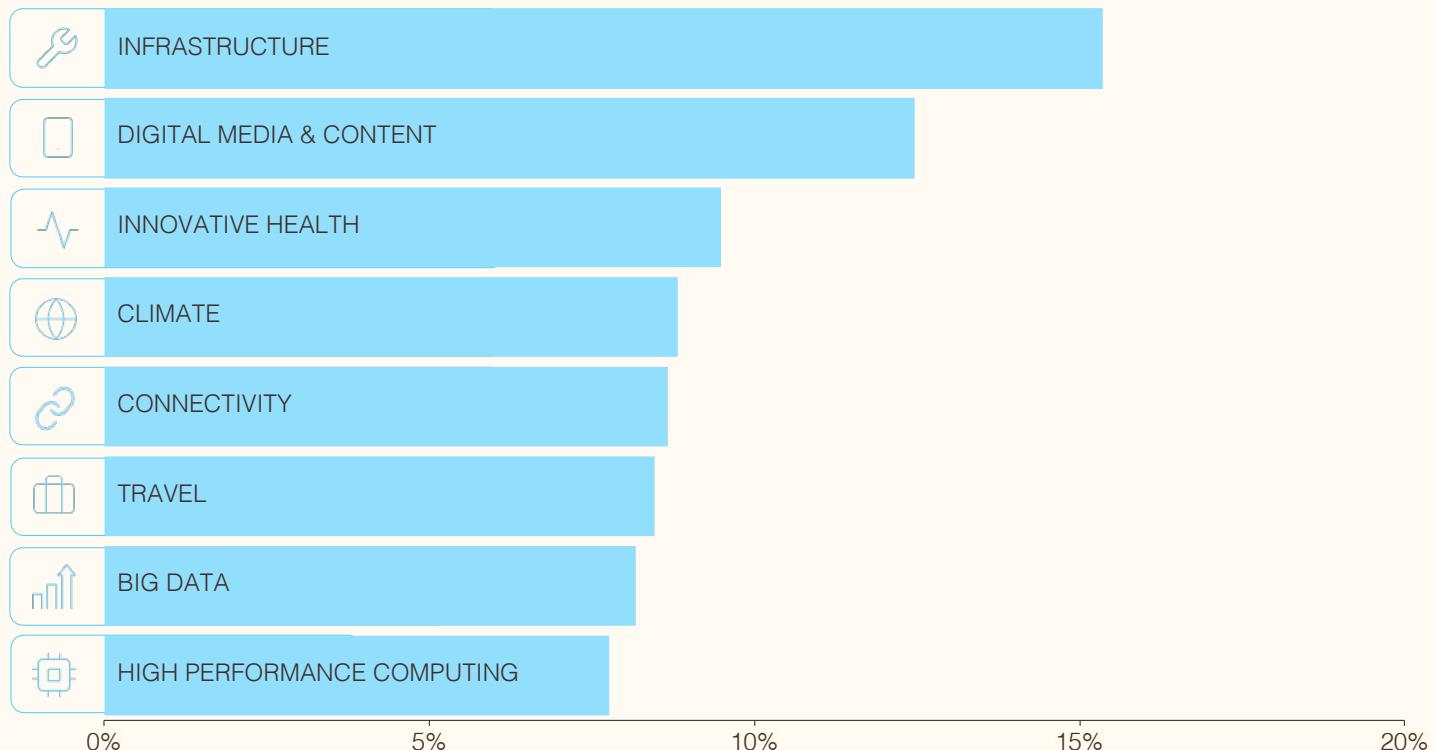
Top 5 holdings

TKO GROUP	6.1%
COMFORT SYSTEMS	4.2%
CIENA CORP	4.0%
TARGA RESOURCES	4.0%
LIBERTY MEDIA (F1)	3.7%

Region

NORTH AMERICA	82.7%
EUROPE	6.0%
ASIA	2.4%
CASH	8.9%

Top 8 Areas of Interest (Aols)



Net Performance - SMID

	3 MTHS	6 MTHS	1YR	INCEPT P.A.	INCEPT CUM.
MUNRO GLOBAL GROWTH SMALL & MID CAP FUND (AUD)	-0.8%	4.4%	14.4%	37.4%	99.1%
MSCI ACWI SMID CAP INDEX *	1.5%	6.7%	10.8%	18.8%	45.4%
EXCESS RETURN	-2.2%	-2.3%	3.6%	18.5%	53.7%

INCEPTION: 31 OCTOBER 2023

IMPORTANT INFORMATION: Past performance is provided for illustrative purposes only and is not a guide to future performance. As at 31 December 2025 unless otherwise specified. Inception date is 31 October 2023. Returns of the Munro Global Growth Small & Mid Cap Fund are net of management costs and assumes distributions have been reinvested. MSCI ACWI SMID CAP Index refers to the MSCI All Country World Small and Mid Cap Net Total Return Index in Australian Dollars. BPS refers to Basis Points. AOL refers to Areas of Interest - refer to website for full list. 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 Global Growth Small & Mid Cap Fund ARSN 670 777 885 (Fund) APIR GSF0874AU and is the issuer of this information. 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 Fund, 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 Fund 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 Global Growth Small & Mid Cap Fund. The TMD sets out the class of persons who comprise the target market for the Fund and is available at www.gsfm.com.au. None of GRES, Munro Partners, its related bodies or associates nor any other person guarantees the repayment of capital or the performance of the Fund or any particular returns from the Fund. No representation or warranty is made concerning the accuracy of any data contained in this document. The Fund's holdings, exposure and allocations depict end of month figures and may have changed materially or not disclosed due to confidentiality reasons. Numbers may not sum due to rounding or compounding returns.

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