

MUNRO

Quarterly report

# Munro Global Growth Small & Mid Cap Fund

March 2026



# Munro Global Growth Small & Mid Cap Fund

## March 2026 – Quarterly report

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

4.1%

### MSCI ACWI SMID Index quarter return

-2.4%

#### QUARTERLY HIGHLIGHTS

- The Munro Global Growth Small & Mid Cap Fund returned 4.1% net for the quarter outperforming the MSCI ACWI SMID Index which returned -2.4%.
- Key contributors to performance were Ciena, Comfort Systems and Vertiv. Key detractors from performance were Reddit and Liberty Media Formula One.

#### MUNRO MEDIA

##### Livewire Markets, March 2026

3 knockout growth stocks from Munro's Qiao Ma.

[Watch the video here](#)

##### Koda Capital's Inside the Rope Podcast, March 2026

Qiao Ma - Is SaaS dead? The structural shift in Growth Investing.

[Listen to the episode here](#)

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#### INVESTMENT TEAM



Qiao Ma  
Lead Portfolio Manager



Nick Griffin  
CIO



Kieran Moore  
Portfolio Manager



James Tsinidis  
Portfolio Manager

QUARTERLY COMMENTARY

## Fund commentary

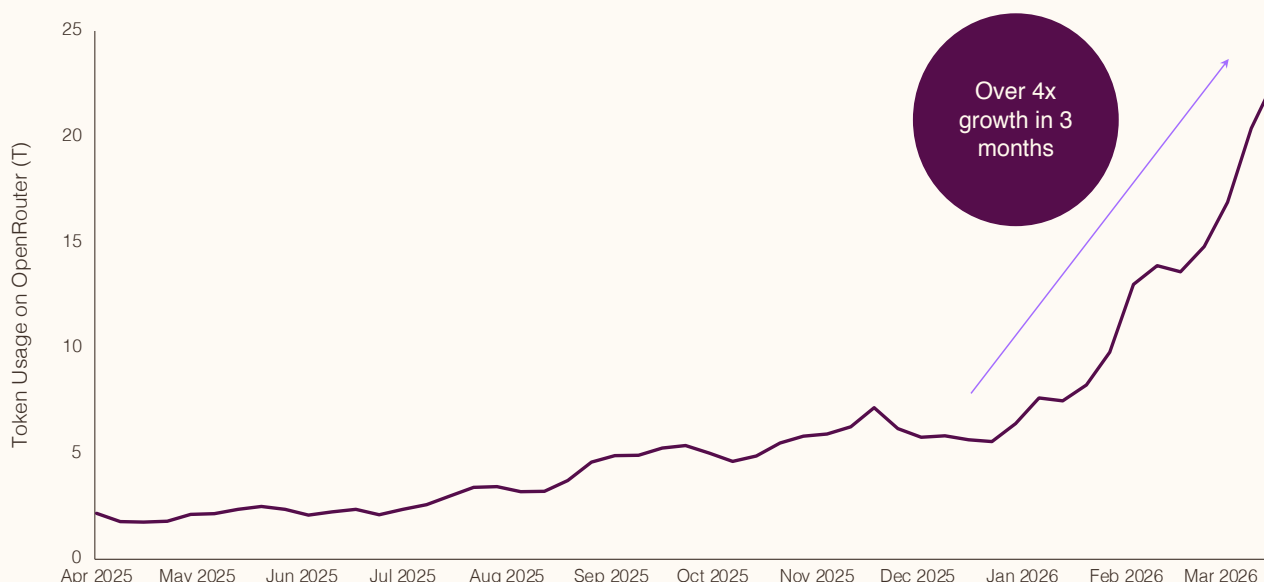
The Munro Global Growth Small & Mid Cap Fund returned 4.1% net for the quarter outperforming the MSCI ACWI SMID Index which returned -2.4%.

The March quarter was defined by a tug of war. On one side, the structural growth of AI accelerated meaningfully. Token generation,<sup>1</sup> a clear real-world measure of AI adoption, grew at an explosive pace, as inference efficiency improved and AI applications proliferated in enterprises. AI is also moving from the cloud to the edge, as on-device AI using open-sourced agent platforms such as OpenClaw and NemoClaw proliferated. This is not a cyclical phenomenon; it is a structural force that will compound demand for the picks-and-shovels of AI for years to come.

For the Munro Areas of Interests (Aols) that underpin the modern AI ecosystem such as High Performing Computing, Connectivity (optical networking), and Climate (power and cooling systems), the token growth acceleration marks a step-change in the demand curve.

### AGENTIC AI IS CAUSING TOKEN DEMAND TO GROW EXPONENTIALLY

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Source: OpenRouter, March 2026.

On the other side, an active military conflict in the Middle East cast a long shadow over the global economy. Supply chains were disrupted across energy, raw materials, fertilisers, shipping, and travel. We have therefore reduced exposure to our Consumer and Travel Aols.

Simultaneously, AI disruption risks emerged rapidly for many industries. Companies once considered to enjoy deep, durable competitive moats, such as Software-as-a-Service (SaaS) platforms, internet businesses, data and consulting companies, found themselves suddenly vulnerable. In many cases, a quarter or more of their market capitalisation evaporated as investors reassessed how much of their earnings power was genuinely defensible in a world of capable, fast-improving, and low-cost large language models.

<sup>1</sup> AI token generation is the process of breaking text into small pieces and predicting the next piece one at a time based on what came before. By repeating that prediction step over and over, the AI builds a full response.



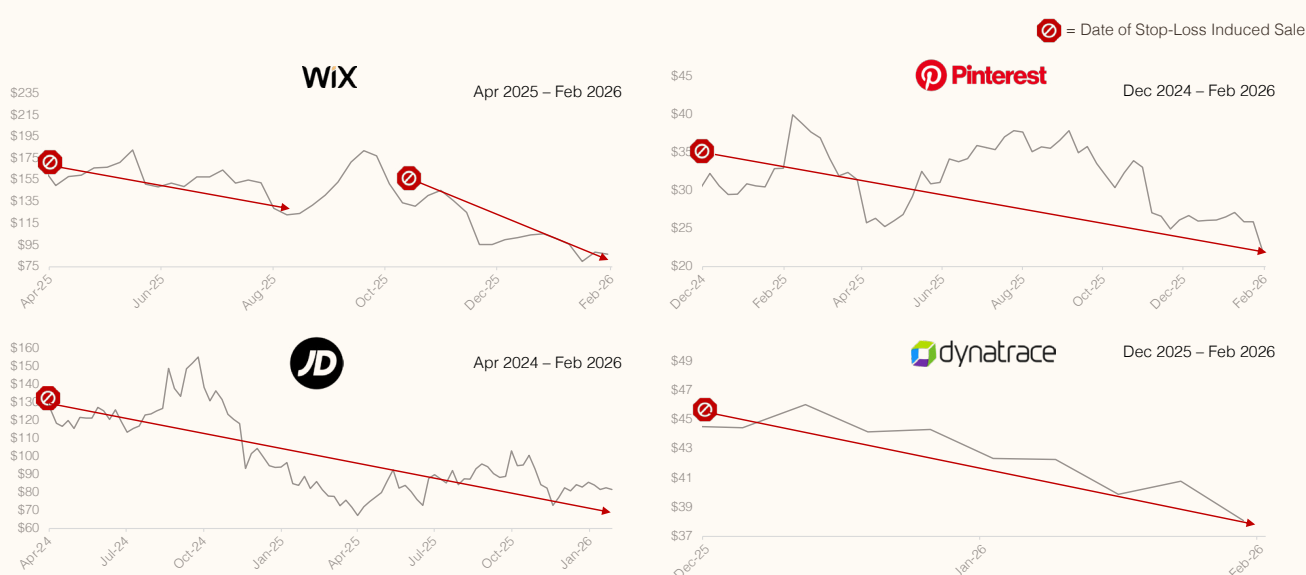
QUARTERLY COMMENTARY

Navigating this tension, accelerating structural tailwinds colliding with geopolitical shock and technological disruption, was the defining challenge of the quarter for us.

As always, but even more so against this backdrop, we lean into our investment process. We remain vigilant in identifying and addressing risks in the portfolio. Any stock that declines 20% or more from its peak triggers a mandatory review: the position must be re-analysed and re-pitched to the full team within one week. These reviews are rigorous, lively, and at times contentious. But they always conclude with a decisive, team-endorsed decision, not a deferred one. This process led our funds to largely exit Digital Enterprise as an Aol, which comprised of many SaaS businesses, by the end of the 2025, a decision that has since protected our investors' capital meaningfully. Many of the stocks we exited have declined 30-40% since. See slide below for some examples.

**STOP LOSS IN ACTION – SMID FUND**

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Source: Munro Partners and Bloomberg Finance L.P, 3 February 2026. Note: First stop loss for Wix induced sale was a partial sale, second was a full sale.

The top contributors to performance for the March quarter were Ciena in Connectivity, Comfort Systems in Infrastructure, and Vertiv in High Performance Computing. All three stocks reported results that far exceeded investor expectations. Remarkably, all three companies accelerated growth from 2024 to 2025, and are on track to another strong year of earnings growth in 2026.

At the Aol level, Infrastructure was our best performing Aol in the March quarter. For many of the long-term trends that we are excited about including electrification, reshoring, and AI data center buildouts, infrastructure is the bottleneck. Companies that provide products and services that help solve this big and expensive problem stand to do very well over the next few years. Connectivity and High Performance Computing also contributed to performance in the quarter, as these Aols directly benefit from higher AI demands.

The top detractors from performance for the March quarter were Reddit and Liberty Media Formula One in Digital Media & Content Aol. Whilst both companies delivered solid results, the broader negative sentiment in the sector pressured their share prices. We reduced our exposure in this Aol and continue to monitor closely the AI impact on content creation and distribution economics.



## Market outlook

We believe that wars end, but structural growth endures. Whilst we remain vigilant on the near-term risk areas, we are ultimately more excited about our structural growth drivers. Earnings growth in our core Aols, Infrastructure, Connectivity, High Performance Computing, and Security, is accelerating, and we believe the market continues to underestimate the durability of these earnings streams.

The investment case for small and mid-cap growth companies exposed to these large, multi-year trends yet overlooked and undervalued by most investors has, if anything, strengthened over the course of this quarter.

For the team's broader market outlook, please reference The Munro Global Growth Fund report [available here](#).<sup>2</sup>

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<sup>2</sup> [https://www.munropartners.com/wp-content/uploads/Munro\\_Quarterly\\_MGGFMAET\\_MAR26.pdf](https://www.munropartners.com/wp-content/uploads/Munro_Quarterly_MGGFMAET_MAR26.pdf)



STOCK STORY: CIENA



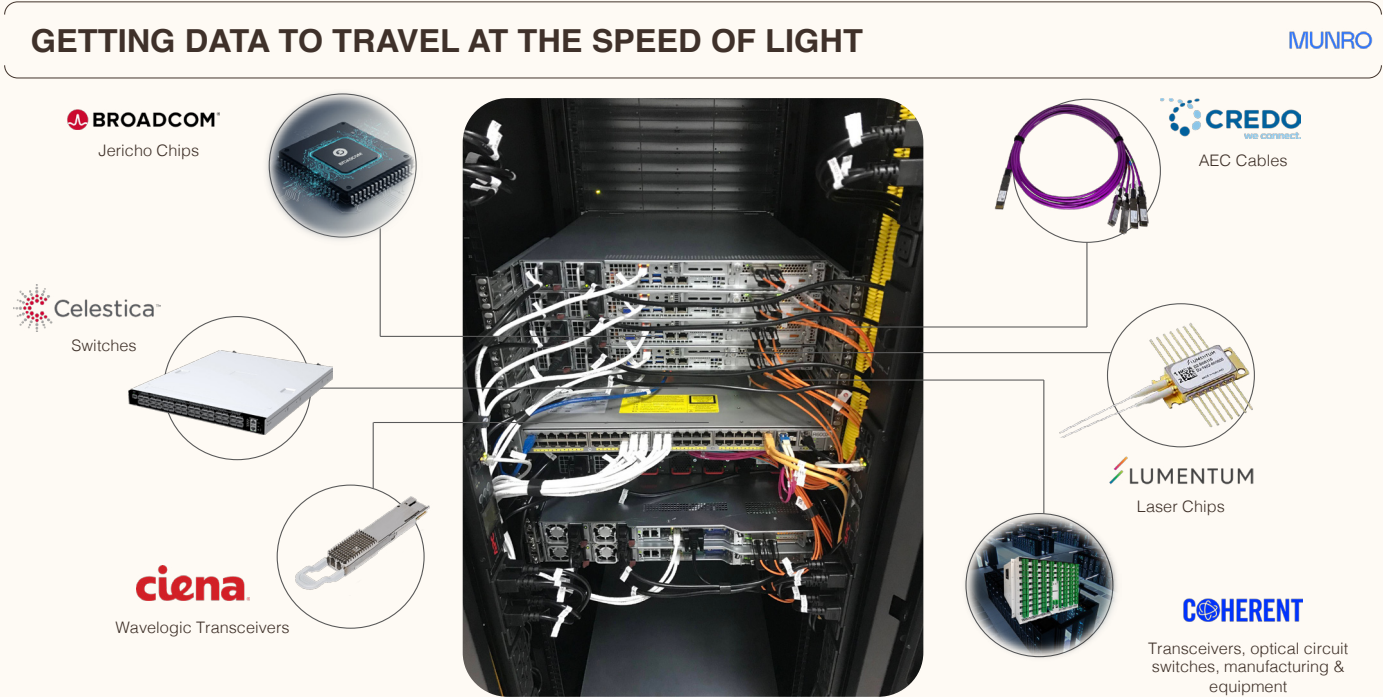
AREA OF INTEREST: **Connectivity**

MARKET CAP: **US\$55bn**

Ciena contributed 192bps to performance during the March quarter.

For a more detailed overview of Ciena, please read the stock story from last quarter [here](#).<sup>3</sup>

It was an eventful quarter for our optical networking holdings. At a high level, demand tied to AI infrastructure continues to exceed expectations, with optical networking increasingly critical as bandwidth requirements rise and copper-based solutions face practical limitations. Ciena remains well positioned to benefit, particularly as AI compute clusters become larger and more distributed, increasing the need for high-performance optical connectivity across networks. The company also continues to broaden its opportunity set, with new product announcements at OFC (Optical Fiber Conference) reinforcing its relevance both between data centres and, increasingly, within them.



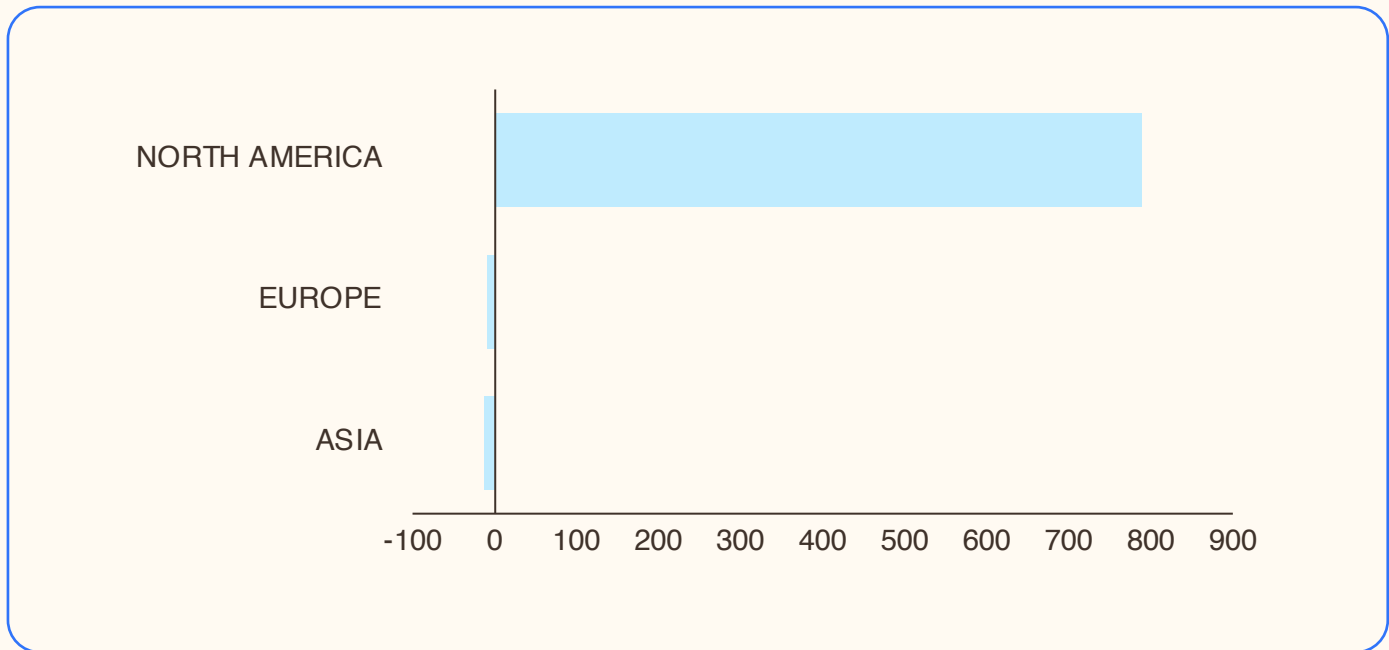
Source: Munro Partners & industry research. Slide prepared January 2026. Stocks of the companies in the depictions shown may or may not be held in the Munro funds and are used for illustrative purposes.

<sup>3</sup>[https://www.munropartners.com/wp-content/uploads/Munro\\_A4-Quarterly\\_SMID\\_DEC25.pdf](https://www.munropartners.com/wp-content/uploads/Munro_A4-Quarterly_SMID_DEC25.pdf)

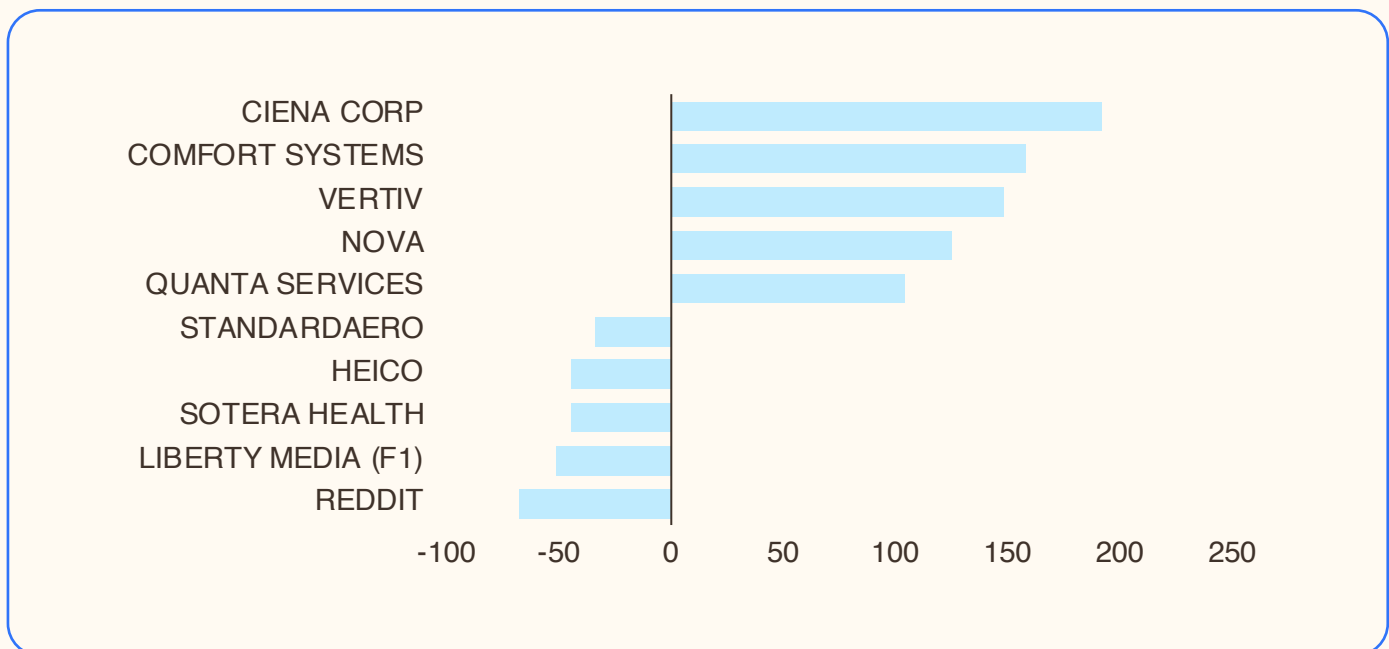


QUARTERLY FUND ATTRIBUTION (BASIS POINTS)

By Region (ex-cash)



Top & bottom contributors to performance



QUARTER END EXPOSURE

Category

<b>EQUITIES</b>	91.1%
<b>CASH</b>	8.9%
<b>NO. OF POSITIONS</b>	35

Sector

<b>INDUSTRIALS</b>	44.4%
<b>INFORMATION TECHNOLOGY</b>	15.6%
<b>UTILITIES</b>	8.0%
<b>COMMUNICATION SERVICES</b>	7.2%
<b>OTHER</b>	15.8%
<b>CASH</b>	8.9%

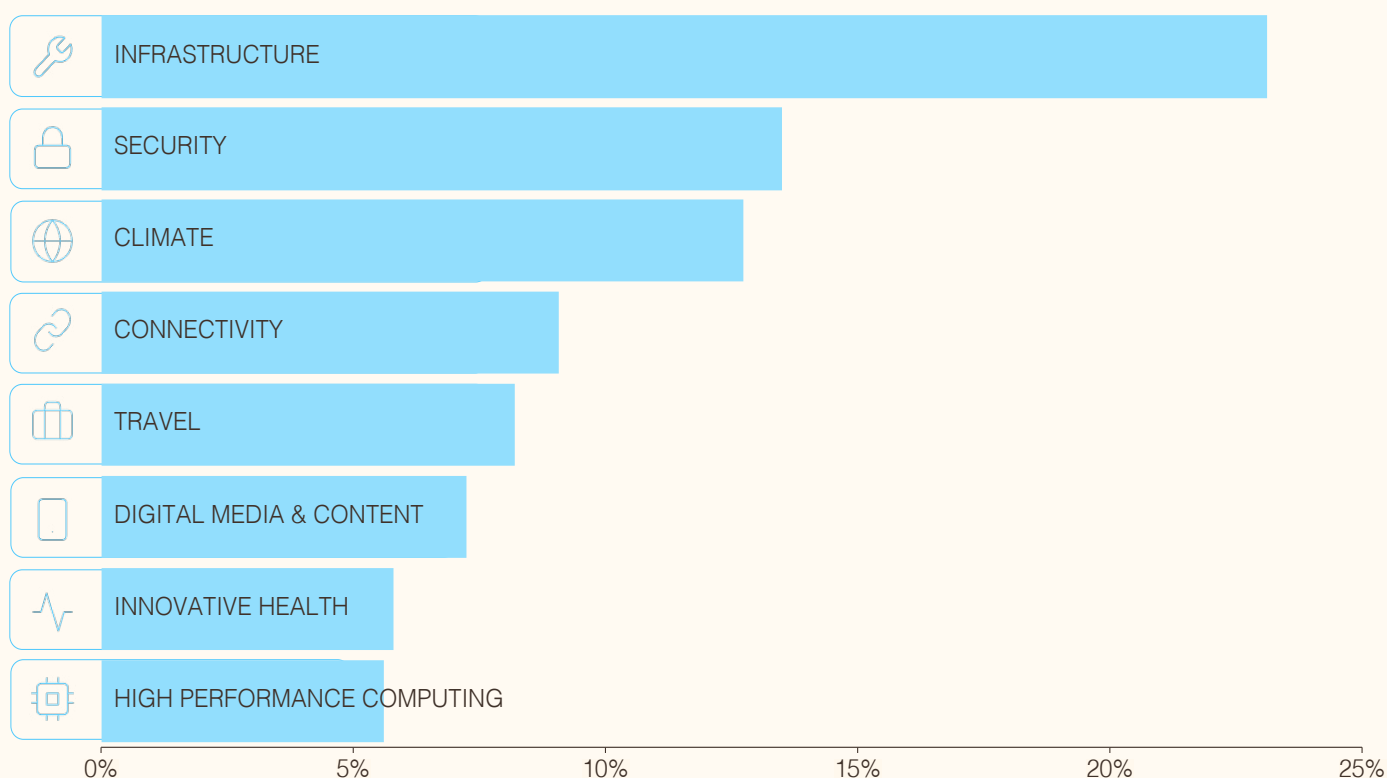
Top 5 holdings

<b>LEONARDO DRS</b>	6.3%
<b>BROOKFIELD</b>	5.8%
<b>TARGA RESOURCES</b>	5.2%
<b>TKO GROUP</b>	5.0%
<b>QUANTA SERVICES</b>	4.6%

Region

<b>NORTH AMERICA</b>	83.8%
<b>EUROPE</b>	4.7%
<b>ASIA</b>	2.6%
<b>CASH</b>	8.9%

Top 8 Areas of Interest (Aols)



## Net Performance - SMID

	3 MTHS	6 MTHS	1 YR	2YRS P.A.	INCEPT P.A.	INCEPT CUM.
<b>MUNRO GLOBAL GROWTH SMALL &amp; MID CAP FUND (AUD)</b>	4.1%	3.3%	25.7%	24.8%	35.2%	107.3%
MSCI ACWI SMID INDEX *	-2.4%	-1.0%	10.7%	8.6%	15.6%	41.9%
<b>EXCESS RETURN</b>	6.5%	4.3%	15.1%	16.2%	19.6%	65.3%

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 March 2026 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 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](http://www.gsfm.com.au), [www.munropartners.com](http://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](http://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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