



MUNRO

Quarterly report

Munro Climate Change Leaders Fund

MCCL.ASX

September 2026



Munro Climate Change Leaders Fund & MCCL.ASX

September 2026 · Quarterly report

Munro Climate Change Leaders Fund

-13.8%

Quarter return (net) · MSCI ACWI 1.2%

MCCL.ASX

-13.8%

Quarter return (net) · MSCI ACWI 1.2%

QUARTERLY HIGHLIGHTS

- The Munro Climate Change Leaders Fund returned -13.8% net for the quarter (MCCL.ASX -13.8% net), underperforming the MSCI ACWI Index which returned 1.2%.
- The top three contributors to performance were Nvidia, RWE and Clean Harbors; the bottom three were CATL, GE Vernova and Infineon.
- Stocks leveraged to the AI data centre buildout, including the Fund's Clean Energy and Energy Efficiency holdings, pulled back in July and August before September proved more stable.
- Rising bond yields, with the US 10-year above 5%, weighed on traditionally defensive holdings including utilities.

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MUNRO MEDIA

Everyone's using AI: what that means for compute demand

Invest in the Journey podcast · [Listen to the episode here](#)

The discipline of small cap growth: S-curves, identifying a 10x and cutting losers fast

The Exchange podcast · [Listen to the episode here](#)

INVESTMENT TEAM



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QUARTERLY COMMENTARY

Fund commentary

The Munro Climate Change Leaders Fund returned -13.8% net for the quarter (MCCL.ASX -13.8% net) underperforming the MSCI ACWI Index which returned 1.2%.

Global equity markets were mixed over the third quarter of 2026. After a very strong second quarter, stocks leveraged to the AI data centre buildout, including the Fund's Clean Energy and Energy Efficiency holdings, pulled back in July and August.

This was largely driven by weakening political sentiment ahead of the US mid-term elections and broader fears of AI regulation, prompting investors to take profits and look for equity opportunities elsewhere in the market. Given this rotation effect, headline indices were relatively muted for the quarter. The US S&P500 gained 2.3%, while the Nasdaq gained only 0.2%. European equities posted small losses, with the European Stoxx 600 down 0.6%. Given their increased exposure to the AI supply chain, Asian indices fared the worst, with the Japanese Nikkei down 7.6% and the Korean KOSPI down 19.3%.

September was more stable for the Fund, catalysed by a strong result from Nvidia, positive updates from companies during a heavy period of US conferences, and an exciting launch of Agentic Commerce with Meta's Muse product. From a macro perspective, bond yields rose during the quarter, with the US 10-year yield rising above 5% which hurt some traditionally more defensive holdings including utilities.

The top three contributors to performance were Nvidia, RWE and Clean Harbors (profiled below).

Nvidia (Energy Efficiency) was the largest contributor to performance for the quarter. At the second quarter result, the company demonstrated strong earnings growth and management guided to 70% revenue growth for the next fiscal year. This highlights the robust demand pipeline for AI and Nvidia's visibility over it. Our view is that Nvidia enables more energy-efficient computing and data centres. German utility RWE upgraded its earnings in the quarter and announced an increased stake in German electrical grid operator Amprion. European electrical grids are attractive due to increased need for grid interconnection to improve European energy resilience and to connect a grid made more complex by renewables.

The bottom three contributors to performance were CATL (profiled below), GE Vernova and Infineon. GE Vernova (Clean Energy) was caught up in the AI data centre sell-off and questions around peak orders for its gas turbines.¹ Regardless, the company's long, profitable aftermarket services for these turbines remain a key long-term earnings driver. So too does its electrification business, with year-to-date orders doubling and margins up over 5 percentage points. Infineon, which makes power semiconductors for end markets like autos (particularly electric vehicles) and data centres, also pulled back amid the AI selloff after a very strong first half of 2026.

¹ We consider over half of GE Vernova's revenue to come from activities other than gas turbines, namely electrification, wind, hydro and nuclear power. See page 9 for more details on why we consider GE Vernova to meet Munro's definition of a climate change leader.

QUARTERLY COMMENTARY

Market outlook

For Munro's broader equity market outlook please see the Quarterly Report for the Munro Global Growth Fund [here](#).

Specifically, regarding the outlook for climate and decarbonisation we would make three points: bond yields, elections and the fundamental outlook.

BOND YIELDS

Bond yields have a strong impact on P/E multiples in some parts of the Climate universe, particularly in utilities. This can cause sharp movements lower over short-term periods in these areas. Over the medium to long term, stock prices will follow earnings growth. For example, below we show the 20 year stock price and EPS forecast for NextEra Energy, the largest utility in the US. While in the short term it is being impacted by bond yields, the chart shows that over the long-term it follows its earnings.

20 YEAR STOCK PRICE AND EPS FORECAST FOR NEXTERA ENERGY

MUNRO



Source: Munro Partners and Bloomberg Finance L.P., 30 September 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. Past performance is not a reliable indicator of future performance.

QUARTERLY COMMENTARY

Market outlook (continued)

ELECTIONS

Stock markets are often more volatile heading into major elections, reflecting heightened uncertainty and more “noise”. This is particularly the case in the US under the Trump regime and is now the case heading into the US mid-terms in early November. It is worth noting though that, historically, companies benefiting from structural growth tailwinds (in the case of the companies in this fund; decarbonisation tailwinds), tend to outrun any political regime. We note that despite the market's worries around politics, decarbonisation and climate companies have performed well under Trump's first term, Biden and now Trump's second term. Further, Trump has indeed extended support for many parts of the decarbonisation agenda (per the slide below).

Specifically, in this election cycle, we must admit that we have been surprised by some of the anti-data centre political rhetoric from Texas Governor Abbott as well as other major “Red” (Republican) or “Purple” (swing, moderate) states. Our channel checks suggest though that most of this is headline grabbing and pre-election posturing, and that projects backed by reputable companies are progressing as planned.

Recently, we have seen power and electrification stocks with political overhangs in places like New York and in the UK recover, despite supposedly adverse political outcomes. Rarely do incoming leaders materially impact the medium to long term earnings outlooks of companies, so stock dips on elections often create good buying opportunities.

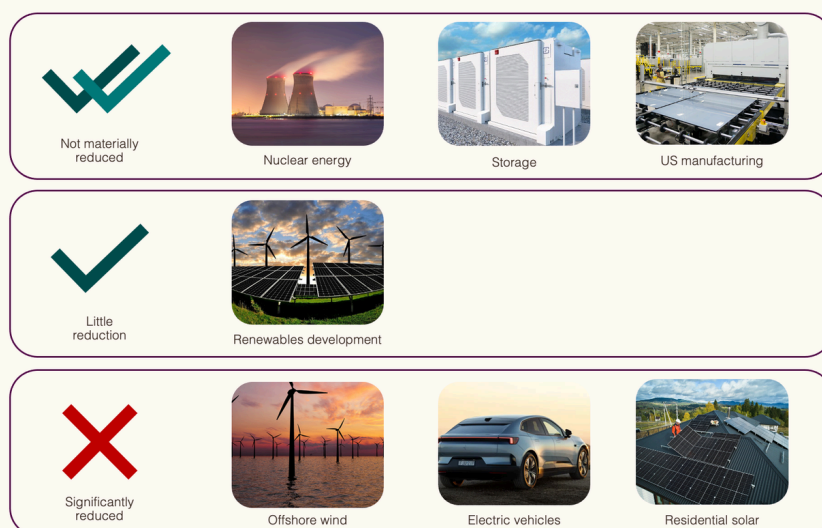
US CLIMATE POLICY NOW MUCH MORE CERTAIN POST OBBA

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Trump's OBBA changes to the Biden era Inflation Reduction Act (IRA)



President Trump signing the 'One Big Beautiful Bill', July 2025



Source: Munro estimates. Slide prepared July 2025. This is not an exhaustive list. The views expressed in this slide may change at any time after the date of issue.

QUARTERLY COMMENTARY

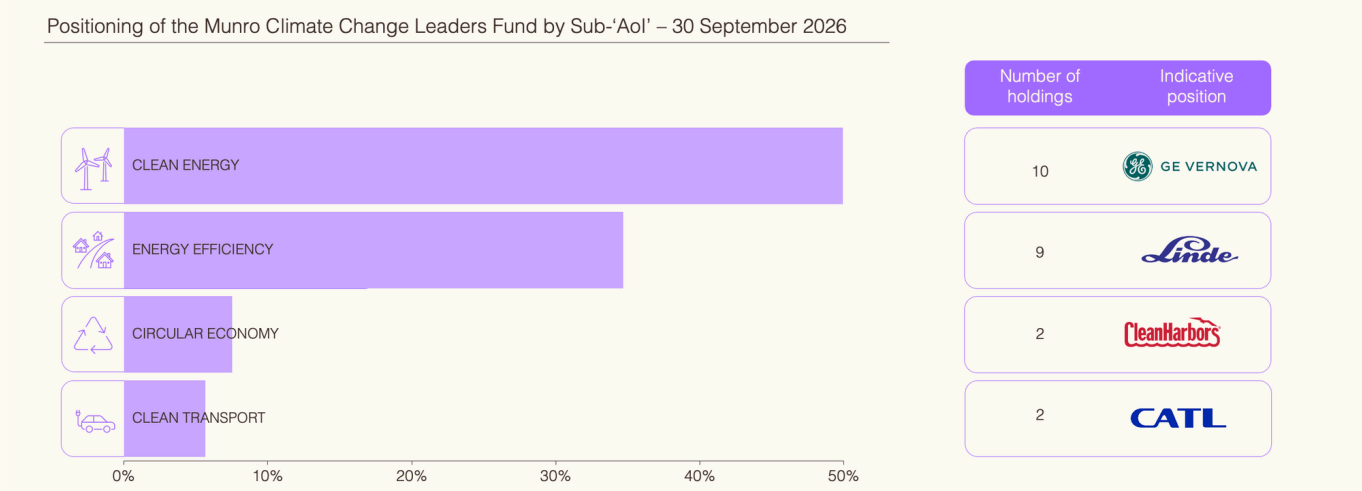
Market outlook (continued)

FUNDAMENTALS

We maintain high conviction in the medium to long term opportunity in electrification and decarbonisation. Our team’s recent travels to meet US management teams across the portfolio confirmed companies are still receiving strong orders intakes, are growing their backlogs, and have excellent sales and earnings growth prospects over the short, medium and long term. CIO Nick Griffin shares insights from his recent US trip, [listen here](#). Our stock stories below offer other examples.

MCCL INVESTMENTS BY THEME

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Source: Munro Partners, 30 September 2026.

STOCK STORY: CLEAN HARBORS



SUB-AREA OF INTEREST	MARKET CAP	SEPTEMBER QUARTER CONTRIBUTION
 Circular Economy	US\$16bn	+23 bps

Clean Harbors manages waste for many industries including manufacturing, chemicals and refining. They ensure that waste, which is often hazardous, does minimal environmental harm and is either stored in industrial landfills or incinerated. This includes emergency clean-up work, most notably the response to the 2010 Deepwater Horizon oil spill. They also take used motor oils from vehicles, buildings and industrial applications, and re-refine them into recycled base oils. This process is far less emissions intensive than producing base oils from crude oil.

The company is in the Circular Economy Sub-Area of Interest.

Clean Harbors' result demonstrated several promising growth initiatives which strengthen our investment case.

One of the elements of our investment case is that 'reshoring', the return of industries and manufacturing to the US, will bring with it waste for Clean Harbors to manage. At the result they announced a US\$600m contract, which we suspect is in the pharma or semiconductor industry, to handle waste at a new facility.

We also think that as environmental standards tighten, the volume of waste that must be properly treated rather than discarded will grow, which again benefits Clean Harbors. One example is PFAS, a group of widely used chemicals that have permeated land and water. Again, Clean Harbors showed progress on winning PFAS remediation work at the result, including for emergencies, and now forecasts over 30% growth this year in PFAS-related revenues.

Clean Harbors has also benefited from higher oil prices, which lift the price of its recycled oil products. While we do see upside for this part of the business nearer term, it remains cyclical by nature.

Finally, Clean Harbors has shown steady progress on improving its margins. They have a dominant position in incineration of hazardous waste, which we think gives them strong pricing power. The myriad permits and environmental approvals (let alone community support) required for new hazardous waste facilities also underpin Clean Harbors' strong market position.

While the valuation relative to its municipal solid waste peers is less compelling than it has been historically, we think the growth opportunities remain strong and position Clean Harbors to outperform market earnings expectations.

STOCK STORY: CATL



SUB-AREA OF INTEREST	MARKET CAP	SEPTEMBER QUARTER CONTRIBUTION
Clean Transport	US\$205bn	-217 bps

CATL is a Chinese battery maker, designing and manufacturing batteries primarily for electric vehicles (EV) and grid energy storage solutions (ESS). It is in our Clean Transport sub-Area of Interest. CATL is a market leader with over a third of market share in EV batteries. Its strong product quality and safety have led to stable unit profitability and market share growth over time, allowing CATL to deploy more into R&D than peers to develop the next generation of batteries.

We think there are three reasons for CATL's underperformance.

First, the ESS industry in China has been growing around 100% year to date, driven by policy changes that have essentially increased the returns available for ESS project developers. As has been the case in other markets for many years, developers can now charge the batteries using cheap daytime solar energy and sell the power when prices are higher. The strong growth in 2026 has led to questions about whether these high levels of growth are sustainable in 2027.

Second, there have been questions around CATL's ability to maintain profit per unit (GWh) amid poor Chinese EV demand and higher lithium prices, the key raw material for CATL's batteries. This has been exacerbated by CATL's own Jianxiawo mine remaining idle given licensing and environmental permitting issues. The ongoing closure essentially reduces CATL's ability to weather input price changes and puts upward pressure on lithium prices.

Finally, there were several reports of EV makers like Li Auto building their own batteries to try to diversify away from CATL and lower costs.

These factors drove the stock down more than 20% in the quarter, triggering a review under Munro's investment process. Following that review, we reduced the position as part of our risk management process.

Nonetheless, we remain positive on the stock. On ESS growth, while they clearly can't sustain 100% growth forever, the ratio of ESS storage relative to solar and wind capacity is still low in China compared to other countries and commentary from both CATL and its peers is constructive. On profitability, we note CATL's track record versus peers and over time, as well as contractual raw material pass-throughs. Finally, customers building their own batteries remains a risk, but to date automakers have largely not succeeded in unseating their battery suppliers due to technical and scale challenges. We therefore don't expect this to erode CATL's market share quickly, if at all.

We expect the company to address these points at its third quarter result in October.

Longer term, we remain optimistic on CATL's R&D continuing to drive leading product innovation. This includes cheaper sodium ion batteries and high-performance solid-state batteries, which could increase adoption in cars, trucks and ESS, as well as newer applications like humanoid robots, aviation, data centres and even shipping. High and volatile oil prices should also continue to support electric alternatives.

CATL's stock is now trading below 20 times P/E, which we think is attractive relative to its growth.

STOCK SELECTION PROCESS

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

NextEra

CLEAN ENERGY

NextEra Energy is a US utility whose subsidiary NextEra Energy Resources is one of the world's largest developers of renewables and grid battery storage in the world, operating in almost all US states. Between 2026 and 2032, they expect to develop between 77 and 108GW of new power generation, of which over 90% is solar, wind, nuclear or energy storage. According to Bloomberg NEF estimates, NextEra Energy derives over 50% of revenue from Clean Energy.[^]

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

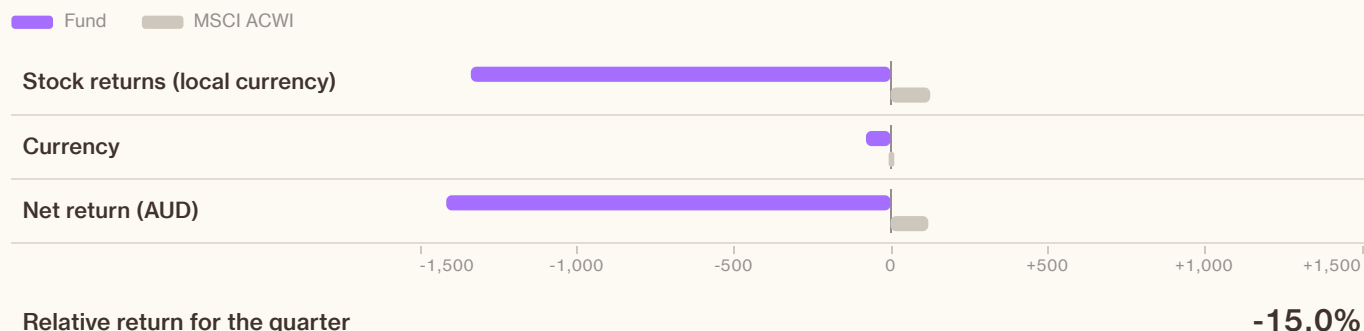
GE Vernova provides electrical grid, wind energy, nuclear energy and hydropower equipment and services. This infrastructure is essential to decarbonising electricity, which also enables other things like transport and heating to be electrified and decarbonised.

The full list of fund holdings, presented on a one-month lag basis, is available on our website. [^] Source: Company investor day (December 2025), Bloomberg.

QUARTERLY FUND ATTRIBUTION – MCCL, SEPTEMBER 2026 QUARTER

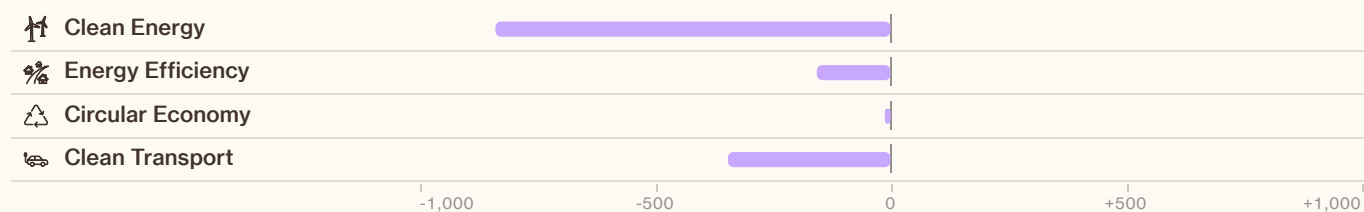
What drove the quarter

Fund against the MSCI ACWI Index, in basis points.



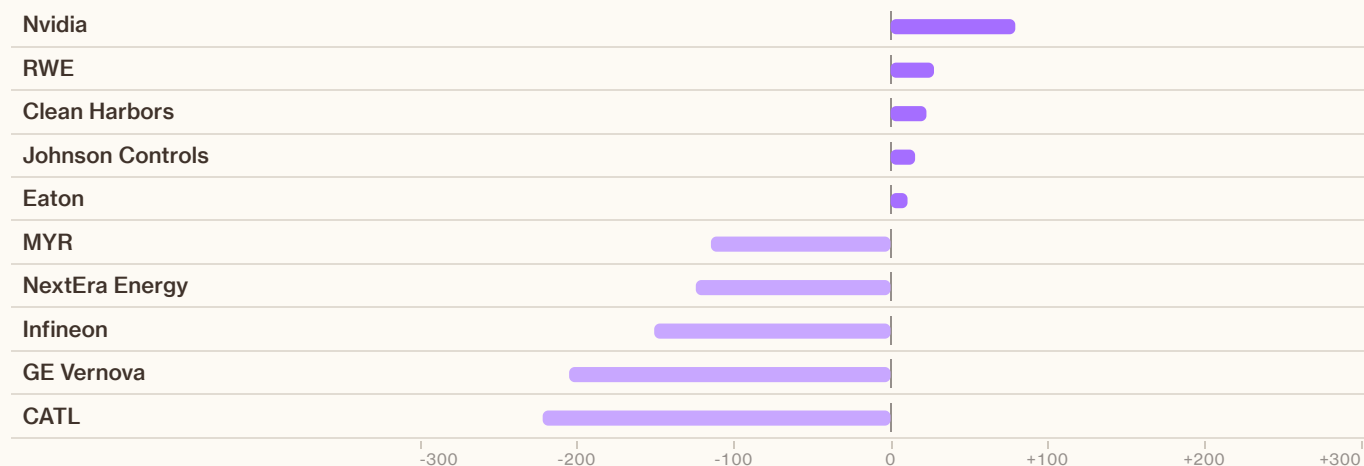
BY SUB-AREA OF INTEREST (EQUITIES ONLY)

Contribution in basis points for each of the Fund's Sub-Areas of Interest.



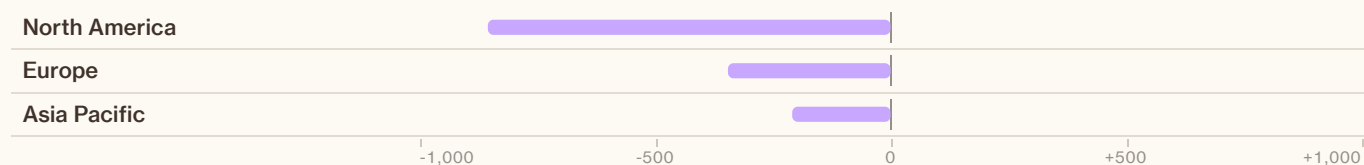
LARGEST MOVERS (EQUITIES ONLY)

Contribution in basis points for the five biggest contributors and detractors across the whole portfolio.



BY REGION (EQUITIES ONLY)

Equity contribution over the quarter, in basis points.



QUARTERLY FUND EXPOSURE – MCCL, 30 SEPTEMBER 2026

Exposure

THE FUND AT A GLANCE

% of NAV and number of positions, at 30 September 2026.

97.8%

EQUITIES

2.2%

CASH

23

POSITIONS

49.9%

CLEAN ENERGY (10)

34.7%

ENERGY EFFICIENCY (9)

7.5%

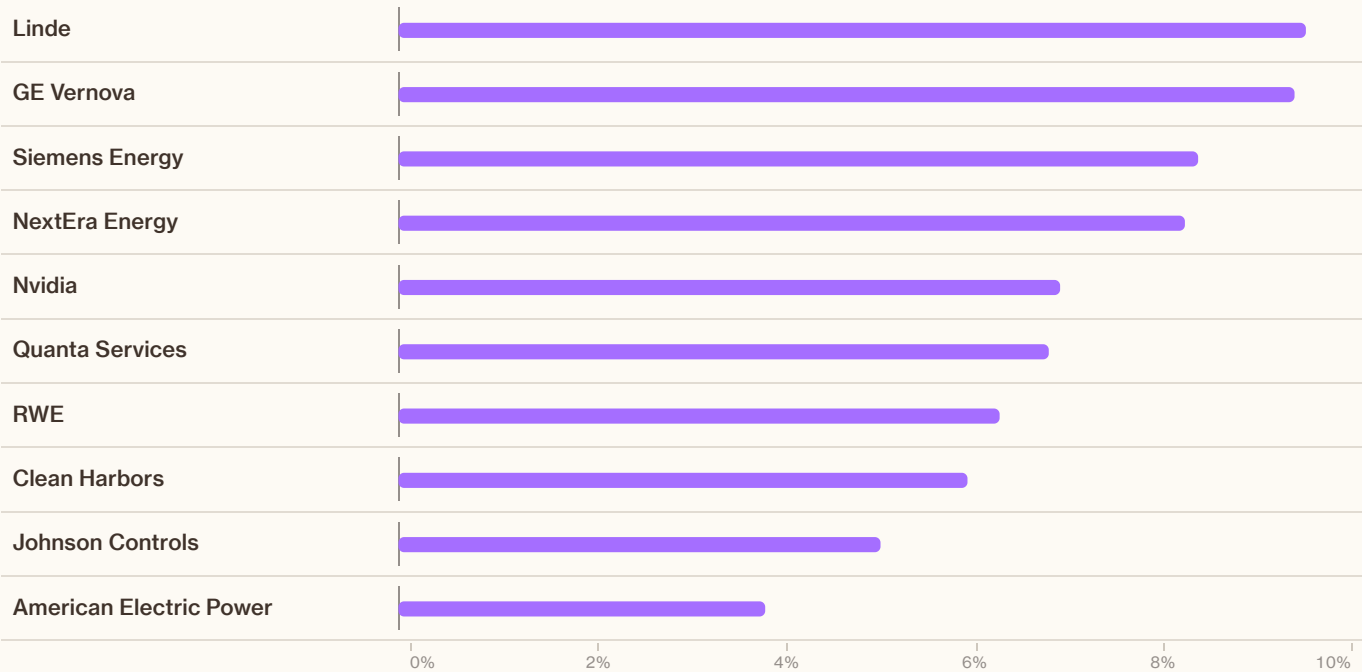
CIRCULAR ECONOMY (2)

5.7%

CLEAN TRANSPORT (2)

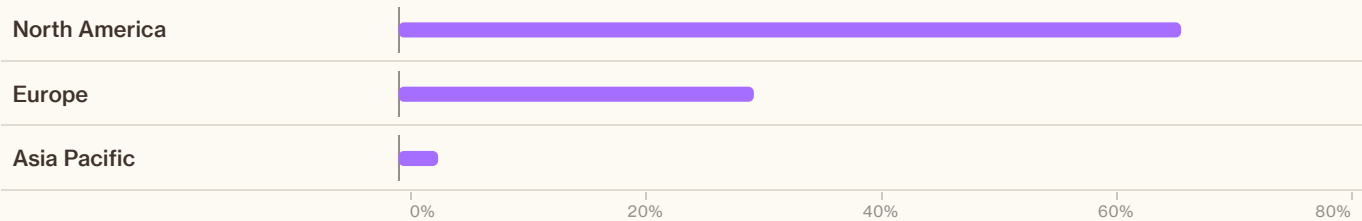
TOP 10 HOLDINGS

Net exposure, % of NAV, at 30 September 2026.



EXPOSURE BY REGION

Net equity exposure, % of NAV.



NET PERFORMANCE

Munro Climate Change Leaders Fund

	3 MTHS	6 MTHS	1 YR	2 YRS P.A.	3 YRS P.A.	INCEPT. P.A.	INCEPT. CUM.
Munro Climate Change Leaders Fund (AUD)	-13.8%	3.0%	14.0%	22.3%	33.5%	17.5%	120.9%
MSCI ACWI*	1.2%	15.0%	11.2%	16.8%	18.7%	12.4%	77.6%
Excess return	-15.0%	-11.9%	2.8%	5.4%	14.8%	5.1%	43.3%

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%	11.0%	1.6%	6.0%	39.6%
2027FY	-11.4%	-3.5%	0.8%										-13.8%

MCCL.ASX

	3 MTHS	6 MTHS	1 YR	2 YRS P.A.	3 YRS P.A.	INCEPT. P.A.	INCEPT. CUM.
MCCL.ASX (AUD)	-13.8%	3.1%	14.1%	22.3%	33.5%	19.8%	133.8%
MSCI ACWI*	1.2%	15.0%	11.2%	16.8%	18.7%	12.8%	76.2%
Excess return	-15.0%	-11.9%	2.8%	5.5%	14.8%	7.0%	57.6%

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%	11.1%	1.6%	6.0%	39.7%
2027FY	-11.4%	-3.5%	0.8%										-13.8%

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 30 September 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 APIR 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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