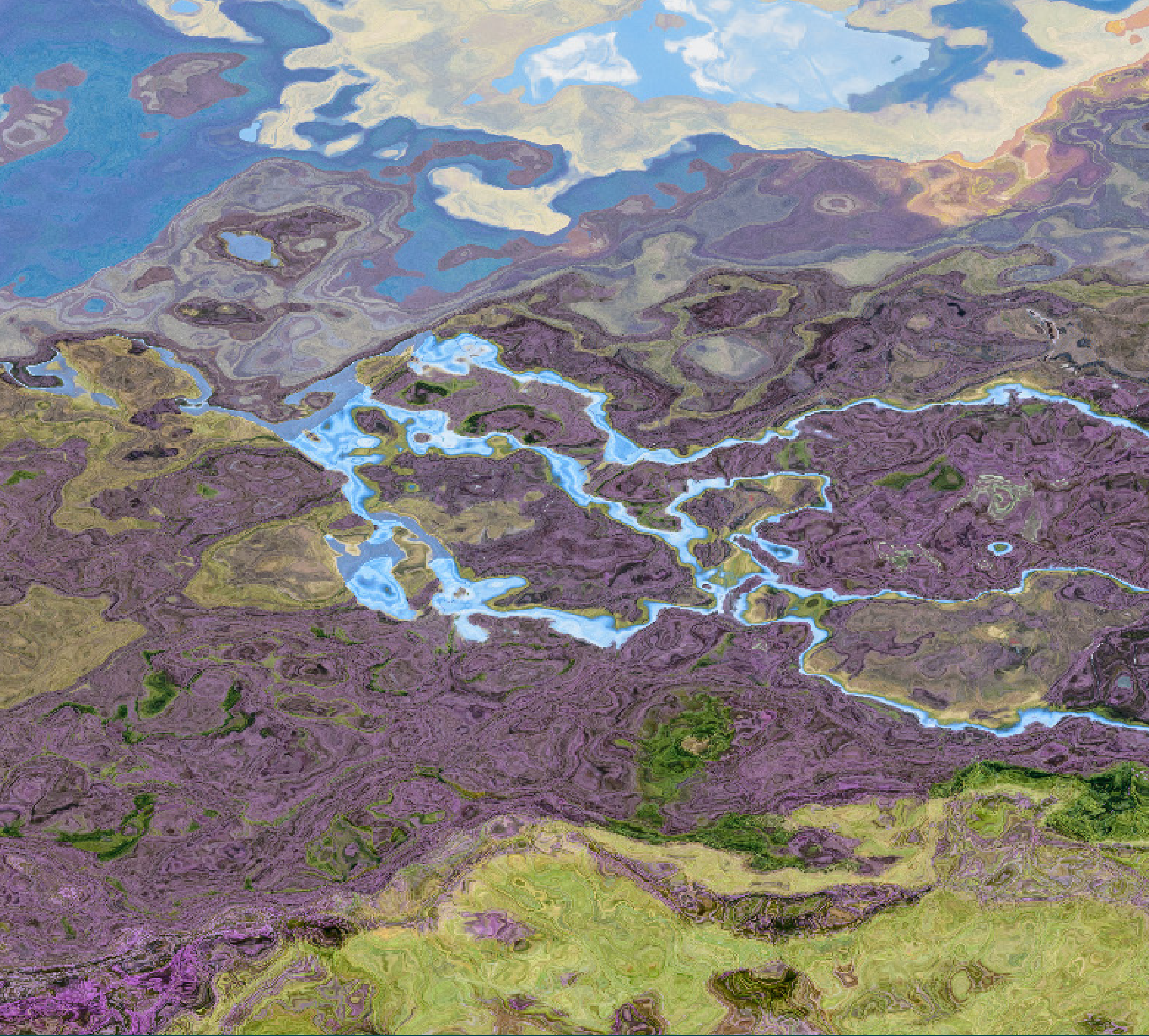

Quarterly report

Munro Climate Change Leaders Fund

MCCL.ASX

December 2025

Munro Climate Change Leaders Fund & MCCL.ASX

December 2025 – Quarterly report

MCCL Fund quarter return (net)
2.5%

MSCI ACWI quarter return
2.7%

MCCL.ASX Fund quarter return (net)
2.5%

MSCI ACWI quarter return
2.7%

QUARTERLY HIGHLIGHTS

- The Munro Climate Change Leaders Fund returned 2.5% net for the quarter (MCCL.ASX 2.5% net) underperforming the MSCI ACWI which returned 2.7%.
- Key contributors to performance for the quarter included Siemens Energy, GE Vernova and Legence Corp. Key detractors from performance over the quarter included CATL, Linde and Eaton Corp.

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

CONTENTS

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QUARTERLY COMMENTARY

Fund commentary

The Munro Climate Change Leaders Fund returned 2.5% net for the quarter (MCCL.ASX 2.5% net) underperforming the MSCI ACWI, which returned 2.7%.

Global equity markets finished 2025 with generally solid performance. After a robust third quarter reporting period, US markets posted gains for the quarter, with the S&P 500 up 2.4% and the Nasdaq up 2.3%. Stronger performance came from Europe and Japan, where the Stoxx 600 was up 6.1% and the Nikkei appreciated 12.0%. Particularly strong performance in Japan was driven by the appointment of their new Prime Minister, Sanae Takaichi, in October who is anticipated to drive more expansive fiscal stimulus.

In the US, the Federal Reserve delivered two 25 basis point interest rate reductions in the quarter, in line with expectations. According to the 'dot plot' - a quarterly chart that shows the Fed's committee predictions for the next three years - the Fed anticipates one further interest rate cut of 25 basis points in 2026. These two interest rate cuts and suggestions of further fiscal support in the US caused somewhat of a rotation in equity markets in the quarter, as can be seen by the Dow Jones outperforming both the S&P 500 and the Nasdaq.

Siemens Energy (Clean Energy) was the largest contributor to performance for the quarter, followed closely by its competitor, GE Vernova. Both companies held capital markets days during the quarter, and both upgraded their medium-term earnings outlooks. The two companies spoke to strong order pipelines coming from their utility and hyperscaler customers. As we have noted in prior quarterly reports, demand for the new electricity generation and grid equipment that these companies sell is in high demand after 20 years of underinvestment in power infrastructure in the US.

Constellation Energy (Clean Energy) was also a key contributor to performance. Recent reviews by US regulators PJM and FERC suggest that electricity supply continues to struggle against increasing demand in key US markets. This benefits independent power producers like Constellation Energy as it suggests power prices are likely to remain higher for longer, thus leading to higher earnings outlooks. Constellation Energy meets our definition of a Climate Change Leader due to its existing fleet of carbon free nuclear power plants which are becoming increasingly valuable given increasing power demand including from AI-driven data centre demand and electrification.

Other positive contributors to performance for the quarter were Legence (Energy Efficiency) and NextEra (Clean Energy). Legence is discussed in the stock stories section below.

Key detractors from performance for the quarter included battery maker CATL (Clean Transport). The stock experienced technical selling pressure after a lock up expiry following the Hong Kong IPO, which allowed some IPO investors to sell and realise profits from the stock's strong run since listing back in May. Fundamentally, we believe the outlook for the battery industry and the company's dominant market position within it remains strong. We like the battery industry due to growing global penetration of electric vehicles (EVs) taking share from higher emitting internal combustion engine vehicles, and because of the growing importance of batteries to stabilise the electricity grid. We expect electricity grid batteries (called energy storage solutions, or ESS) to grow strongly as more renewables are added to the generation mix and dispatchable power like coal and gas is eventually retired.

Shorter term, we do expect some volatility in EV batteries. Particularly in China, CATL's automaker customers are struggling with a tough consumer sales backdrop and fierce competition especially from new local entrants. We continue to prefer battery makers like CATL over the automakers themselves given batteries are a more consolidated part of the industry.

Linde was another detractor to performance and is discussed in the stock stories section below.

QUARTERLY COMMENTARY

Market Outlook

James Tsinidis, our Portfolio Manager and co-lead on the Munro Climate Change Leaders strategy, recently reflected on 2025 and shared his views on the opportunities ahead. This video interview with James is available at *https://youtu.be/acZqvRrFcPc.*

Our Responsible Investment Manager, Mike Harut, also recently wrote an article for Canada's Responsible Investment Association reflecting on climate change investment and the set up for 2026. The article, titled "Forget the Headlines, 2025 Has Been a Good Year for Climate Action", is available at *www.riacanada.ca/magazine/forget-the-headlines-2025-has-been-a-good-year-for-climate-action*

Additionally, we have continued our Investing in Climate Change Leaders podcast mini-series which is available at *www.munropartners.com/news/investing-in-climate-change-leaders-mini-series-the-landscape*

For Munro's broader market outlook please refer to Munro's Annual Letter available at *www.munropartners.com/wp-content/uploads/2025-Annual-Letter.pdf*

STOCK STORY: LEGENCE

SUB-AREA OF INTEREST: **Energy Efficiency**
MARKET CAP: **US$4.6bn**

Legence contributed 64 basis points to Fund performance for the quarter.

Legence is a provider of engineering and design, as well as installation and maintenance, to buildings. Like Comfort Systems (watch the Comfort Systems stock story video from November 2025), Legence's focus is on the mechanical, electrical and plumbing (abbreviated to 'MEP') of complex buildings including data centres, life sciences manufacturing facilities, schools and hospitals.

Legence sits within the Climate AoI's Energy Efficiency' sub-area of interest: Their mechanical work is mainly HVAC (heating, ventilation and air conditioning), where retrofits (the majority of Legence's revenues) can make buildings much more energy efficient. Their electrical work can help buildings reduce the reliance on gas heating, for example. And finally, while plumbing may not seem an obvious contributor to efficiency, they now work on plumbing for liquid cooled data centres, which help dissipate heat more efficiently than air cooling.

Similar to Comfort Systems, we think Legence's strategic advantage, or 'moat', is its workforce. They have nearly four thousand highly trained technicians whose skills are increasingly sought after and difficult to replicate or disrupt.

We also like Legence's end market exposures. Today, nearly 40% of their customers are in the fast-growing data centres and technology end market which is being propelled by the AI arms race. Given the constraints on power in the US, and the decarbonisation goals of their customers like Amazon, Google and Microsoft, there is a strong impetus to build and operate data centres as efficiently as possible. This, together with the high growth life sciences end market, make up almost 60% of their revenue.

But we think the less headline-grabbing end markets are just as compelling. We recently participated in a call with the CEO, who said that US schools are often in need of extensive building retrofits. Legence can design and propose projects which improve the amenity for the pupils and teachers and reduce the school's environmental footprint while essentially paying for itself through energy cost savings. Given the US policy backdrop on climate change under the Trump Administration, we continue to like companies like Legence who can demonstrably achieve these win-wins without policy support.

Our knowledge and experience as Comfort Systems shareholders since 2023 put us in a good position to quickly get up to speed with Legence, leading us to participate in their IPO in September. However, while performance has been strong so far, we are still building our conviction. There are several reasons for this. First, the company has been trading publicly for less than a year so simply doesn't have a track record. Second, while their engineering and consulting offering allows Legence to gain more 'wallet-share', there is a narrative that this type of 'desk-based' work is at risk of disruption from AI. Finally, unlike Comfort Systems, Legence's workforce is unionised which has both advantages (like more certainty on wage inflation) and disadvantages (arguably, less ability to achieve operational leverage).

STOCK STORY: LINDE

SUB-AREA OF INTEREST: **Energy Efficiency**
MARKET CAP: **US$199bn**

Linde detracted 59bps from Fund performance for the quarter.

Linde is one of three large, listed industrial gas companies. Industrial gases - including oxygen, nitrogen, helium and hydrogen - are used in industrial processes. Their customer end markets are diverse and include chemicals & energy, food & beverage, electronics, healthcare, manufacturing, metals and mining.

We consider Linde to fit within the Climate AoI's 'Energy Efficiency' sub-theme. First, some of their products help industrial operations run more efficiently with lower emissions. Linde reports that in 2024, they enabled customers to avoid more than 96 million metric tons of CO_2e, more than double the emissions they generated from their operations[1].

Second, Linde is developing large clean energy projects, specifically 'blue hydrogen', which is hydrogen produced with natural gas where the carbon is captured and stored. Hydrogen, which has no carbon emissions when combusted, can help decarbonise industrials and heavy transport. At their latest results, Linde reported that two-thirds of their US $10b project backlog is in clean energy projects[2].

Decarbonising industrial processes will take many decades but presents an enormous opportunity for Linde. To illustrate, management recently told us that if their current steel customers wanted to fully decarbonise, that opportunity alone is equivalent to the company's revenue today.

To take another example, Linde recently announced a joint venture on the Blue Point low-carbon ammonia project in Louisiana. They will invest $400m to supply oxygen and hydrogen into the facility. They can also use the project to increase network density in the Gulf Coast industrial corridor. This is typical of Linde: they try to increase network density as much as possible to drive operational efficiencies and hence returns and margins for shareholders.

We also think Linde has demonstrated strong financial discipline despite the temptation, especially under the Biden Administration, to chase clean energy projects at any cost. This contrasts with peer Air Products, whose bet on 'green hydrogen' (which is hydrogen made with electricity generated from renewables) has unfortunately led to project cancellations, asset write downs, activist agitation and management turnover.

While we like Linde's exposure to industrial decarbonisation, and they have the strongest operating record of their peers, the past few years have been challenging. This is simply because the industrial economy has been sluggish. For example, in the US, Industrial Production has been essentially flat since early 2022. On a recent call, Linde's CEO conceded that this is the longest global industrial downturn he has seen in his career.

Overall, while our prediction on the recovery of the global industrial economy is as good as anyone's, we continue to like Linde's exposure to decarbonisation and their ability to grow earnings by double digits without help from the industrial economy through controllable factors like operating efficiency and capital allocation decisions like buybacks.

[1] 2024 Sustainability Report: https://www.linde.com/sustainability/reporting-center
[2] Q3 2025 results: https://www.linde.com/investors/financial-reports

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.*

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.

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 GPUs are as much as 20 times more energy efficient for certain AI and High Performance Computing workloads versus CPUs. And, pleasingly, newer products are continuing to achieve large energy efficiency gains per unit of computing.

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.

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.

GE Vernova

Clean Energy

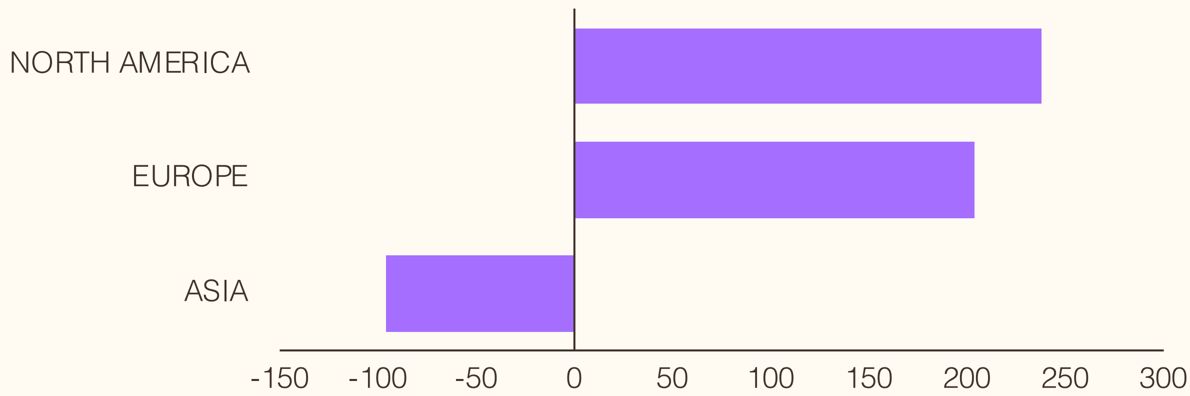
GE Vernova provides electrical grid, wind energy, nuclear energy and hydropower equipment and services. This infrastructure is essential to decarbonising electricity, which also enables other things like transport and heating to be electrified and decarbonised.

The full list of fund holdings, presented on a one-month lag basis, is available on our website.

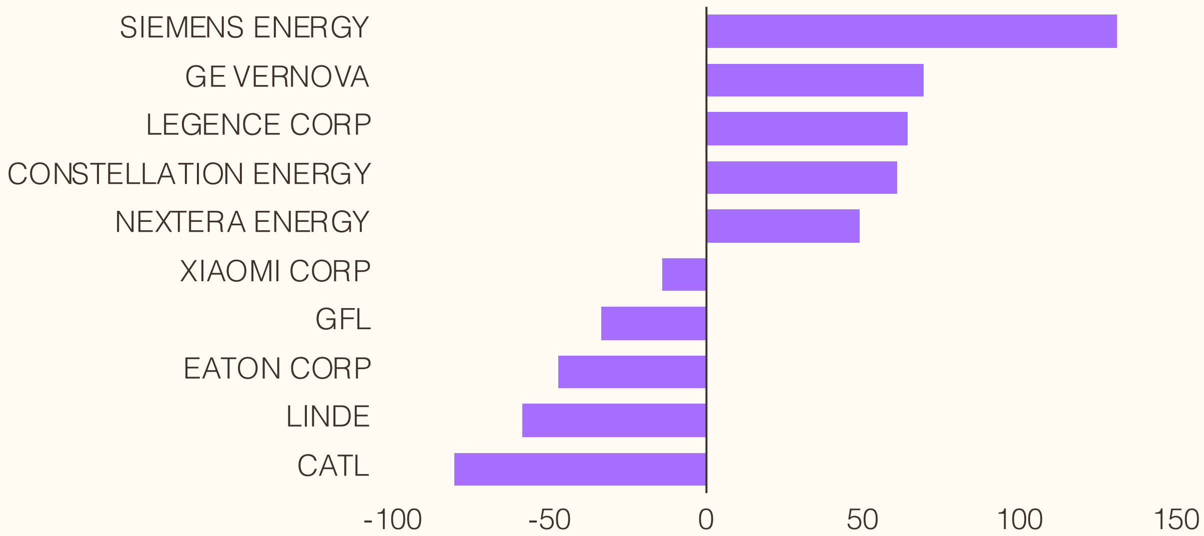
**Source: Munro Partners & Constellation Energy November 2025.*

QUARTERLY FUND ATTRIBUTION (BASIS POINTS)

By region (equities only)



Top & bottom contributors to performance



QUARTER END EXPOSURE

Category

EQUITIES	96.3%
CASH	3.7%
NO. OF POSITIONS	23

Sector

INDUSTRIALS	58.0%
UTILITIES	17.1%
INFORMATION TECHNOLOGY	10.3%
OTHER	10.9%
CASH	3.7%

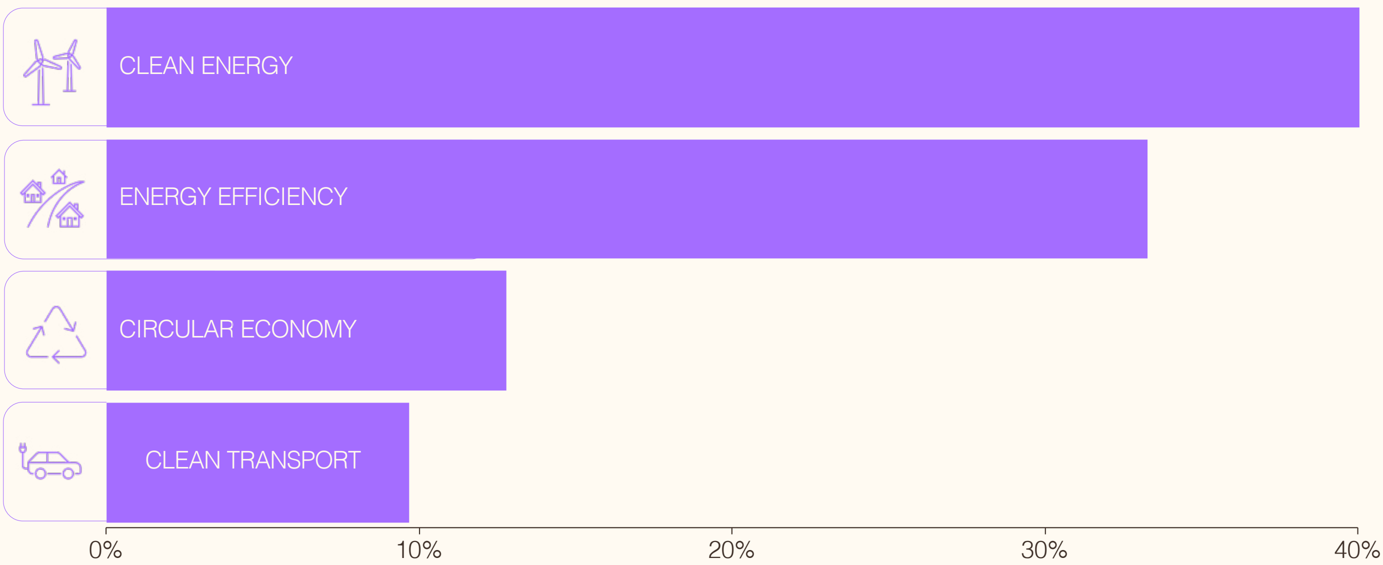
Region

UNITED STATES	71.1%
EUROPE	19.1%
FRANCE	4.8%
SPAIN	2.5%
GERMANY	11.8%
ASIA	6.1%
TOTAL	96.3%
CASH	3.7%

Top 5 holdings

GE VERNOVA	8.9%
NEXTERA ENERGY	8.1%
LINDE	7.1%
CONSTELLATION ENERGY	6.5%
SIEMENS ENERGY	6.5%

Sub-Areas of Interest



Net Performance - MCCL

	3MTHS	6MTHS	1YR	3 YRS	INCEPT P.A.	INCEPT CUM.
MUNRO CLIMATE CHANGE LEADERS FUND (AUD)	2.5%	8.2%	22.5%	32.7%	17.9%	98.6%
MSCI ACWI*	2.7%	9.2%	13.6%	21.3%	12.6%	63.9%
EXCESS RETURN	-0.1%	-1.0%	8.9%	11.3%	5.3%	34.7%

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%							8.2%

Net Performance - MCCL.ASX

	3MTHS	6MTHS	1 YR	3 YRS	INCEPT P.A.	INCEPT CUM.
MCCL.ASX (AUD)	2.5%	8.2%	22.5%	32.7%	20.7%	110.1%
MSCI ACWI*	2.7%	9.2%	13.6%	21.3%	13.1%	62.6%
EXCESS RETURN	-0.1%	-1.0%	9.0%	11.3%	7.6%	47.5%

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%							8.2%

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.