



MUNRO

Quarterly report

# Munro Concentrated Global Growth Fund

MCGG.ASX

December 2025



# Munro Concentrated Global Growth Fund & MCGG.ASX

## December 2025 – Quarterly report

### MCGG Fund quarter return (net)

-0.4%

### MSCI World ex-Aus Index quarter return

2.6%

### MCGG.ASX Fund quarter return (net)

-0.4%

### MSCI World ex-Aus Index quarter return

2.6%

## QUARTERLY HIGHLIGHTS

- The Munro Concentrated Global Growth Fund returned -0.4% net for the quarter (MCGG.ASX -0.4%) underperforming the MSCI World (ex-Aus) Index return of 2.6%.
- Key contributors to performance over the quarter included Alphabet, Ciena and TSMC. Key detractors from performance over the quarter included Oracle, Rheinmetall and Motorola Solutions.

## 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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## QUARTERLY COMMENTARY

## Fund commentary

The Munro Concentrated Global Growth Fund returned -0.4% net for the quarter (MCGG.ASX -0.4%) underperforming the MSCI World (ex-Aus) Index's return of 2.6%.

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 supported sentiment in equity markets in the quarter, as can be seen by the Dow Jones outperforming both the S&P 500 and the Nasdaq.

The Fund underperformed the benchmark over the quarter. During the quarter, several of the Fund's positions across our High Performance Computing and Connectivity Areas of Interest underperformed given the heavy scrutiny placed on the ability to fund AI-related spending commitments. Similarly, for several reasons including the potential ending of the Russia-Ukraine conflict and a government shutdown in the US, our Security AOL performed poorly for the quarter. As a consequence of further interest rate cuts and anticipation of an improving economy in the US, the benchmark was able to benefit from strong performance from financials, materials and healthcare companies, of which the Fund is under-exposed.

Alphabet (Internet Disruption) was the largest contributor to performance, demonstrating strong AI credentials with the release of the Gemini 3 model that leap-frogged competitors to be one of the best performing AI models available. This proved to be a turning point in the sentiment towards Alphabet, given the company only 18 months ago had been perceived to have serious AI disruption risk. The release and early success of the Gemini 3 model gave credibility to Alphabet's custom chip process that has been in progress since 2015. Additionally, the company also reported strong revenue growth in Search, YouTube and Google Cloud Platform at their third quarter result.

Ciena (Connectivity) delivered a strong result in early December, demonstrating their important role in the networking that is needed for hyperscalers to build out their data centre infrastructure. TSMC (Connectivity) was a key contributor to performance, continuing to benefit from the demand for compute. Importantly, TSMC plays a critical role in chip manufacture regardless of whether a hyperscaler adopts Nvidia product, or whether they employ a custom solution like Alphabet.

Key detractors from performance over the quarter included Oracle (Digital Enterprise), Rheinmetall (Security) and Motorola Solutions (Security).

Oracle shares retreated during the quarter as the market heavily scrutinised their ability to fund the company's aggressive spending plans, given Oracle is heavily linked to OpenAI, who in turn is only generating a small amount of revenue today relative to their medium-term spending plans. Our European Security position, Rheinmetall, also detracted from performance, as the market anticipated an end to the Russia / Ukraine conflict. In our view, this is only a short-term sentiment-related issue and should not change the medium-term defence spending programs in Europe. Motorola Solutions delivered a strong guide for 2026 revenue growth at their third quarter result, however government shutdown concerns, AI disruption risk and competition risks to their core radio business all weighed on the stock.

Over the December quarter, the Fund returned -0.4%, with 0.4% from equities while the rising AUD vs USD saw currency detract 0.8% from performance. This was the theme for 2025 with the Fund returning 16.5%, with 24.2% from equities while FX detracted 7.7%.



## QUARTERLY COMMENTARY

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### Market outlook

Our outlook for 2026 is supported by broadening and accelerating earnings growth, prospective interest rate cuts and the continuation of AI data centre spending.

For the team's market outlook please refer to Munro's Annual Letter available at <https://www.munropartners.com/wp-content/uploads/2025-Annual-Letter.pdf>



# Alphabet



AREA OF INTEREST: **Internet Disruption**

MARKET CAP: **US\$3.7tr**

Alphabet contributed 94bps to Fund performance for the quarter.

As the parent company of Google, Alphabet has long operated at the forefront of technology. To this day, Google remains synonymous with internet search and has consistently commanded 90% of the global search market for multiple decades. Beyond its dominance in digital advertising, the company is driving innovation across generative AI, cloud computing, enterprise software, and pioneering ventures in areas such as autonomous vehicles (Waymo) and quantum computing.

Alphabet is well positioned in the AI landscape as the industry's only truly vertically integrated technology leader, from designing its own silicon through to distributing consumer-facing AI products. Its AI strategy rests uniquely on three mutually reinforcing pillars – an industry-leading foundational model (Gemini), a full-stack cloud solution powered by cutting-edge GPUs and proprietary TPUs, and an AI-enhanced Search engine that is expanding usage and monetisation.

Alphabet solidified its AI leadership in November with the release of Gemini 3, a new industry benchmark that effectively leapfrogged its competitors. By deeply integrating Gemini across its core ecosystem – including Search, YouTube, and Android – Google doubled its monthly active users to 650 million since March, dramatically narrowing the gap with ChatGPT. The model success also validated Google's decade-long investment in custom chips, known as Tensor Processing Units (TPUs). While competitors grappled with GPU supply constraints, Google Cloud was able to offer a unique value proposition through leveraging its custom TPUs, which are highly power efficient and optimised particularly for large-scale inference workloads. Anthropic, OpenAI and Meta are among some of the major AI labs that have committed to using TPUs in their AI stack. This technological differentiation drove a record \$50 billion sequential increase in Google Cloud's backlog, which ended the third quarter at \$158 billion. The narrative that AI would disintermediate Search has also been replaced by a story of expansion. With the launch of AI Overviews, users are found to be searching more frequently with queries growing by 10% and they are also asking more complex questions. This uplift in user engagement has translated directly into ad performance, with paid click growth more than tripling from 2% at the start of the year to 7% by Q3, proving that AI is making search more valuable for both users and advertisers.

With the ability to capture user intent and behaviour within its product ecosystem that serves over 2 billion users worldwide, Alphabet has created a powerful distribution flywheel that allows AI innovations to be deployed and adopted efficiently across the world. Google's role as a differentiated cloud provider also provides incremental upside to revenue growth. Ultimately, we think there is lots of optionality for growth ahead for Alphabet and see a pathway for its earnings to double over the next 5 years.



## STOCK STORY: CIENA

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

Ciena contributed 88bps 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.

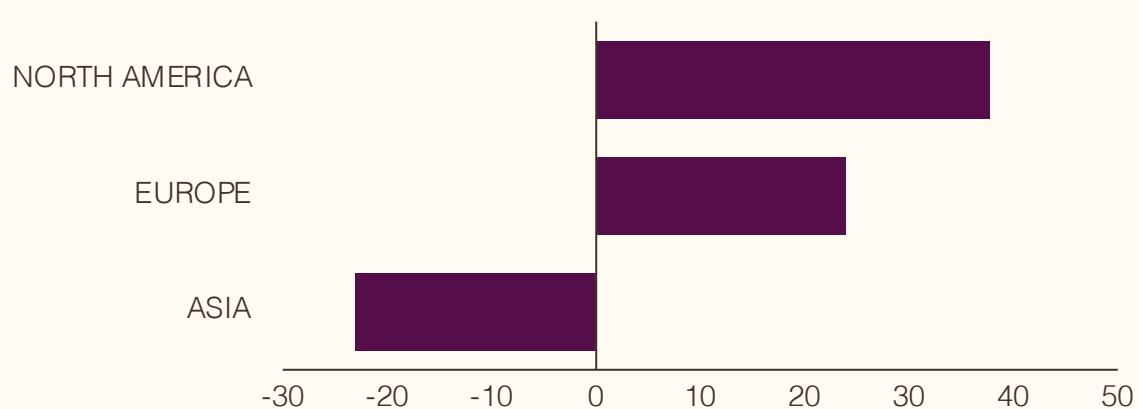
This is where Ciena’s technology finally found its perfect moment. To make GPUs in different cities talk to each other as if they were in the same room, you need nearly instantaneous data transfer. Ciena’s WaveLogic 6 provides this, moving 1.6 terabits per second, the equivalent of half a million photos 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.



## QUARTERLY FUND ATTRIBUTION (BASIS POINTS)

## By region (ex cash)



## Top &amp; bottom contributors to performance



## QUARTER END EXPOSURE

## Category

<b>EQUITIES</b>	94.4%
<b>CASH</b>	5.6%
<b>NO. OF POSITIONS</b>	38

## Region

<b>UNITED STATES</b>	72.0%
<b>BRITAIN</b>	1.7%
<b>EUROPE</b>	6.4%
GERMANY	2.2%
FRANCE	2.3%
NETHERLANDS	1.8%
<b>HONG KONG</b>	5.9%
<b>JAPAN</b>	1.0%
<b>SWITZERLAND</b>	3.1%
<b>TAIWAN</b>	4.4%
<b>TOTAL</b>	94.4%
<b>CASH</b>	5.6%

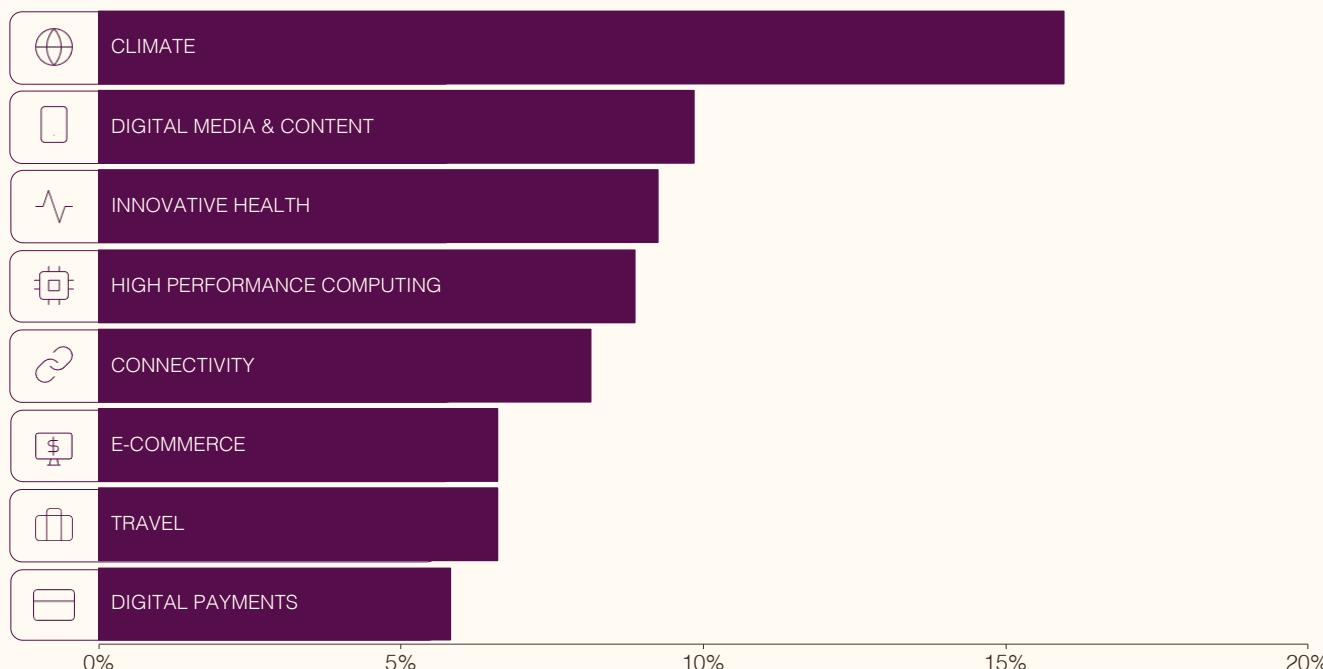
## Sector

<b>INDUSTRIALS</b>	25.2%
<b>INFORMATION TECHNOLOGY</b>	23.7%
<b>COMMUNICATION SERVICES</b>	14.0%
<b>HEALTH CARE</b>	9.2%
<b>FINANCIALS</b>	7.2%
<b>OTHER</b>	15.1%
<b>CASH</b>	5.6%

## Top 10 holdings

<b>NVIDIA</b>	7.0%
<b>AMAZON</b>	5.0%
<b>TSMC</b>	4.4%
<b>GEVERNOVA</b>	4.3%
<b>ALPHABET</b>	4.2%
<b>MICROSOFT</b>	4.2%
<b>CATL</b>	3.9%
<b>CONSTELLATION ENERGY</b>	3.7%
<b>CRH</b>	3.5%
<b>MASTERCARD</b>	3.4%

## Top 8 Areas of Interest (AoIs)



## Net Performance - MCGGF

	3 MTHS	6 MTHS	1 YEAR	3 YRS	5 YRS	INCEPT (P.A.)	INCEPT CUM.
<b>MUNRO CONCENTRATED GLOBAL GROWTH FUND (AUD)</b>	-0.4%	5.0%	16.5%	31.0%	16.5%	19.3%	197.1%
MSCI WORLD (EX-AUS) INDEX *	2.6%	8.8%	12.5%	22.1%	15.6%	14.2%	126.4%
EXCESS RETURN	-3.0%	-3.8%	4.0%	8.9%	0.9%	5.1%	70.7%
							INCEPTION: 31 OCTOBER 2019

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>2020FY</b>				0.0%	4.9%	-1.2%	7.4%	-1.1%	-4.2%	6.7%	4.4%	1.3%	19.0%
<b>2021FY</b>	4.4%	4.4%	1.0%	2.0%	3.1%	0.5%	1.2%	-0.4%	-0.2%	3.6%	-2.2%	6.6%	26.5%
<b>2022FY</b>	4.7%	4.6%	-4.7%	1.5%	5.1%	-1.4%	-7.9%	-4.7%	-0.2%	-5.7%	-0.9%	-4.3%	-14.2%
<b>2023FY</b>	7.2%	-3.2%	-2.4%	5.9%	2.0%	-6.6%	1.1%	0.6%	7.6%	2.4%	5.3%	1.7%	22.7%
<b>2024FY</b>	0.5%	3.4%	-5.2%	1.1%	5.3%	0.8%	8.5%	12.0%	2.8%	-3.8%	5.3%	4.0%	39.0%
<b>2025FY</b>	-0.7%	-1.2%	1.0%	5.4%	7.2%	3.4%	5.0%	-3.7%	-7.5%	3.1%	8.8%	5.7%	28.5%
<b>2026FY</b>	4.2%	-1.9%	3.1%	4.6%	-4.2%	-0.6%							5.0%

## Net Performance - MCGG.ASX

	3 MTHS	6 MTHS	1 YEAR	3 YRS	INCEPT P.A.	INCEPT CUM.
<b>MCGG.ASX (AUD)</b>	-0.4%	5.2%	16.6%	30.8%	18.4%	93.5%
MSCI WORLD (EX-AUS) INDEX *	2.6%	8.8%	12.5%	22.1%	13.8%	65.6%
EXCESS RETURN	-2.9%	-3.6%	4.1%	8.7%	4.6%	27.9%
INCEPTION: 3 FEBRUARY 2022						

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>2022FY</b>								-4.4%	-0.3%	-5.7%	-1.3%	-4.3%	-15.2%
<b>2023FY</b>	7.3%	-3.8%	-2.5%	6.0%	2.1%	-6.5%	1.1%	0.5%	7.7%	2.5%	5.2%	1.4%	22.0%
<b>2024FY</b>	0.5%	3.5%	-5.2%	1.0%	5.1%	0.8%	8.4%	11.9%	2.8%	-3.7%	5.3%	4.0%	38.8%
<b>2025FY</b>	-0.8%	-1.2%	1.0%	5.3%	7.2%	3.5%	5.0%	-3.7%	-7.5%	3.1%	8.8%	5.7%	27.9%
<b>2026FY</b>	4.4%	-1.8%	3.1%	4.6%	-4.2%	-0.6%							5.2%

Differences in performance between the Munro Concentrated Global Growth Fund and MCGG.ASX (ASX quoted fund) may be due to cashflow movements, the buy/sell spread of the iNAV for MCGG.ASX, the timing difference between the issuing of units during the day on the ASX for MCGG.ASX and the purchase of units in the Munro Concentrated Global Growth Fund at the end of the day. This may result in variances 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 December 2025 unless otherwise specified. The inception date of the Munro Concentrated Global Growth Fund (MCGGF) is 31 October 2019. MCGG.ASX invests in MCGGF and cash, the inception date of MCGG.ASX is 3 February 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 World (Ex-Aus) Index refers to the MSCI World (Ex-Australia) Net Total Return Index in Australian Dollars. BPS refers to Basis Points. AOL refers to Area 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 Concentrated Global Growth Fund ARSN 630 173 189 (Fund) AIPR GSF9808AU and the Munro Concentrated Global Growth Fund Active ETF (MCGG.ASX), collectively the Funds. GRES 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 Funds, investors should consider the appropriateness of this information, having regard to their own objectives, financial situation and needs and read and consider the Target Market Determination (TMD) and the Product Disclosure Statement (PDS) and the Additional Information to the PDS (AIP) for the relevant Fund which can be obtained from [www.gsfp.com.au](http://www.gsfp.com.au), [www.munropartners.com](http://www.munropartners.com) or by calling 1300 133 451. GSFM Responsible Entity Services has produced a TMD in relation to the Munro Concentrated Global Growth Fund and MCGG.ASX Fund. The TMD sets out the class of persons who comprise the target market for the Funds and is available at [www.gsfp.com.au](http://www.gsfp.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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