

MUNRO

Quarterly report

Munro Global Growth Small & Mid Cap Fund

March 2025



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March 2025 – Quarterly report

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

-5.3%

MSCI ACWI SMID Index quarter return

-2.3%

QUARTERLY HIGHLIGHTS

- The Munro Global Growth Small & Mid Cap Fund returned -5.3% for the March quarter, underperforming the benchmark's return of -2.3% by 3%.
- The top contributors to performance over the quarter were Rheinmetall in our Security Aol; Targa in Infrastructure; and Tradeweb in Big Data. The top detractors from performance were Astera Labs, Wix.com, and Comfort Systems.
- Whilst the tariff announcements have been abrupt, we believe profitable, fast growing businesses exposed to long term structural growth tailwinds and led by well aligned management teams remain the best place to deploy long term investor capital.

MUNRO MEDIA

Livewire Markets, 8 March 2025

3 brilliant women in finance share their 5 must-watch stocks

[Read the article here](#)

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INVESTMENT TEAM



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Lead Portfolio Manager



Nick Griffin
CIO



Kieran Moore
Portfolio Manager



James Tsinidis
Portfolio Manager

Fund commentary

The Munro Global Growth Small & Mid Cap Fund returned -5.3% for the March quarter, underperforming the benchmark's return of -2.3% by 3%.

Equity markets experienced heightened volatility during the quarter as investors grappled with the impact of tariffs and trade policies on the global economy and corporate earnings. The emergence of China's DeepSeek AI model also raised concerns on the long-term AI server and power demand. The US market fell into correction territory, with the S&P 500 faring better than the tech-heavy Nasdaq. These trends were further exacerbated during the first week of April, when the reciprocal tariffs announced by the Trump administration surprised the markets in their magnitude and breadth.

Several of our key Areas of Interest (Aols), such as High Performance Computing, Climate, and Digital Enterprise faced challenges due to prevailing macroeconomic trends. Despite the companies in our portfolio generally reporting stronger-than-expected earnings, the short-term trading performance of their shares was largely influenced by external factors.

The top contributors to performance over the quarter were Rheinmetall in our Security Aol; Targa in Infrastructure; and Tradeweb in Big Data.

Rheinmetall, a major German defence contractor, benefited from increased defence spending across Europe. We believe Rheinmetall could continue to enjoy robust sales growth as major NATO countries increased their defence spending from ~1.9% of GDP to 3% by 2030.

Targa Resources also performed well during the quarter. It is strategically located in the Permian Basin, a key hub for US oil and gas production. As a vertically integrated pipeline operator, Targa generates more than 90% of its revenues from take-or-pay fee contracts that are protected against short term volume fluctuations. Targa reported strong fourth quarter results and raised its capital expenditures and dividends.

Tradeweb, the leader in fixed-income electronic trading, thrived in an environment of heightened market volatility. The Company reported record-breaking trading volume that was growing well over 30% year-over-year. Its global market share continued to expand across key asset classes, including US government bonds, European government bonds, swaps and options, and US credit products.

The top detractors from fund performance for the quarter were Astera Labs, Wix.com, and Comfort Systems.

The March quarter was challenging for many AI-exposed companies, as concerns over the sustainability of AI infrastructure spending weighed on market sentiment. The release of DeepSeek's R1 model, which demonstrated improved efficiency and cost-effectiveness, triggered a sharp market reaction, erasing over \$1 trillion in market capitalisation. Astera Labs (High Performance Computing Aol), and Comfort Systems (Infrastructure Aol), saw their share price decline significantly due to associated fears. Similarly, Wix.com faced pressure from macroeconomic concerns surrounding a slowdown in small and medium-sized businesses. It is also worth noting that all three companies reported financial results that substantially exceeded consensus expectations.

QUARTERLY COMMENTARY

Market outlook

Despite our bullish views entering the year, the near-term outlook has been clouded by widespread uncertainty around tariffs. The Trump administration appears determined to implement their economic plans. Tariffs, DOGE and the attached uncertainty are all ultimately deflationary to economic growth and this has outweighed the positives that may come from deregulation, increased investment and M&A. A clear path out of this will take time to evolve, which now depends on whether the administration is willing to drive the global economy into a recession to achieve its goals.

The March quarter also saw our risk management system at work. We reviewed all the stop loss triggers, defined by a share price drop of more than 20% from either the recent peaks or costs. We sold out of 10 stocks from the portfolio, and increased our exposure to more defensible business models such as exchanges and insurance brokers. Whilst the tariff announcements since were abrupt, we believe profitable, fast growing businesses exposed to long term structural growth tailwinds and led by well aligned management teams remain the best places to deploy long term investor capital.

For full market commentary, please refer to [Munro Global Growth report](#).



STOCK STORY: CURTISS WRIGHT

**CURTISS -
WRIGHT**AREA OF INTEREST: **Security**MARKET CAP: **US\$11.9bn**

Curtiss Wright detracted 39bps from Fund performance for the quarter.

Curtiss-Wright Corporation, headquartered in Davidson, North Carolina, is a diversified industrial company providing highly engineered solutions to the aerospace, defence, and commercial power sectors. With a rich legacy rooted in the pioneering achievements of Glenn Curtiss and the Wright brothers, the company excels in delivering critical technologies such as advanced actuation systems, sophisticated sensors, and industry-leading valves, serving both military and industrial clients.

Throughout the quarter, defence stocks such as Curtiss-Wright struggled as the Trump Government indicated a reallocation of defence budget priorities, along with the sentiment around the "Department of Government Efficiency" giving rise to concerns around potential spending cuts. Despite the near-term uncertainty in the defence sector until we have a clearer picture of what changes will be made to the budgets, we believe that Curtiss-Wright will actually be a beneficiary of these spending reallocations, as priorities appear towards protecting power over the Pacific. This would be incrementally positive for Curtiss-Wright's naval defence segment, as they have circa \$140 million in shipset content on programs such as the Columbia Class nuclear submarine. We expect to have more clarity in April when the fiscal 2026 budget request is made public.

We believe that Curtiss-Wright is well positioned to benefit from increased demand for advanced technologies as global defence spending continues to evolve, as well as reborn opportunities in the commercial nuclear arena. With a strong balance sheet, commitment to innovation, and a history of delivering high-quality products, we think Curtiss-Wright offers a compelling investment opportunity with a long-term growth trajectory supported by structural changes in its core markets.

STOCK STORY: WIX




AREA OF INTEREST: **Digital Enterprise**

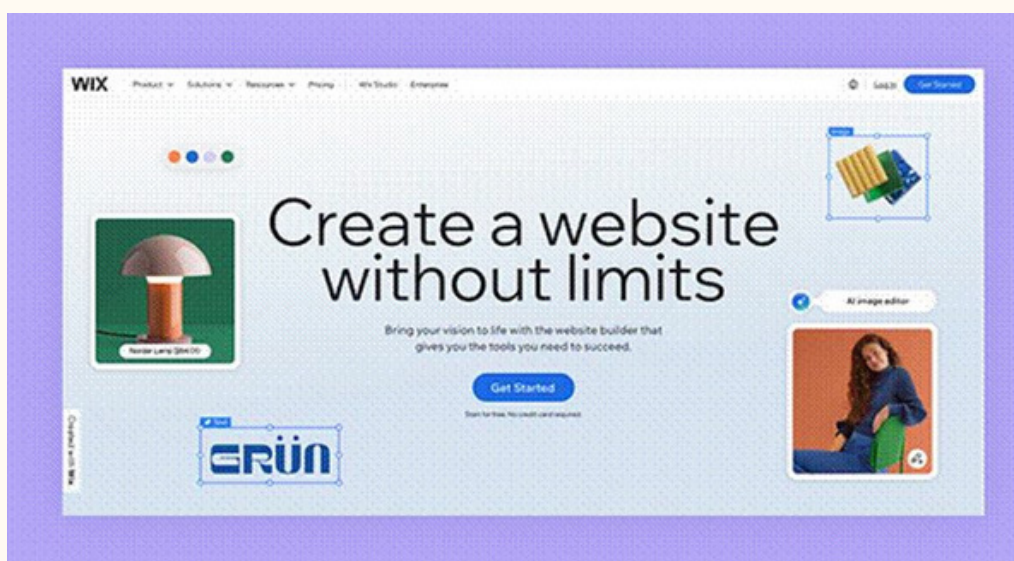
MARKET CAP: **US\$9bn**

Wix detracted 95bps from performance for the quarter.

Whether you're an individual creating a website for the first time, or an enterprise building complex storefronts, Wix.com has transformed website design into a highly streamlined and dynamic experience. The platform's very intuitive drag-and-drop editor, AI-powered tools, and customisable templates allows users to create high quality websites without requiring any prior coding expertise. Beyond design, Wix integrates E-Commerce, bookings, blogging, and marketing solutions all under one roof, powering a variety of businesses.

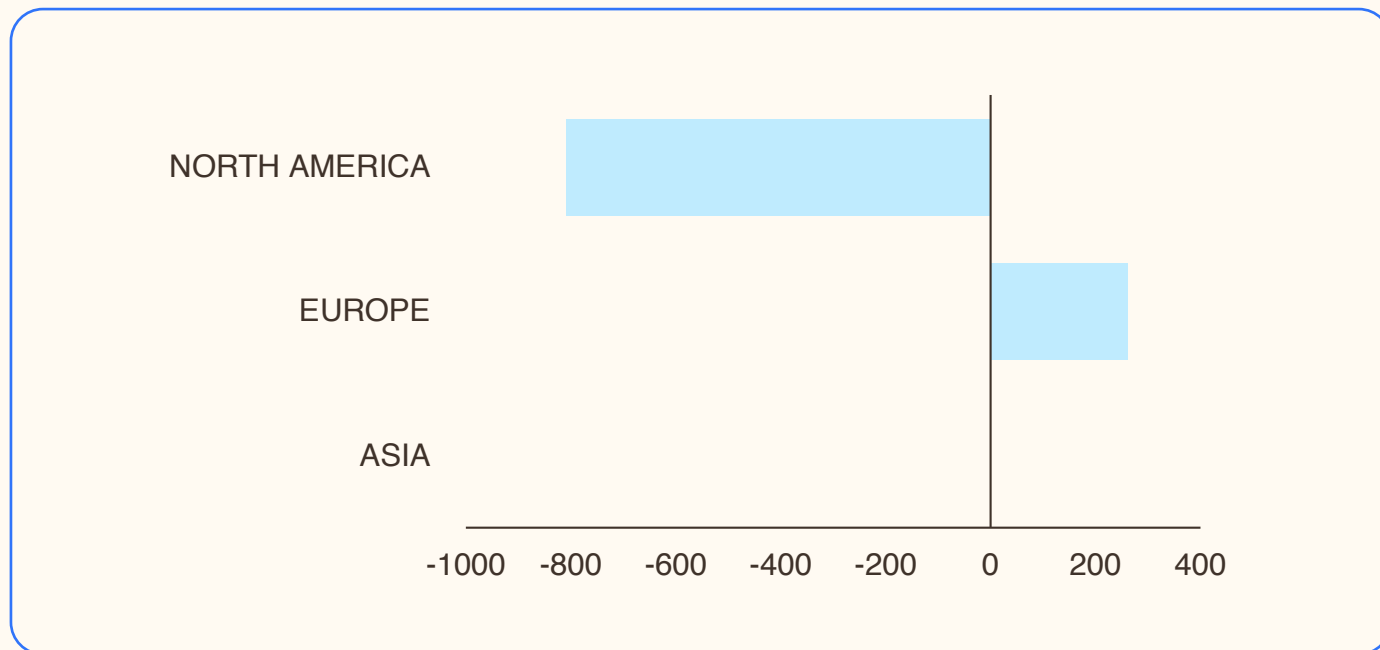
Wix capped off a strong 2024 with double-digit revenue growth, expanding margins and delivering on its 2025 targets a full year ahead of schedule. As Wix focuses on layering more AI tools and creating more freedom for its users, it has cemented itself as a highly sticky platform with strong customer perception, helping accelerate its bookings growth. This will ultimately drive revenue growth for years to come, as new users adopt more tools, helping expand Average Revenue Per User (ARPU). As we move into 2025, we expect Wix to continue to expand its footprint within the enterprise segment, as its Studio product resonates strongly with larger web design agencies. With additional AI products in the pipeline and likely to be announced in the coming months, we see further monetisation opportunities for Wix across its tech stack. With robust free cash flow generation and attractive valuation compared to peers, Wix stands poised for continued success in reshaping the digital landscape.

We continue to like the Wix story as we believe it is the key winner within an industry that has remained relatively dormant with minimal innovation. Through its product innovations and leveraging of AI, Wix has the opportunity to continue to take market share from legacy players within the broader website building ecosystem. Additionally, we believe that Wix will continue to benefit from structural tailwinds, which includes the ongoing digitisation of the economy and the growing need for every brand to have a presence online.

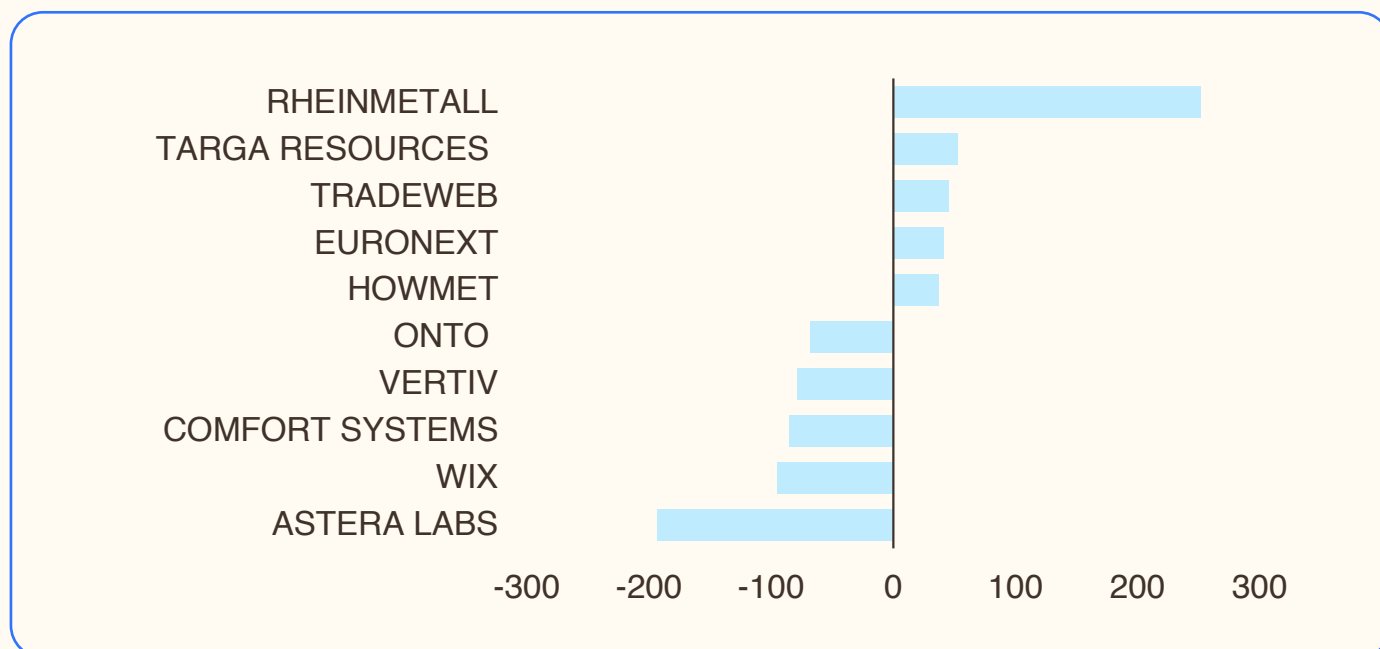


QUARTERLY FUND ATTRIBUTION (BASIS POINTS)

Region (ex-cash)



Top & bottom contributors



QUARTER END EXPOSURE

Category

EQUITIES	90.7%
CASH	9.3%
NO. OF POSITIONS	36

Top 5 holdings

TARGA RESOURCES	5.1%
BROOKFIELD	5.0%
EURONEXT	4.8%
TRADEWEB	4.4%
CURTISS-WRIGHT	4.2%

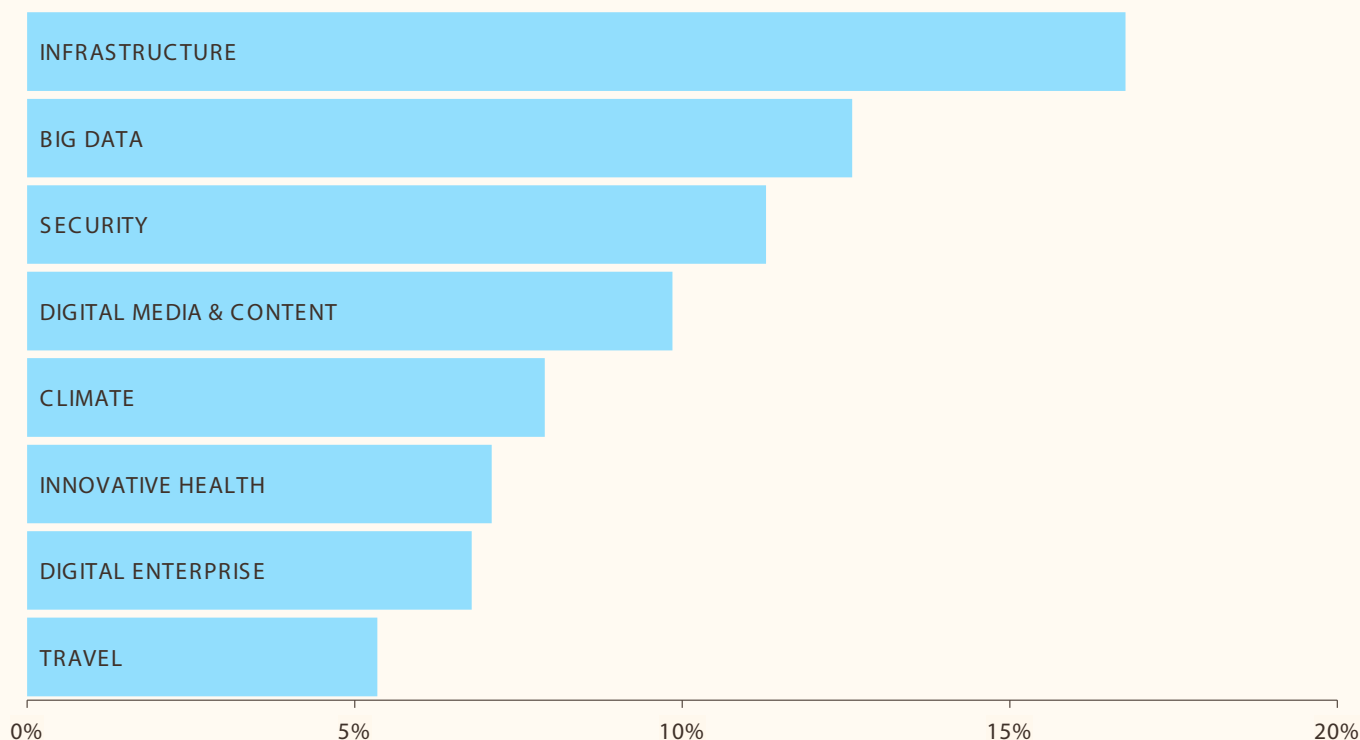
Sector

INDUSTRIALS	32.4%
FINANCIALS	14.8%
INFORMATION TECHNOLOGY	12.3%
COMMUNICATION SERVICES	8.7%
OTHER	22.3%
CASH	9.3%

Region

LONG	
NORTH AMERICA	74.4%
EUROPE	16.3%
CASH	9.3%

Top 8 Areas of Interest (Aols)



Net Performance - SMID

	3 MTHS	6 MTHS	1 YR	INCEPT P.A.	INCEPT CUM.
MUNRO GLOBAL GROWTH SMALL & MID CAP FUND (AUD)	-5.3%	14.4%	24.0%	42.3%	64.8%
MSCI ACWI SMID NET INDEX (AUD)	-2.3%	5.7%	6.6%	19.2%	28.2%
EXCESS RETURN	-3.0%	8.7%	17.3%	23.1%	36.6%

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 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 NR AUD refers to the MSCI All Country World Small and Mid Cap Index Net Returns in Australian Dollars. BPS refers to Basis Points. Aol refers to Areas 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 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 Product Disclosure Statement (AIB) which may be obtained from www.gsfm.com.au, www.munropartners.com.au 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. This document is issued on 14 April 2025.

