

Trip insights



Sweden, Germany, Netherlands, France & UK
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What were the key insights from your recent research trip?

Across the 57 companies we met, there was a clear divide in sentiment regarding AI. Companies proactively researching and embracing the technology appeared more confident and were outperforming those that have been complacent or prefer to be quick followers.

Within Information Technology, hardware manufacturers continue to be the early beneficiaries as the "picks and shovels" of the industry remain in high demand. In Communication Services, AI-enabled cost-cutting is a clear tailwind, while early proof points in AI-related up- and cross-selling have shown unequivocal progress.

While elevated valuations across certain names within the TMT sector appear justified by strong fundamentals and genuine earnings power, there are pockets of the market that have rallied more on hype than on sustainable growth prospects, and these may prove difficult to justify over the medium to long term. It remains important for investors to stay disciplined and distinguish between durable value creation and short-term enthusiasm.

What's an example of a current portfolio holding where your meeting strengthened your conviction. Why?

We met with **ASML**'s management at their campus in Veldhoven and heard directly about their confidence in achieving their 2030 financial goals. Earlier in the year, management offered benign commentary on the CY26 outlook amidst elevated AI infrastructure sentiment, raising market concerns about whether the company's long-term growth algorithm was at risk.

We tested our thesis with management and identified data points that clearly indicate strong industry demand over the medium term and sustained, innovation-led pricing power at ASML. We were also pleased to learn that ASML's next-generation lithography equipment, the High-NA EUV system, is beginning to see customer adoption, with output statistics far superior to the previous generation.

What's an example of an under-the-radar SMID cap company that most people wouldn't have heard of?

Mycronic AB is a Sweden-based maker of high-precision production equipment for the electronics industry. While often overlooked due to its market cap, Mycronic combines an industry-leading Pattern Generators franchise with a growing installed base, producing elite margins and returns on capital. Its end markets tap into secular drivers like AI/data centres, electrification, and high-mix manufacturing. With a net-cash balance sheet and strong backlog visibility, the company's earnings are resilient. We are interested in conducting further research to ensure it meets all six of our quality factors.

Are you making any changes to portfolio positioning or stock holdings as a result of your research trip?

We established a position in **Sage Group** as a result of this trip. Sage is a global accounting software company focused on small and midsize businesses, similar to homegrown champions like Xero and MYOB. Having followed the company closely for several years, our meeting with management in London reinforced the positive aspects of the investment case and gave us confidence to allocate capital to this quality compounder. Our investment thesis is supported by three key pillars:

1. **A high-quality, recurring revenue stream** with an improving mix of cloud-native products, delivering durable growth and high cash conversion.
2. **Expanding operating leverage** as the company scales, allowing for investment in its products while steadily lifting margins.
3. **Disciplined capital allocation**, with progressive dividends and buybacks funded by robust free cash flow.

We also see upside from international expansion and AI-enabled automation (Sage Copilot), which could raise ARPU and retention.

About us

Bell Asset Management is an active global equity specialist with deep expertise in global SMID caps. Since 2003, our investment team has managed global equity portfolios across all market cycles with the guiding philosophy that high-quality companies drive superior long-term returns. We target high-quality companies with strong growth potential – resulting in a very high-quality portfolio without paying a premium.

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