

# Trip insights



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## What were the key insights from your recent research trip?

I recently conducted an extensive research trip across the U.S., visiting 62 companies in over 30 cities. This included 10 current portfolio holdings and 52 prospective investments, spanning the Technology, Industrials, Financials, and Consumer sectors.

A clear divergence emerged in management outlooks for 2026, driven largely by end-market exposure. Companies leveraged to secular themes, specifically data centers, defence, electrification, and AI, expressed strong confidence in continued growth. Conversely, those exposed to the U.S. consumer, construction (residential/office), or general industrial production, maintained a notably more neutral stance on the year ahead.

**Microsoft**, for instance, expressed strong optimism, continuing to hike capex guidance for cloud infrastructure. They cited accelerating demand for Azure as the primary catalyst, a claim reinforced by the robust growth in their most recent cloud bookings data.

The impact of U.S. tariffs is only now reaching many businesses and consumers, as the inventory buffers built up in early 2025 have finally depleted. Consequently, with few exceptions, companies remain hesitant to raise prices given the current weak demand environment.

Conducting meetings during the record-breaking federal government shutdown only compounded this negative sentiment. I left the U.S. questioning whether the thematic winners are becoming overly bullish, and – perhaps more importantly – if those without such exposure have become excessively bearish. I believe there are several tailwinds that could emerge for these 'have-nots' in 2026 that are currently absent from both company guidance and sell-side estimates. This disconnect creates a compelling opportunity for active stock pickers like Bell Asset Management.

## What's a current portfolio holding where your meeting strengthened your conviction. Why?

I met with the **Motorola Solutions** CEO and CFO at their headquarters in Chicago. The company's positive outlook for 2026 and beyond is primarily driven by its strategic shift toward high-margin, recurring software and services revenue, and its dominant market position in mission-critical public safety technology. This is evidenced by the record-high backlog, which includes a substantial portion of multi-year software and services agreements, providing strong revenue visibility and stability for years to come. Furthermore, robust demand from government and public safety agencies for digital upgrades, video security, and command centre solutions is ensuring a continuous flow of contracts. Concurrently, the company is aggressively strengthening its portfolio through strategic acquisitions like Silvus Technologies to capture growth in areas like defence and next-generation mobile ad-hoc networking. This combination of an entrenched customer base, expanding high-margin business, and strategic investments is expected to fuel continued revenue growth and margin expansion, particularly as it capitalises on multi-year infrastructure replacement cycles. We believe the recent share price weakness has created a compelling valuation disconnect relative to the company's strong fundamentals.

## What's an under-the-radar global SMID cap most people wouldn't have heard of?

**Simpson Manufacturing** was one of the many interesting 'under the radar' companies that I met with. They maintain a dominant position in the structural connector and fastening systems industry, commanding an estimated 75%+ market share in their core wood connector market. This leadership is sustained by a competitive moat built on product specification and engineering credibility. Because their products are critical for structural integrity yet represent a tiny fraction of total project costs, they are often explicitly specified on architectural blueprints, creating high switching costs.

Furthermore, the company exhibits exceptional financial discipline with industry-leading margins (EBIT margin targeting 20%), high returns on invested capital (often above 25%), and a fortress balance sheet with minimal debt. This combination of structural advantage and disciplined capital allocation, supplemented by growth drivers like the Etanco acquisition in Europe, makes Simpson a resilient, high-quality compounder capable of outperforming the underlying housing cycle.

Despite its quality, Simpson remains overlooked. With a market cap of approximately US\$7bn and limited sell-side analyst coverage, the stock often flies under the radar. Following my positive meeting with management, we have prioritised this name for more comprehensive analysis.

## 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.

## Contact us

Further information can be found on our website or by contacting us directly.

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