

# Bell Global Emerging Companies Fund

Class A Fund Summary - Period ending 31 December 2025



## Net Performance^

Returns in AUD	Fund	Index*
<b>1 Month</b>	-1.8%	-0.8%
<b>3 Months</b>	-3.2%	1.5%
<b>6 Months</b>	-5.9%	6.7%
<b>1 Year</b>	-5.9%	9.9%
<b>3 Years (pa)</b>	6.4%	15.1%
<b>5 Years (pa)</b>	5.7%	10.4%
<b>Inception (pa)^</b>	9.0%	10.9%

\* Index is the MSCI World SMID Cap Index. ^ The Bell Global Emerging Companies Fund was established in November 2012 under a different name and with a different investment strategy. The fund has operated under its current name and strategy since 27 June 2016 (Inception). Past performance is not indicative of future performance.

## Best & Worst Performers - 1 Month

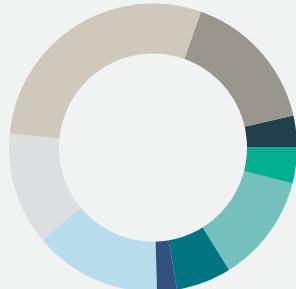
### Top 5 - Relative Contribution

Old Dominion Freight...	0.25%
MonotaRO Co., Ltd.	0.20%
Toro Company	0.16%
Disco Corporation	0.14%
Core & Main, Inc. Class A	0.12%

### Bottom 5 - Relative Contribution

Tractor Supply	-0.19%
Cencora, Inc.	-0.18%
Auto Trader Group PLC	-0.18%
Veeva Systems Inc...	-0.17%
Boot Barn Holdings, Inc.	-0.15%

## Sector Exposure



Communication Services	3.9%
Consumer Discretionary	12.3%
Consumer Staples	6.2%
Energy	2.1%
Financials	14.5%
Health Care	12.5%
Industrials	29.0%
Information Technology	16.0%
[Cash]	3.5%

## Geographic Exposure



Africa/Mideast	2.6%
Asia/Pacific Ex Japan	2.4%
Europe	24.9%
Japan	10.9%
North America	55.6%
[Cash]	3.5%

## Top 10 Holdings

Company	Sector	Geography	Weight
Paylocity Holding...	Industrials	US	2.8%
Check Point Software	Information Technology	IL	2.6%
Wolters Kluwer N.V.	Industrials	NL	2.6%
Deutsche Borse AG	Financials	DE	2.6%
MonotaRO Co., Ltd.	Industrials	JP	2.6%
BJ's Wholesale Club...	Consumer Staples	US	2.5%
Service Corporation...	Consumer Discretionary	US	2.5%
Amadeus IT Group SA	Consumer Discretionary	ES	2.5%
MSCI Inc.	Financials	US	2.4%
Techtronic Industrie...	Industrials	HK	2.4%

## Investment Metrics<sup>#</sup>

	Portfolio	Index	Relative
<b>Risk</b>			
Total Risk	9.61	9.85	
Number of Stocks	48	4,602	
Active Share	97.6		
<b>Value</b>			
P/E (Fwd 12M)	22.5	16.7	135%
EV / EBITDA	15.6	13.6	114%
<b>Growth (%)</b>			
Sales Growth	10.8	12.1	89%
EPS Growth	14.4	12.2	117%
<b>Quality</b>			
Return on Equity	27.0	9.7	279%
Net Debt / EBITDA	0.2	2.8	7%
<b>ESG</b>			
MSCI ESG Overall Score	7.7	6.7	116%
Carbon Emissions*	24.4	150.2	16%

# Investment Metrics calculated using FactSet database

\* Scope 1+2 CO2 and equivalents per US\$ mil. of revenue

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**Ned Bell** CIO / Portfolio Manager



**Joel Connell** Portfolio Manager



**Matt Saddington** Portfolio Manager

## Performance

The positive sentiment which carried global equities throughout 2025 extended into December, sustaining the market's upward momentum in USD terms, although a strengthening Australian Dollar acted as a drag for local investors. The MSCI World SMID Cap Index returned -0.8% in December, whilst the Bell Global Emerging Companies Fund (Class A) fell 1.8%, underperforming the MSCI World SMID Cap Index by 1.0%.

## Performance Attribution

The portfolio declined modestly in December, as positive returns in Industrials and Information Technology was offset by weakness across other sectors including Communication Services, Consumer Discretionary and Health Care. On a regional basis, declines from holdings in countries such as the US, UK, France and Netherlands more than offset gains achieved in countries such as Switzerland and Sweden. Relative performance was held back by an underweight to Materials and an overweight to Health Care, alongside stock-specific headwinds in Energy, Financials, Communication Services and Consumer Discretionary. These impacts were partially offset by benefits from being underweight Utilities and Real Estate, as well as good stock selection in Information Technology and Industrials. Style exposures were a net drag, reflecting the portfolio's overweight to Quality and underweights to both Momentum and Value, including Cyclical.

At a stock level, Old Dominion Freight Line (ODFL), the American less-than-truckload (LTL) shipping company, ranked among the portfolio's top performers in December. Most of this outperformance arose in early December and coincided with ODFL's mid-Q4 update, which showed volume decline rates easing faster than expected and pricing tracking above expectations,

indicating to investors that the cycle trough may have been reached or even possibly passed in the process. Additionally, the stock's P/E ratio in early December sat near multi-year lows, reflecting overly cautious expectations, which amplified the rebound into year-end. ODFL remains the benchmark in the LTL industry, with pricing, margins and return multiples ahead of peers, supporting our conviction in the name heading into 2026. Other notable contributors during December came in the form of Disco (Information Technology) and Industrials including MonotaRO, Toro and Core & Main.

Tractor Supply, a US based speciality retailer serving rural and recreational customers, was one of the most significant detractors for the month. With no material company-specific news, the underperformance likely reflects a current preference for some of the lower quality and more cyclical areas within the Consumer Discretionary sector. Additionally, the mild winter and absence of a major storm season suggests Q4 results may track toward the lower end of guidance. Despite this, our long-term conviction remains intact, with direct sales initiatives and accelerated store rollouts expected to support top-line growth in 2026. Other laggards included Cencora (Health Care), Auto Trader (Communication Services) and Veeva Systems (Health Care).

## Market Commentary

December proved to be yet another positive month for global equity investors (in USD terms) with Financials the primary driver of market gains, along with support from positive returns in Consumer Discretionary, Industrials and Materials. This occurred despite the remaining sectors declining, with Communication Services, Utilities, Real Estate and Consumer Staples falling by the largest

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magnitude. Regionally, European equities outperformed, led by the Swiss, German and Spanish markets, followed by gains in the Asia-Pacific, while North America finished flat. Style effects were more pronounced than size, with Value outperforming, driven largely by cyclical exposures, while Growth, Quality and Low Volatility lagged. For the full year, Quality and Low Volatility underperformed by approximately 5% and 11% respectively, while dispersion between Value and Growth styles was relatively muted.

Central banks remained a key focus. The US Federal Reserve cut policy rates by 25bps in December, marking its third reduction in 2025. While the move was widely expected, initial commentary and the updated "dot plot" were interpreted as relatively hawkish. Investor concerns eased later in the month following the release of meeting minutes, which indicated that while a small number of Federal Open Market Committee members opposed the cut, the majority viewed further reductions as likely in 2026 should inflation continue to moderate. Overall, the policy outlook remains supportive for risk assets. Elsewhere, the Bank of Japan tightened policy with a 25bps rate hike, taking interest rates to their highest level in over 30 years, while the Reserve Bank of Australia held the cash rate steady at 3.60%, maintaining a cautious stance amid ongoing inflation risks.

Precious metals extended their strong performance in 2025, with Gold rising by approximately 65% for the year - its best return in over four decades - and Silver surging over 140%, reflecting both its safe-haven appeal and growing industrial demand. Supply constraints, low inventories, and the White House's designation of Silver as a critical mineral supported these gains. In contrast, crude oil prices were weighed down by oversupply concerns despite ongoing geopolitical tensions, while Copper

recorded solid gains amid expectations of sustained demand from AI-driven data centre investment and renewable energy infrastructure.

## Portfolio Activity

The investment team made several portfolio adjustments in the final month of the year to ensure the portfolio was optimally positioned heading into 2026.

One of the new entrants into the portfolio was W.W. Grainger, a North American distributor of industrial consumables, tools and supplies. We have previously owned this name in the portfolio and followed closely for many years. The driver to re-introduce to the portfolio now is an attractive valuation and view that an up-cycle seems imminent. Our modelling calls for double digit revenue growth and mid-teens EPS CAGR over the next few years, together with good potential for multiple expansion as earnings accelerate. W.W. Grainger has a solid moat allowing for pricing and market share gains on top of the industrial production growth. Its profitability (GPM, OPM, RoCE and cash conversion) is in the top-quintile relative to peers and financial leverage is low, which allows for generous shareholder returns.

Additionally, a position in the leading US independent broker-dealer LPL Financial was established. LPL is well positioned to benefit from the ongoing shift toward fee-based wealth management and greater adviser independence. The company has delivered impressive organic revenue growth over time, targeting the 7-13% range, reflecting strong advisor recruitment and the firm's ongoing ability to attract advisers who are switching platforms. This momentum has translated into consistent net new asset inflows and robust revenue growth, while technology investments continue to enhance their platform stickiness and operating leverage.

Although LPL does possess interest rate sensitivity through its cash sweep program, which is a meaningful earnings contributor, we are comfortable that consensus and buyside expectations already embed a prudent buffer for interest rate cuts through to 2027. Trading at a reasonable valuation relative to its growth profile and capital return potential, LPL offers a compelling risk-reward profile and exposure to structural tailwinds in wealth management. We also initiated a position in Compass Group, a global provider of contract catering and support services. We expect the company to continue compounding earnings at a double-digit rate, with the recent valuation contraction offering an attractive entry point.

These new holdings were funded via exits from three holdings: Moncler, the Italian luxury fashion brand, Verra Mobility, a leading provider of smart mobility solutions and Jack Henry & Associates, a leading US fintech company. Each exit was mainly driven by competition for capital from higher-conviction ideas rather than any material change in our investment thesis. In the case of Jack Henry, we continue to value the company's steady earnings compounding characteristics, but a recent share price rally pushed the valuation toward the upper end of our fair value range. This reduced the prospective risk-reward and prompted us to reallocate the capital to higher-conviction opportunities.

## Outlook

2025 was a challenging year for our Quality at a Reasonable Price (QARP) approach, and we acknowledge that returns did not meet our expectations or those of our investors. For much of the year, a pronounced 'risk-on' mindset prevailed, with market leadership driven more by momentum and sentiment driven narratives than fundamentals. This resulted in strong outperformance from

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some of the lower quality segments of the market, including unprofitable businesses and deep value cyclicals. In this environment, relative performance was impacted both by what we did not own and by the lagging performance of many high-quality compounders we favour which were left behind during the risk-on phase of the market. While style headwinds were among the most pronounced we have seen in decades, we also recognise that our bottom-up stock selection did not sufficiently offset these pressures. In response, we remain focused on disciplined execution, portfolio refinement and continuous improvement, reinforcing Bell's long-standing investment culture of quality, valuation discipline and independent thinking.

Periods when an investment style falls out of favour often bring a temptation to chase what is working in the moment. We remain confident, however, that a QARP approach is well positioned to deliver attractive long-term outcomes. History suggests that the most challenging periods for quality investing have often created the most compelling opportunities to lean in, rather than step away, as fundamentals ultimately reassert themselves and valuations matter again. At the same time, conviction does not preclude reflection, and we continue to challenge our assumptions and adapt our thinking where required to improve decision-making and outcomes for clients.

Looking ahead to 2026, we see the backdrop as increasingly supportive for our QARP investment approach. Valuations across many high-quality businesses are compelling and the portfolio's weighted upside potential sits at the upper end of historical ranges, even based on conservative assumptions. As markets move beyond a phase dominated by narratives and valuation expansion, particularly across lower quality areas, leadership typically broadens and

becomes more earnings driven. This should favour companies with consistent cash generation, high returns on capital and durable growth - characteristics that are central to our portfolio construction.

We are not relying on a single catalyst or a simple reversal in sentiment. Rather, we expect sustained earnings delivery and evidence that challenges prevailing narratives to support a re-rating of many portfolio holdings over time. We remain rigorous in our process, maintaining heightened sell discipline where fundamentals deteriorate while being opportunistic where we see the greatest disconnect between price and intrinsic value. Overall, we believe the portfolio is very well positioned for 2026, with improving risk-reward, attractive entry valuations and multiple pathways to stronger absolute and relative performance.

## Key Features

<b>Investment Objective</b>	To outperform the MSCI World SMID Cap Index over rolling three-year periods after fees and expenses (but before taxes).
<b>Asset Allocation</b>	Long only global small and mid cap equities, no gearing, no derivatives
<b>Investment Style</b>	Fundamental bottom up approach "Quality at a reasonable price"
<b>Investment Highlights</b>	<ul style="list-style-type: none"> <li>• A diversified portfolio of small and mid cap (SMID) global stocks</li> <li>• 'Quality' focus - consistently high returning companies</li> <li>• Long-term horizon - typically 3-5 year holding periods</li> <li>• Benchmark agnostic</li> <li>• Maximum cash position 10%</li> <li>• Highly experienced investment team</li> </ul>
<b>Benchmark</b>	MSCI World SMID Cap Index
<b>Currency Exposure</b>	Unhedged
<b>Investment Timeframe</b>	At least 5 years
<b>Number of Holdings</b>	30 - 60

## Fund Terms

<b>Fund Inception Date</b>	November 2012
<b>Strategy Inception Date</b>	27 June 2016
<b>Product Structure</b>	Registered Managed Investment Scheme
<b>Investment Manager</b>	Bell Asset Management Limited
<b>Responsible Entity</b>	The Trust Company (RE Services) Limited
<b>Custodian</b>	Apex Fund Services Pty Ltd
<b>mFund Code</b>	BLM01
<b>Unit Pricing &amp; Liquidity</b>	Daily Published on <a href="http://www.bellasset.com.au">www.bellasset.com.au</a> & market data services
<b>Minimum Investment</b>	Minimum investment - \$10,000
<b>Indirect Cost Ratio</b>	1.34% p.a No performance fees, No entry or exit fees
<b>Buy / Sell Spread</b>	+/-0.10%
<b>Reporting</b>	Transaction confirmations upon transacting, annual periodic statement, tax statement, distribution statement and Annual Financial Report
<b>Income</b>	Annual distribution of taxable income
<b>Target Market</b>	This product is intended for use as a core, minor or satellite component within a portfolio for a consumer who is seeking capital growth and has a high to very high risk and return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a 5-year minimum investment timeframe and who is unlikely to need to withdraw their money on less than one month's notice.

**Important Information:** The Trust Company (RE Services) Limited (Trust Co) ABN 45 003 278 831, AFSL 235150 is the responsible entity and issuer of units for the Bell Global Emerging Companies Fund (the Fund). Bell Asset Management Limited (BAM) ABN 84 092 278 647, AFSL 231091 is the investment manager for the Fund. This report has been prepared and issued by BAM for information purposes only and does not take into consideration the investment objectives, financial circumstances or needs of any particular recipient and it contains general information only. You should consider the product disclosure statement (PDS), prior to making any investment decisions. The PDS and target market determination (TMD) can be obtained for free by calling 1300 133 451 or visiting our website [www.bellasset.com.au](http://www.bellasset.com.au). If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. No representation or warranty, express or implied, is made as to the accuracy, completeness or reasonableness of any assumption contained in this report and none of Trust Co, BAM and its directors, employees or agents accepts any liability for any loss arising, including from negligence, from the use of this document. Past performance is not necessarily indicative of expected future performance. Total returns shown for the Fund have been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation.