# Bell Global Equities Fund
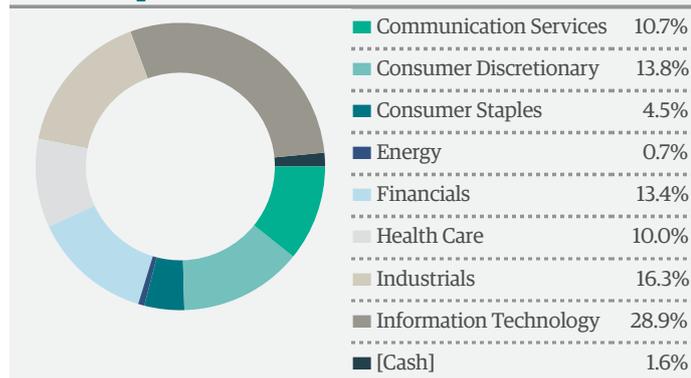
## Platform Class Fund Summary - Period Ending 31 January 2026

Bell ASSET MANAGEMENT

## Net Performance^

| Returns in AUD | Fund | Index* |
|---|---|---|
| 1 Month | -4.7% | -2.8% |
| 3 Months | -6.8% | -3.5% |
| 6 Months | -4.3% | 2.7% |
| 1 Year | -3.9% | 6.5% |
| 3 Years (pa) | 10.4% | 19.8% |
| 5 Years (pa) | 10.1% | 15.0% |
| 10 Years (pa) | 10.5% | 13.3% |
| Inception (pa)^ | 10.3% | 12.5% |

*Index is the MSCI World ex Australia in $A Unhedged with net dividends reinvested. ^ Inception date of the Platform Class is 7 May 2015. Returns are based on the Platform redemption price and are net of fees. Past performance is not indicative of future performance.
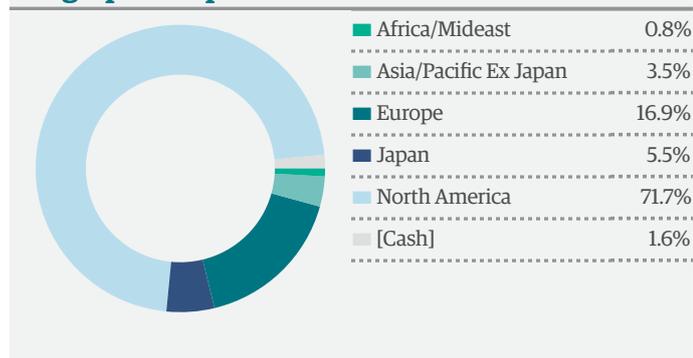
## Top 10 Holdings

| Company | Sector | Geography | Weight |
|---|---|---|---|
| NVIDIA Corporation | Information Technology | US | 6.4% |
| Alphabet Inc. | Communication Services | US | 5.0% |
| Microsoft Corporation | Information Technology | US | 4.4% |
| Apple Inc. | Information Technology | US | 3.8% |
| Amazon.com, Inc. | Consumer Discretionary | US | 3.6% |
| Broadcom Inc. | Information Technology | US | 2.5% |
| Meta Platforms, Inc. | Communication Services | US | 2.2% |
| JPMorgan Chase & Co. | Financials | US | 1.7% |
| Visa Inc. | Financials | US | 1.5% |
| Tencent Holdings… | Communication Services | CN | 1.2% |

## Sector Exposure



| | | |
|---|---|---|
| ■ Communication Services | | 10.7% |
| ■ Consumer Discretionary | | 13.8% |
| ■ Consumer Staples | | 4.5% |
| ■ Energy | | 0.7% |
| ■ Financials | | 13.4% |
| ■ Health Care | | 10.0% |
| ■ Industrials | | 16.3% |
| ■ Information Technology | | 28.9% |
| ■ [Cash] | | 1.6% |

## Geographic Exposure



| | |
|---|---|
| ■ Africa/Mideast | 0.8% |
| ■ Asia/Pacific Ex Japan | 3.5% |
| ■ Europe | 16.9% |
| ■ Japan | 5.5% |
| ■ North America | 71.7% |
| ■ [Cash] | 1.6% |

## Best & Worst Performers - 1 Month

| Top 5 - Relative Contribution | | Bottom 5 - Relative Contribution | |
|---|---|---|---|
| Disco Corporation | 0.24% | SAP SE | -0.18% |
| Alphabet Inc. Class A | 0.13% | Relx Na | -0.17% |
| Teradyne, Inc. | 0.13% | MonotaRO Co., Ltd. | -0.14% |
| Techtronic Industries… | 0.13% | Paylocity Holding Corp. | -0.13% |
| Gaztransport &… | 0.10% | Oracle Corporation | -0.11% |

## Investment Metrics[#]

| | Portfolio | Index | Relative |
|---|---|---|---|
| **Risk** | | | |
| Total Risk | 12.05 | 11.75 | |
| Number of Stocks | 98 | 1,273 | |
| Active Share | 67.3 | | |
| **Value** | | | |
| P/E (Fwd 12M) | 23.7 | 17.0 | 140% |
| EV / EBITDA | 17.7 | 16.6 | 107% |
| **Growth (%)** | | | |
| Sales Growth | 14.8 | 13.0 | 114% |
| EPS Growth | 19.4 | 18.7 | 104% |
| **Quality** | | | |
| Return on Equity | 29.2 | 16.4 | 178% |
| Net Debt / EBITDA | 0.3 | 0.3 | 88% |
| **ESG** | | | |
| MSCI ESG Overall Score | 7.0 | 6.7 | 105% |
| Carbon Emissions* | 25.8 | 93.7 | 28% |

# Investment Metrics calculated using FactSet database
* Scope 1+2 $CO_2$ and equivalents per US$ mil. of revenue

# Bell Global Equities Fund

**Platform Class Fund Summary - Period Ending 31 January 2026**

**Ned Bell** CIO / Portfolio Manager

**Joel Connell** Portfolio Manager

**Andrew Gowen** PM / Director of Research

## Contact Details

Unitholder enquiries
T: 1300 133 451
E: registry@apexgroup.com

Bell Asset Management Limited
W: bellasset.com.au
T: 1300 305 476
E: client@bellasset.com.au

Xanthe Virtue: Head of Wholesale & Platforms
T: +61 2 8000 8872    M: +61 413 450 163
E: xvirtue@bellasset.com.au

Andrew Stewart: Head of Retail Sales
T: +61 2 8000 8875    M: +61 419 224 732
E: astewart@bellasset.com.au

## Performance

Global equity markets opened 2026 with solid gains in USD terms, extending the momentum from 2025, although a strengthening Australian dollar created a material headwind for local investors. Subsequently, the MSCI World ex-Australia Index returned -2.8% for January, whilst the Bell Global Equities Fund (Platform Class) fell 4.7%, underperforming the MSCI World ex-Australia Index by 1.9%.

## Performance Attribution

The portfolio declined over January in local currency terms, as gains in Energy were offset by declines elsewhere, most notably within Information Technology, Financials and Consumer Discretionary. Regionally, Europe and North America weighed most heavily on performance, while Asia Pacific proved more resilient. Relative returns faced headwinds from structural underweights to Energy and Materials, combined with weaker stock selection across Industrials, IT, and Financials. This was partially mitigated by the portfolio's overweight to Industrials and good stock selection in Energy and Health Care. According to FactSet Risk Factor Attribution, underperformance was largely driven by style headwinds, specifically the underweights to Momentum and Value and the overweight to Quality, as well as industry positioning, particularly the overweight to Software & Services and the underweight to Energy.

A continued headwind to performance has been pressure on companies viewed as being exposed to AI disruption, with periods of indiscriminate selling persisting in early 2026. We have underestimated how aggressively markets would penalise stocks with perceived AI disruption risk, even where earnings are likely to remain stable and competitive positions intact. In our view, however, the current dislocation between perception and fundamentals has created one of the most attractive risk-reward environments we have seen in years for many high-quality businesses with durable competitive advantages. While AI disruption is real and we have taken decisive action by exiting holdings where structural risk is genuine, we believe outcomes will ultimately prove more nuanced. Many companies currently labelled as "AI losers" are likely to deploy AI to strengthen their competitive positioning and unlock new growth opportunities. Identifying these businesses at today's discounted valuations has the potential to be highly rewarding for long-term investors. Importantly, this assessment does not reflect scepticism toward AI itself. On the contrary, the portfolio maintains meaningful exposure to AI enablers that are direct beneficiaries of accelerating investment, particularly across semiconductors, advanced manufacturing and test and measurement, where demand is supported by tangible capital expenditure rather than speculative use cases. These names have been among our best performers in recent periods.

At a stock level, Tokyo-based semiconductor equipment manufacturer Disco Corp was a standout contributor, rallying more than 30% following a strong beat-and-raise result. Sales grew 16% year-on-year, and gross margins expanded to an impressive 71%, underpinned by equipment shipments of ¥113.6bn that exceeded market expectations and aligned with our forecasts. The market responded enthusiastically, viewing the data as concrete evidence that demand for high-performance semiconductor equipment is accelerating rather than plateauing. Central to this success is Disco's dominance in precision processing tools, specifically dicing and grinding equipment, which are critical for manufacturing the High Bandwidth Memory used in generative AI accelerators. Looking ahead, we welcomed management's decision to raise FY26 guidance and remain constructive on the

# Bell Global Equities Fund

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company's medium-term investment outlook. However, with significant valuation expansion since we entered the name just under 12 months ago, we have reduced the position size and locked in some profits.

Teradyne was another strong contributor, benefiting from a wave of analyst upgrades early in the month and a subsequent earnings release that materially exceeded expectations. The company reported a 44% year-on-year increase in revenue for Q4 2025 and guided to Q1 2026 earnings approximately 60% above consensus, reinforcing investor confidence that Teradyne has evolved from a cyclical tester into a critical enabler of generative AI infrastructure. Continued progress in capturing value from the next phase of AI-driven demand, alongside the successful integration of AI into its robotics business, underpins our favourable long-term view. Other positive contributors included Techtronic Industries (Consumer Discretionary), Gaztransport & Technigaz (Energy) and our underweight to Tesla (Consumer Discretionary).

Leading German provider of enterprise resource planning software, SAP, was one of the more notable laggards for the period. SAP shares retraced by approximately 18% in January on the back of its Q4 earnings release. While profits and cash flow exceeded expectations, the shares were punished for a small miss versus expectations, with cloud backlog growth of 25% (versus the 26% consensus forecast), and guidance for a "slight deceleration" in 2026 cloud revenue. This reaction came despite management reiterating expectations for accelerating sales growth into 2026 and 2027. Looking through the near-term volatility, we see a business capable of delivering revenue growth of around 12% per annum and high-teens earnings growth, trading on an attractive valuation. Our view is that the recent share price weakness, headlined by the severe

reaction to their results announcement, has been exacerbated by wider concerns around the impact of AI on the software industry. We acknowledge the threat from AI-native software, but also believe the market may be underestimating the ability of incumbents to evolve their own AI offerings, particularly where software is deeply embedded in operating processes, as with SAP. It is this viewpoint that underpins our continued conviction in the name. Other detractors included RELX (Industrials), MonotaRO (Industrials) and our underweight to Micron Technology (Information Technology).

## Market Commentary

Headline market gains (in USD terms) masked significant underlying volatility at a sector and industry level in January. Information Technology lagged significantly, dragged down by Software stocks as the 'AI loser' narrative intensified. Investors continue to adopt a 'shoot first, ask questions later' mentality, indiscriminately selling perceived losers with little regard for their actual AI positioning. Conversely, Energy and Materials stocks rallied strongly, supported by rising commodity prices. Regionally, Asia Pacific led the way, with standout gains in Hong Kong and Japan. Style outcomes were unusually mixed for the month (based on MSCI Indices): Value significantly outperformed, while Cyclicals, Low Volatility, and Growth lagged. For unhedged Australian investors, a surge in the Australian dollar against most major currencies offset the underlying equity market gains.

The rally broadened notably during the month, with Small and Mid-Cap (SMID) stocks seeing a strong resurgence. The MSCI World SMID Cap Index outperformed its All-Cap equivalent by over 2%, driven by a renewed focus on the superior earnings growth potential of this segment of the market, tailwinds from the

Federal Reserve's December rate cut, and rising expectations for M&A activity. This reversal suggests a degree of mean reversion is finally taking hold after a prolonged period of underperformance relative to mega-caps.

Geopolitical volatility returned to the forefront in January. Tensions spiked early in the month following the US military operation in Venezuela, though market anxiety subsided relatively quickly. Elsewhere, renewed rhetoric regarding the potential annexation of Greenland drew sharp rebukes and tariff threats from European leaders. However, sentiment stabilised following the Davos meeting, with markets largely looking through the diplomatic noise with limited lasting impact.

Hard assets were the standout performers to start the year, with the Bloomberg Commodity Index surging 10%. Crude oil spiked on the Venezuelan developments and heightened Washington-Tehran tensions, while colder-than-expected Northern Hemisphere weather drove natural gas higher. Precious metals rallied strongly on safe-haven demand for most of the month, though this reversed abruptly on the final trading day, with both gold and silver suffering sharp, rapid declines.

## Portfolio Activity

Portfolio activity remained relatively elevated in January, driven by heightened stock-level volatility despite relatively muted moves at the index level. While broader markets have continued to grind to new all-time highs, underlying performance dispersion remains significant, both across and within sectors. For example, over the past 12 months there has been roughly a 70% performance differential between Semiconductors and Software within IT, and close to a 40% gap between Banks and Financial Services within Financials. This level of divergence

is creating stock-specific opportunities to take advantage of share price strength and lock in profits where valuations have become stretched, while redeploying capital into areas of the market offering a more attractive forward-looking risk-reward profile.

One of the new positions established during the period was in Japan-listed Fujikura, a global leader in optical fibre and electrical infrastructure. While the company operates across several segments, our thesis centres on its Telecommunication Systems division, which is a dominant force in the optical fibre and fusion splicer markets. We view Fujikura as a critical beneficiary of the AI-driven data centre boom, where the surge in generative AI has created massive demand for high-density cabling. Fujikura's proprietary SWR/WTC technology (Spider Web Ribbon / Wrapping Tube Cable) allows for significantly higher fibre counts in tighter spaces, a prerequisite for modern hyperscale clusters. Following a share price pullback of approximately 20% from recent peaks, we utilised the volatility to initiate a position, confident that material earnings upgrades and structural demand will act as continued catalysts.

Among the other additions to the portfolio were Abbott Laboratories (Health Care) and Spirax (Industrials). Abbott Laboratories is a high-quality, diversified medtech leader with multiple identifiable catalysts on the horizon. These include continued double-digit growth in its Diabetes Care (Libre) franchise and the US commercial ramp-up of the Volt Pulsed Field Ablation (PFA) System, which we expect to accelerate their top-line growth. Additionally, the recently announced acquisition of Exact Sciences significantly strengthens their diagnostics capabilities in oncology. We believe the stock's recent de-rating, driven largely by weakness in the lower-margin Nutrition business,

provided an attractive entry point that undervalues the structural growth engine of the broader portfolio. Spirax, by contrast, is a UK-based leader in thermal energy management and fluid technology. Following nearly three years of subdued growth after the pandemic boom, end-markets are now showing clear signs of a turn. While the first "green shoots" appeared during the 1H 2025 results last August, subsequent data points have confirmed an accelerating recovery, particularly in biopharma and semiconductor demand. With our analysis pointing to a high probability of earnings upgrades over the next 12-18 months, and the stock trading at ~21x forward earnings (an attractive discount to its long-run average), we took the opportunity to initiate a position in this high-quality industrial compounder.

On the exit side, the decision was made in January to exit our position in ASML, the Dutch provider of lithography solutions to the semiconductor industry. This followed a sharp improvement in both share price performance and underlying business outlook over the past six months. In its Q4 2025 results, orders received during the quarter were twice the market's expectation at €13.2bn (vs. €6.6bn) and management also issued strong 2026 revenue guidance of ~€37bn (vs. ~€34bn expected). For much of 2025, investors had been cautious, fearing a lull before the next capacity cycle, hence, this clear sign of business re-acceleration drove an aggressive valuation re-rating from a low 20's forward P/E ratio to over 40x at the time of our exit in late January. We applied similar discipline to Airbus, exiting after a strong rally lifted the valuation to levels that, in our view, price in a flawless A320 production ramp and robust growth in the Defence & Space division. While we continue to view both franchises as high-quality, the current valuations leave limited margin for error. We have moved both names to our watchlist and will

monitor them closely for a more attractive re-entry point.

## Key Features

| | |
|---|---|
| **Investment Objective** | To outperform the MSCI World Ex Australia Index in Australian Dollars with net dividends reinvested, over rolling three-year periods after fees and expenses (but before taxes). |
| **Asset Allocation** | Long only global equities, no gearing, no derivatives |
| **Investment Style** | Fundamental bottom up approach 'quality at a reasonable price' |
| **Investment Highlights** | • Global equity portfolio<br>• 'Quality' focus - consistently high returning companies<br>• Long-term horizon - typically 3-5 year holding periods<br>• Benchmark agnostic<br>• Diversified portfolio structure<br>• Maximum cash exposure 10%<br>• Fund inception 2007 (strategy inception 2003)<br>• Highly experienced investment team |
| **Benchmark** | MSCI World (ex Australia) Index |
| **Currency Exposure** | Unhedged |
| **Investment Timeframe** | At least 5 years |
| **Number of Holdings** | 80-110 |

## Fund Terms

| | |
|---|---|
| **Fund Inception Date** | December 2007. Inception date of BGEF Platform is 7 May 2015. |
| **Product Structure** | Registered Managed Investment Scheme |
| **Investment Manager** | Bell Asset Management Limited |
| **Responsible Entity** | The Trust Company (RE Services) Limited |
| **Custodian** | Apex Fund Services Pty Ltd |
| **mFund Code** | BLL01 |
| **Unit Pricing & Liquidity** | Daily<br>Published on www.bellasset.com.au & market data services |
| **Minimum Investment** | Minimum investment - $50,000 |
| **Indirect Cost Ratio** | 0.85%p.a |
| **Buy / Sell Spread** | +/-0.10% |
| **Reporting** | Transaction confirmations upon transacting, annual periodic statement, tax statement, distribution statement & Annual Financial Report |
| **Income** | Annual distribution of taxable income |
| **Target Market** | 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. |