# Bell Global High Conviction Fund

Bell ASSET MANAGEMENT

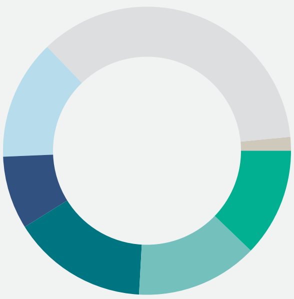
**Unhedged Class Fund Summary - Period Ending 31 July 2026**

## Net Performance^

| Returns in AUD | Fund | Index* |
|---|---|---|
| 1 Month | 3.2% | -0.9% |
| 3 Months | 4.4% | 6.8% |
| 6 Months | -3.0% | 7.6% |
| 1 Year | -9.1% | 10.5% |
| 3 Years (pa) | -- | -- |
| 5 Years (pa) | -- | -- |
| 10 Years (pa) | -- | -- |
| Inception (pa)^ | -7.4% | 12.8% |

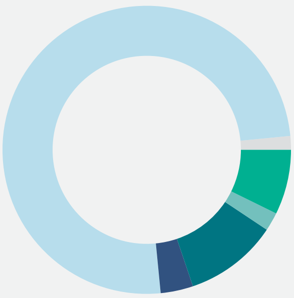
* Index is the MSCI World Ex Australia Index (Unhedged) in AUD. ^ The Bell Global High Conviction Fund (Fund) was established on 19 November 2021 under the name Bell Global Sustainable Fund and with a different investment strategy. The Fund has operated under its current name and strategy since 1 July 2025 (Strategy inception). The fund's historical performance is available on our website at www.bellasset.com.au . Past performance is not indicative of future performance.

## Sector Exposure



| | |
|---|---|
| Communication Services | 12.3% |
| Consumer Discretionary | 13.6% |
| Financials | 15.3% |
| Health Care | 8.2% |
| Industrials | 13.5% |
| Information Technology | 35.6% |
| [Cash] | 1.5% |

## Geographic Exposure



| | |
|---|---|
| Asia/Pacific Ex Japan | 7.3% |
| Emerging Markets | 2.2% |
| Europe | 10.3% |
| Japan | 3.6% |
| North America | 75.0% |
| [Cash] | 1.5% |

## Top 5 Holdings

| Company | Sector | Geography | Weight |
|---|---|---|---|
| NVIDIA Corporation | Information Technology | US | 8.5% |
| Mastercard Incorporated | Financials | US | 7.3% |
| Alphabet Inc. | Communication Services | US | 6.9% |
| Microsoft Corporation | Information Technology | US | 6.6% |
| Amazon.com, Inc. | Consumer Discretionary | US | 6.5% |

## Best & Worst Performers - 1 Month

| **Top 5** - Relative Contribution | |
|---|---|
| LPL Financial… | 0.71% |
| Mastercard… | 0.70% |
| Microsoft Corporation | 0.58% |
| Amazon.com, Inc. | 0.43% |
| Abbott Laboratories | 0.38% |

| **Bottom 5** - Relative Contribution | |
|---|---|
| Tsmc | -0.67% |
| Applied Materials, Inc. | -0.64% |
| Oracle Corporation | -0.24% |
| Amphenol… | -0.21% |
| Apple Inc. | -0.11% |

## Investment Metrics#

| | Portfolio | Index | Relative |
|---|---|---|---|
| **Risk** | | | |
| Total Risk | 16.44 | 13.62 | |
| Number of Stocks | 38 | 1,235 | |
| Active Share | 74.5 | | |
| **Value** | | | |
| P/E (Fwd 12M) | 22.5 | 18.5 | 122% |
| EV / EBITDA | 16.8 | 16.1 | 104% |
| **Growth (%)** | | | |
| Sales Growth | 19.5 | 12.8 | 152% |
| EPS Growth | 28.9 | 20.4 | 142% |
| **Quality** | | | |
| Return on Equity | 32.0 | 17.1 | 187% |
| Net Debt / EBITDA | 0.5 | 0.9 | 52% |
| **ESG** | | | |
| MSCI ESG Overall Score | 6.7 | 6.9 | 97% |
| Carbon Emissions* | 24.5 | 93.2 | 26% |

# Investment Metrics calculated using FactSet database
* Scope 1+2 CO2 and equivalents per US$ mil. of revenue

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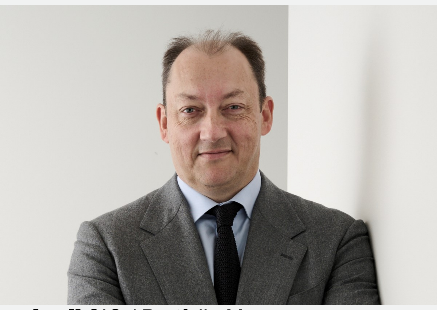
ASSET MANAGEMENT

**Andrew Gowen** PM / Director of Research



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## Performance

The global equity bull market paused in July, with the MSCI World ex-Australia Index declining -0.9% for the month. The Bell Global High Conviction Fund (Unhedged Class) generated strong performance, rising 3.2%, outperforming the MSCI World ex-Australia Index by 4.1%.

## Performance Attribution

July saw the portfolio charge higher, with particularly strong performance from holdings within the Financials, Consumer Discretionary and Health Care sectors. Regionally, North American, European and developed Asia-Pacific holdings each yielded strong results, while Emerging Markets exposures closed broadly flat. Stock selection was the primary driver of the material outperformance with positive selection effects across every sector, led by Information Technology, Financials and Industrials. Sector allocations were a modest net drag, driven mainly by the overweight to Information Technology and lack of exposure to Energy. The unwinding of many lower quality momentum stocks also provided a tailwind to relative returns given the portfolio's underweight exposure to this segment of the market.

In terms of individual stocks, Microsoft rebounded to be one of the portfolio's strongest contributors, with the re-rating driven by improved investor confidence in the returns on its AI spending. The key question heading into the result was whether aggressive data-centre investment was merely depressing cash flow or already translating into durable revenue growth; the quarter provided stronger evidence for the latter. Quarterly revenue of US$90bn rose 18% year-on-year, while EPS grew 30%, beating expectations by 12%. Azure, Microsoft's cloud computing division, was the highlight, with growth accelerating to 43% against market expectations of ~40% growth. The division crossed US$100bn in annual revenue for the first time, and management guided September-quarter growth to accelerate further to 45%, noting that demand continues to exceed supply. The commercial backlog of US$678bn also rose 8% sequentially, driven by customers beyond the large AI model builders, easing prior investor concerns about revenue concentration to OpenAI. While data-centre capex continues to rise, the result improved our conviction that Microsoft can convert its AI leadership, enterprise distribution and cloud scale into sustained growth. The stock remains one of our core Technology holdings and we see continued solid upside looking forward.

Leading wealth management platform and broker-dealer, LPL Financial, also featured among the portfolio's top performers over the month. Having been a recent detractor, LPL shares re-rated strongly in July as the market grew more comfortable that the threat of AI to the company's cash sweep revenue was overstated. Sentiment improved as investors increasingly recognised that the bulk of sweep balances is operational cash with little incentive to optimise, that advisors rather than clients control those balances, and that the company retains multiple offsetting levers (custody platform fees, fee restructuring already underway). The Q2 result somewhat validated this view and left investors more comfortable, as management announced a change to the sweep methodology from an asset-based to a cash-based calculation, allowing them to retain a larger share of the spread. Fundamentals also continued to improve: the Q2 beat was driven by cost discipline and recruiting momentum rather than being purely market-led, and net new asset (NNA) growth improved sequentially through April, May and June. With the bulk of the Commonwealth integration now behind them, we expect advisory NNA to inflect from here. Notwithstanding the re-rating, we retain conviction given the high-teens-plus earnings growth we forecast and a valuation that remains reasonable against that trajectory. Other positive contributors included Amazon (Consumer Discretionary), Mastercard (Financials) and a non-exposure to Micron Technology (Information Technology).

Among the laggards was TSMC, the world's largest chipmaker. The share price decline was largely driven by the broad-based sell-off in semiconductor names referenced above, alongside a higher capital spending outlook, overshadowing what was operationally one of the strongest quarters in the company's history. Q2 revenue increased 34% year-on-year to US$40bn while net income rose 77%. Gross margin reached a record 68%, demonstrating the strength of TSMC's pricing, product mix and manufacturing execution. Advanced process technologies accounted for 77% of wafer revenue, reflecting continued customer migration toward the company's most technically demanding and economically attractive nodes. In our view, TSMC's near-monopoly at the leading edge, record profitability and strengthening pricing power leave the investment case intact. Other detractors included Information Technology names Applied Materials, Oracle and Amphenol.

## Market Commentary

Global equities pivoted meaningfully through July as momentum broke down and investors rotated towards the recently unloved, less-crowded corners of the market. Energy was the dominant performer on renewed geopolitical tensions in the Middle East, whilst Consumer Discretionary, Financials, Health Care, Real Estate and Consumer Staples also outperformed. The remaining sectors each fell, with the bulk of the downside attributable to Information Technology stocks. On a regional basis, US stocks were largely flat, while Asia Pacific and European bourses delivered positive returns, led by Hong Kong, Australia, Germany and the UK. From a size perspective, global small and mid-caps gave back some of their year-to-date outperformance, lagging global large caps by ~1.5% for the month, a clean reversal of June's dynamic.

The most substantial dispersion during the period was undoubtedly across risk factors. Using MSCI factor indices as proxies, Value and Low Volatility each outperformed the broader market by around 3%, whilst Momentum underperformed by a striking ~10%. The primary driver was a sharp reversal across AI beneficiaries and semiconductor stocks that spilled over into adjacent momentum and high-beta segments. The Philadelphia Semiconductor Index fell more than 20% from its late-June peak at one stage as investors questioned stretched valuations, crowded positioning and the eventual returns on hyperscaler AI capex, with the emergence of new Chinese AI models further sharpening concerns around competition and capital intensity. Sentiment partially recovered later in the month following strong cloud and AI-related results from Microsoft and Amazon, alongside robust earnings across the broader AI supply chain. Overall, we view the recent pullback across several momentum-driven areas of the market as a healthy development that should support broader market leadership going forward, particularly given many high-quality companies continue to trade at attractive valuations despite maintaining strong underlying fundamentals.

July's dominant geopolitical story was the collapse of the US-Iran ceasefire. Tehran's late-June drone strike on a cargo ship triggered a chain of hostilities that pushed both sides back towards open conflict; Iran then struck three further vessels in the first week of July, among them a Qatari LNG tanker and a Saudi supertanker. US retaliation was swift, hitting roughly 140 Iranian targets in the days that followed, whilst Iran fired on another ship and declared the Strait of Hormuz closed, reigniting concerns over inflation, consumer spending and the likely duration of restrictive monetary policy globally.

Despite these risks, major central banks largely paused through July. The Federal Reserve held its target range at 3.50%-3.75% on 29 July, though three policymakers dissented in favour of a 25bp increase, reinforcing the prospect that the next move is higher. This followed the European Central Bank's decision to keep its three key rates unchanged on 23 July, citing energy prices still well above pre-conflict levels and an inflationary impulse from the shock yet to fully play through; policymakers avoided signalling a September hike even as some officials weighed an immediate increase. Long-term yields remained elevated, with the US 30-year near its highest since 2007 and German Bunds around their highest since 2011, an ongoing headwind for long-duration equities.

Commodities swung sharply. Brent and WTI crude, gasoline and heating oil each initially posted double-digit gains on resurgent Middle East tensions, before oil surrendered much of the advance by month-end. Natural gas fared worst, weighed down by strong supply and elevated inventories. Food prices were also volatile: wheat rebounded 9% while oats fell nearly 4%, tight Brazilian supplies pushed arabica coffee stocks to multi-year lows, and US beef prices held historically elevated despite seasonal softening.

## Portfolio Activity

Portfolio activity during July included the addition of Japanese electrical equipment manufacturer, Fujikura. 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 ~40% from recent peaks, we utilised the volatility to initiate a position, confident that material earnings upgrades and structural demand will act as catalysts looking forward.

Additionally, the decision was also made to initiate a position in HCA Healthcare, the largest for-profit hospital operator in the US. We believe that recent weakness in surgical activity and payer mix has reflected shorter-term affordability and coverage pressures, including increased uninsured volumes following changes to health insurance exchange coverage, rather than any material deterioration in HCA's underlying competitive position. From a long-term perspective, HCA remains a high-quality operator with leading market positions, significant scale advantages across its hospital and ambulatory network, and strong cash generation. We believe the recent share price weakness has created an attractive entry point into a durable healthcare franchise with solid long-term earnings and free-cash-flow prospects.

These purchases were funded via trimming several existing positions as well as exiting a small holding in the world's largest animal health company, Zoetis. While we believe the current valuation is heavily depressed and should see a re-rating over time, the nearer term catalyst path is less clear, and therefore we believe the capital can be better deployed into other higher conviction ideas.

## Key Features

| | |
|---|---|
| **Investment Objective** | To outperform the MSCI World Ex Australia Index (Unhedged) in Australian Dollars with net dividends reinvested, over rolling three-year periods after fees and expenses (but before taxes) |
| **Asset Allocation** | Concentrated long only global equities |
| **Investment Style** | Fundamental bottom up approach "Quality at a reasonable price" |
| **Investment Highlights** | • 'Quality' focus - consistently high returning companies<br>• Long-term horizon - typically 3-5 year holding periods<br>• Benchmark agnostic, no country limits<br>• Maximum cash position 10%<br>• Highly experienced investment team |
| **Benchmark** | MSCI World Ex Australia Index (Unhedged) net of dividends reinvested |
| **Currency Exposure** | Unhedged |
| **Investment Timeframe** | At least 5 years |
| **Number of Holdings** | 20-40 |

## Fund Terms

| | |
|---|---|
| **Fund Inception Date** | Strategy inception date is 1 July 2025.<br>Fund inception date is 19 November 2021 |
| **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 |
| **Unit Pricing & Liquidity** | Daily<br>Published on www.bellasset.com.au & market data services |
| **Minimum Investment** | Minimum investment - $25,000 |
| **Indirect Cost Ratio** | 0.90% p.a. of the NAV of the Fund. No performance fees, no entry or exit fees |
| **Buy / Sell Spread** | +/-0.10% |
| **Reporting** | Transaction confirmations upon transacting, annual periodic statement, tax statement, distribution statement and Annual Financial Report |
| **Income** | Annual distribution of taxable income |
| **Target Market** | This product is intended for use as a 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. |