MONTHLY BELL

July 2026

BELL POTTER

CONTENTS

The S&P/ASX 200 returned just over 6% in FY26, finishing the year on a solid note with the index up 67bps in June. The focus now shifts from destination to path, with earnings growth forecast and the RBA's rate trajectory remaining the key swing factors.

On pages 4–5, Strategist Rob Crookston argues markets may be overreacting to the Fed's hawkish June meeting. History shows the S&P 500 has outperformed after hiking cycles versus cutting cycles. This is more like the benign 1994 and 2004-06 episodes than the painful 2022 tightening. He singles out the Australian dollar as most exposed near-term, even as firm commodity prices offer some near-term cushion.

Our Story of the Month features Aurum Resources (ASX:AUE), a gold exploration company whose rapid progress in West Africa has caught the attention of investors around the world. Contributing columnist Nina Hendy sat down with Executive Director Mark Strizek to discuss the company's flagship Boundiali gold project in Côte d'Ivoire. The conversation also explores Aurum's fast-tracked path from exploration to development, and the growth opportunities still ahead (pages 10-11).

On pages 12-13, Consumer Analyst Jonathan Snape unpacks why Consumer Staples have outperformed Consumer Discretionary over the past year. He argues the gap is now poised to reverse. Staples' rich valuations are largely priced in, while Discretionary offers more attractive earnings growth at a lower premium.

As always, we welcome any comments or feedback you may have about the Monthly Bell to feedback@bellpotter.com.au

Regards,

Will Riggall
Chief Investment Officer

AUSTRALIAN MARKET

TAKING A BROADER APPROACH TO FY27

Will Riggall, Chief Investment Officer

The ASX returned just over 6% across FY26, finishing the year on a solid note with the index up 67bps in June. It nonetheless lagged global peers, as the dual headwinds of our exposure to the Middle East conflict and higher oil prices were realised, compounded by a loss of investor confidence as the market digested the tax and property changes in the May budget. We regard FY26 as a clearing of sorts. FY27 looks more robust: against a solid backdrop, and with early evidence of activity broadening from resources into a wider set of industrial exposures, the setup should prove positive. We still need inflation to genuinely peak - the precondition for the RBA to confirm rate hikes are done - but the domestic economy has remained resilient, consistent with our stated view.

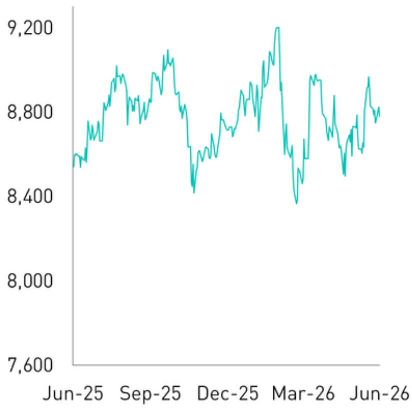
We frame the outlook around the key components of a bull market: strong global growth, stable inflation, reasonable valuations, and investor positioning that is not stretched. On each the signal is green, or amber at worst, and, more importantly, the rate of change is improving across all four — supportive of continued momentum through FY27. Underpinning this, continued growth in AI-related capital expenditure should keep global growth firm, while the early green shoots of productivity gains are likely to support earnings.

The macro picture is central. With the cash rate held at 4.35% and the Board not due to move until August, the market sits between an RBA still attentive to inflation and data suggesting the cycle is close to complete. Consensus opinion still leans toward at least one further move this year, and that is the principal risk to our sequencing: should the RBA prove unfinished, June's rotation will have been early.

On the equity call, the prevailing market view aligns with our own. PE valuations look fair, and with earnings growth forecast at 13%, FY27 returns could well exceed those of FY26. The debate is less about the destination than the path.

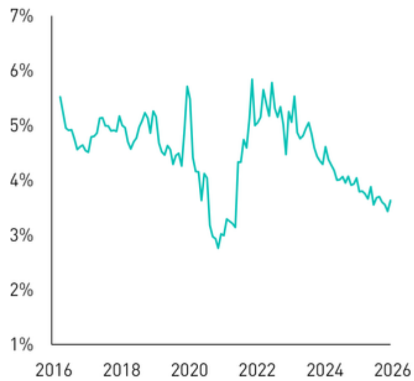
Our one distinction is that leadership broadens alongside Materials rather than being funded out of it; the sector still delivers 12.6% of FY26's 13% earnings growth before Healthcare and Industrials share the load into FY27. June's -6.71% pullback we read as tactical, not structural. Our FY27 playbook is unchanged: remain constructive, expect leadership to widen rather than rotate, and treat a confirmed end to the hiking cycle as the trigger to add.

S&P/ASX 200 Index



Source: IRESS

All Ords 10 Year Historical Dividend Yield



Source: IRESS

S&P/ASX 200 Sector Performance

Communication Services	-1.66%
Consumer Discretionary	12.18%
Consumer Staples	12.99%
Energy	-8.89%
Financials	1.78%
Health Care	13.31%
Industrials	4.24%
Information Technology	2.71%
Materials	-6.71%
Real Estate	1.87%
Utilities	1.47%

Source: Bloomberg

Top Performers (S&P/ASX 200)

Pro Medicus (PME)	53.81%
Megaport (MP1)	43.96
Zip Co (ZIP)	40.87
A2 Milk (A2M)	39.29
Life360 (360)	38.13
Telix Pharmaceuticals (TLX)	27.24
SRG Global (SRG)	26.75
Steadfast Group (SDF)	25.0%
Reece (REH)	24.86
Reliance Worldwide (RWC)	23.73

Source: Bloomberg

Worst Performers (S&P/ASX 200)

Judo Capital Holdings (JDO)	-39.74%
Liontown Resources (LTR)	-30.37%
IperionX (IPX)	-30.02
DroneShield (DRO)	-28.61
Alcoa Corp (AAI)	-27.03
Resolute Mining (RSG)	-26.46
Karoon Energy (KAR)	-25.58
Elevra Lithium (ELV)	-25.52
Vulcan Energy Resources (VUL)	-23.56
IGO (IGO)	-23.07

Source: Bloomberg

WHY A HAWKISH FED WON'T NECESSARILY WAKE THE BEARS

Rob Crookston, Strategist

Markets are bracing for US rate hikes for the first time this cycle. History suggests we may be overreacting.

The US Federal Reserve's June meeting marked a turning point. For the first time this cycle, the bond market has stopped pricing cuts and started pricing hikes. As recently as February, traders had priced around 35 basis points of cuts over the coming year. That has now flipped to roughly 40 basis points of hikes by year end, a swing driven by an energy shock from the Iran conflict and a stabilising US labour market.

The Fed held rates but was hawkish at their recent June meeting. The market's initial reaction was textbook risk-off: the S&P 500 fell 1.2%, two-year Treasury yields jumped 16 basis points to a one-year high, the US dollar had its best day in nearly a year, and gold dropped more than 2%.

Of the eighteen Federal Open Market Committee participants who submitted projections, nine now see the funds rate ending 2026 higher than it started. We think the instinctive response to sell into a hiking Fed misreads the historical record. Going back to 1971, the S&P 500 has averaged a 9% gain in the twelve months following a Fed hike, actually higher than the 7.7% average return following a rate cut.

The explanation is straightforward. The Fed typically hikes when the economy is running hot and cuts when it is worried about growth. Strong earnings tend to offset the drag from higher rates during hiking phases, while the sharp cutting cycles that unsettle markets are usually a response to recession risk already in train.

Figure 1: Fed Hiking Cycles and Subsequent Equity Returns, 1972–2023

Period	Δ Rate (bps)	Peak CPI	S&P 500 Price Return (p.a.)	NASDAQ Price Return (p.a.)
Mar-72 – Apr-74	700 bps	10.40%	-7.40%	-15.60%
Aug-77 – Mar-80	1,175 bps	14.80%	1.20%	10.40%
Mar-83 – Aug-84	294 bps	4.80%	8.20%	-1.50%
May-86 – Sep-87	50 bps	4.40%	21.80%	8.10%
Mar-88 – May-89	331 bps	5.40%	15.40%	16.90%
Feb-94 – Feb-95	300 bps	3.00%	1.10%	-0.80%
Jun-99 – May-00	175 bps	3.80%	9.10%	37.60%
Jun-04 – Jun-06	425 bps	4.70%	6.20%	4.40%
Dec-15 – Dec-18	225 bps	3.00%	6.20%	8.80%
Mar-22 – Jul-23	525 bps	9.10%	3.40%	3.00%
Average	**420 bps**	**6.30%**	**6.50%**	**7.10%**

Source: LSEG DataStream, Bell Potter

What actually matters is the Fed's motive

Not every hiking cycle behaves the same way, and we think that distinction matters. The depth of the equity drawdown across past cycles has tracked how much control the Fed had lost over inflation, rather than the mere fact that rates were rising. The 1994 and 2004-06 cycles, which were pre-emptive rather than reactive, produced shallow drawdowns of around 7% and 4% respectively, with positive returns over the cycle. The 2022 episode was different: inflation had reached almost 9%, the Fed was demonstrably behind the curve, and the resulting catch-up produced a peak-to-trough drawdown of roughly 20%.

We believe 2026 looks far closer to the benign 1994 and 2004-06 template than to 2022. Inflation is running at a fraction of the 2022 peak, and measures of inflation expectations, such as the one-year-ahead swap near 2.5%, remain well anchored. The starting point for policy is also different. In 2022 the Fed began at the zero bound and had to lift rates by 525 basis points to catch up. Today the cash rate already sits at 3.50-3.75%, meaning any further move would be a modest, pre-emptive adjustment rather than a scramble. Equity valuations, while full, also sit below the extremes reached at the top of the 2021-22 cycle.

The Fed is starting from a higher point than in 2022 and inflation expectations are anchored.

Figure 2: US Fed Funds Rate (2016–2026)

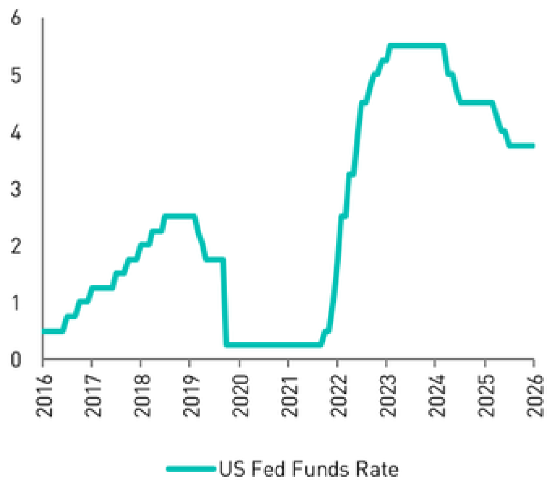
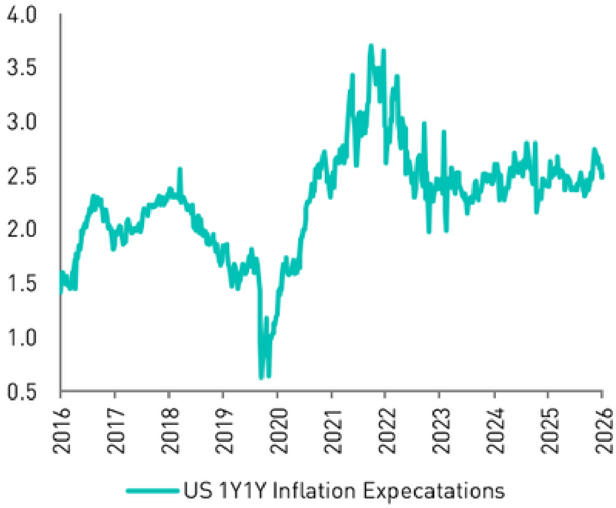


Figure 3: US 1Y1Y Inflation Expectations (2016–2026)



None of this rules out volatility along the way. Every Fed hiking cycle since 1972 has delivered a drawdown in the S&P 500, with a median decline near 10% and a sharper 19% median fall in the Nasdaq. Even so, the S&P 500 finished the hiking phase higher in nine of the past ten cycles, underlining that intra-cycle pain has rarely translated into a lower index by the end.

The AI capex question

We see one genuine risk worth watching: the cost of capital underpinning the artificial intelligence investment boom. Every prior capex-led technology cycle, from railways to telecoms to the dotcom era, followed a similar arc of heavy investment, overbuilt capacity, and an eventual reckoning once returns fell below the cost of capital. A more hawkish Fed could, in theory, supply that trigger.

For now, we treat this as a risk to monitor rather than a reason to sell. Financial conditions remain looser than average even as short-term rates have risen, credit spreads are tight, and the scale of tightening currently being priced, one or two hikes, is far smaller than the roughly 175 basis points delivered into the 2000 peak. Crucially, today's build-out is largely funded from mega-cap technology balance sheets rather than the debt-fuelled telecom expansion of the 1990s.

A near-term headwind for the Australian dollar

We think the clearest near-term casualty of a more hawkish Fed is likely to be the Australian dollar. Australia still holds a positive rate differential, with the RBA cash rate at 4.35% against the Fed's 3.50-3.75%, but that gap has been narrowing as markets pare back expected RBA moves while pricing in US hikes. Strong commodity prices and softer oil should offer some offsetting support over the coming six months, but we expect the interest rate differential to dominate in the short term, leaving the currency vulnerable to further Fed repricing.

IMPROVING BACKDROP DRIVES A JUNE ROTATION

Will Riggall, Chief Investment Officer

Market Review

In June the benchmark ASX200 Accumulation Index returned +0.67%, rounding out a volatile 12 months where returns faded from a high of +10% in late February to deliver a respectable +6.27%, underperforming global equity markets.

Strong earnings momentum delivered in the February reporting season was dealt a blow as the war in the Middle East and surging oil prices inflamed the risk of inflation and the range of tax changes in the May budget sapped domestic investor confidence. A series of rate increases by the RBA has seen sectors exposed to the domestic economy underperform with our commodity exposed sectors left to do much of the heavy lifting. As such, Financial Year 2026 will be remembered for the standout returns from the Australian Materials sector, increasing over 50% over the last 12 months, however for ASX Healthcare stalwarts Cochlear and CSL, it was a year they would rather forget with the sector one of the worst performers.

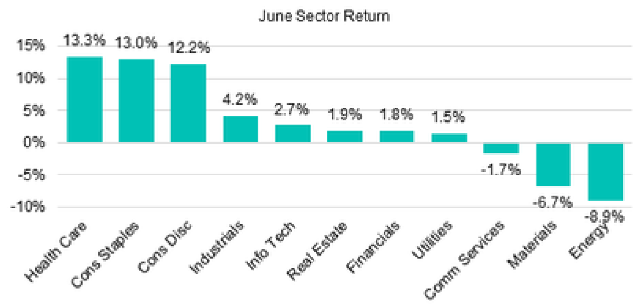
As we turn to the most recent month, June was marked by a reversal of performance trends outlined above, with the leading Materials sector declining -6.71% and investors pivoting to laggards within Consumer Discretionary (+12.18%) and Healthcare (+13.31%). For long-term market watchers, the rotation was somewhat surprising, bucking the trends seen in traditional tax-loss selling period as we move closer to financial year-end, seeing buyers return to some of the year's largest decliners. Of note, Cochlear and CSL rose +21.1% and +18.7% respectively, while former Tech darling Life360 bounced +38%.

June 2026 saw a reversal in sector performance trends with investors buying the dip, funded by commodity exposed names.

The rally was driven more by macro factors than company fundamentals. Softer-than-expected employment and inflation data raised hopes that the RBA's hiking cycle may be nearing an end, while easing Middle East tensions reduced the oil risk premium and added further support to the broader commodity complex, providing a rationale for investors to fund the rotation out of gains within the Energy and Resources sectors

Health Care, Consumer Staples and Consumer Discretionary led the market by a wide margin, while Materials and Energy — the two sectors that had driven FY26's returns — were June's clear laggards, a reversal consistent with the broader rotation described above.

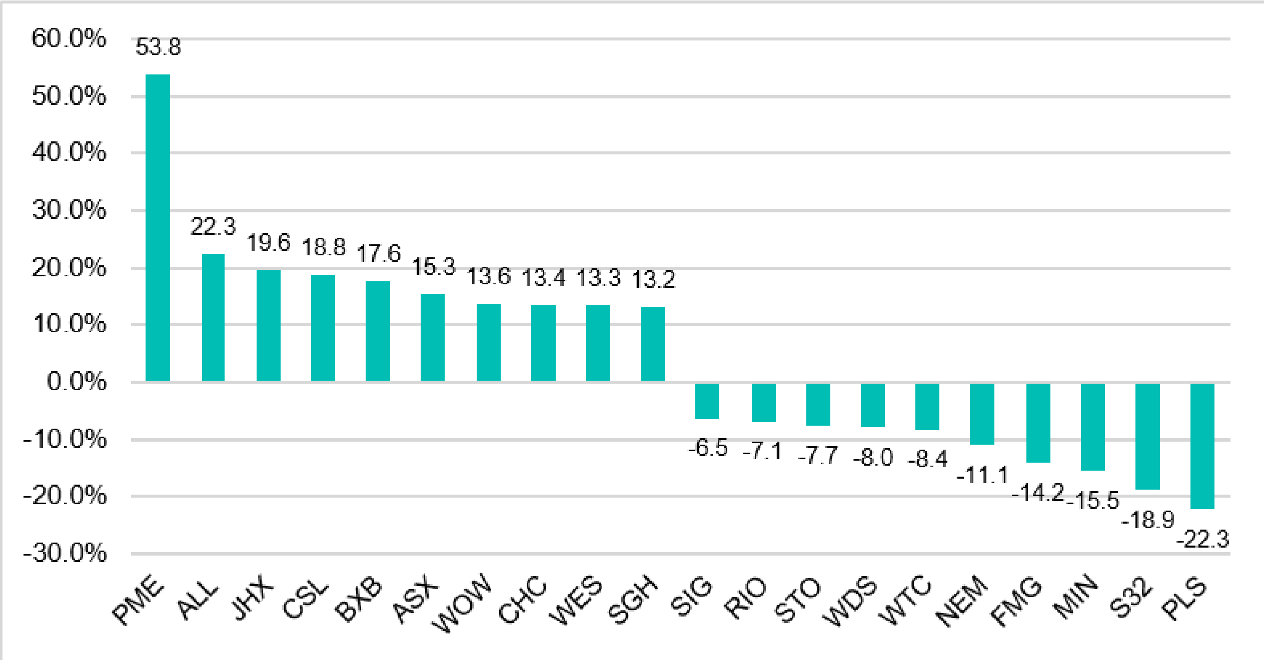
Figure 4: ASX GICS Sector total return – June 2026



Source: Refinitiv, Bell Potter

The rotation seen in June may well be a sign of things to come, but any major rotation is likely an FY28 story. The combination of continued strong global economic growth, peak inflation and a decline in geopolitical tensions will more than likely set the scene for a broadening of share market returns to a wider range of sectors. It is our belief that we are more likely to see a broadening of returns across the index in combination with, rather than funded by the domestic Materials sector and, in a similar vein, global tech leaders. In both cases we see further gains supported by structural shifts in the usage of data and the demand for commodities driven by the construction of the infrastructure needed to deliver it. As we look to FY27, we retain the view that investors should be rewarded as earnings strengthen and productivity benefits are delivered.

Figure 5: Key Market Movers - June 2026



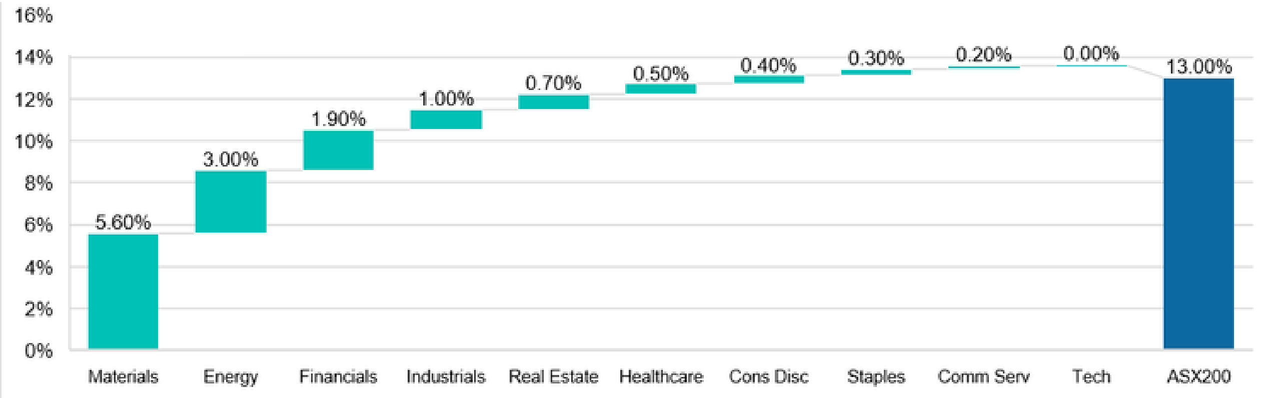
Source: Refinitiv, Bell Potter

The rotation seen in June may well be a sign of things to come.

At the stock level, the standout gainers were Life360 (+38%), the broader Healthcare names, Cochlear (+21.1%) and CSL (+18.7%), all beneficiaries of the rate-relief and rotation-into-laggards theme. Northern Star (+1.0%) bucked the trend amongst a weaker resources sector posted a positive return as recent poor performance sparked takeover interest. While the gold price has weakened, value remains and it's our view that we are more likely to see this realised through an emerging M&A cycle. On the downside, Sigma walked away from a potential acquisition of Boots in the UK and WiseTech (-8.4%) continued to lag with competitor and governance issues continuing impact investor confidence. Across the broader commodities complex, a pause in the Lithium price saw PLS, MIN take a breather while Woodside (-8.0%) and RIO (-7.1%) led the retreat in Energy and Materials as the oil-driven risk premium unwound and BHP flagged their Jansen Potash project would need more capital.

Looking ahead to FY27, a supportive global economic backdrop, a de-escalation in geopolitical risk and easing inflation concerns should extend this broadening of returns across a wider range of sectors; earnings growth remains strong at 13% in both FY26 and FY27. In FY26 Materials still dominate the earnings-growth contribution, delivering 12.6% of the 13% total, but what we see as a positive backdrop for the ASX market the profile broadens as we move into 2027.

Figure 6: Earning growth contribution by sector FY27



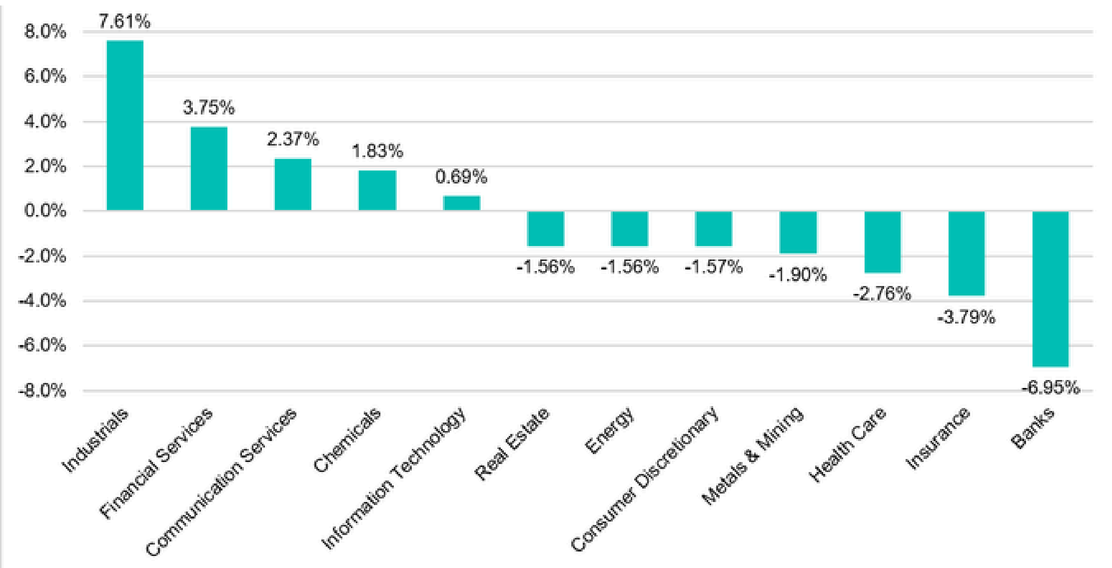
Source: Refinitiv, Bell Potter

As can be seen in Figure 6, Healthcare and Industrials begin to share the earnings growth load alongside Materials, which is consistent with our view that leadership broadens rather than simply rotates. Factoring in the solid and broadening earnings outlook and market multiples now closer to long term averages, we look to confirmation of stabilising inflation and a subsequent end to rate hikes in by the RBA as the catalyst for a return to strong ASX returns.

Portfolio Review

Over the three months to June, the portfolio delivered one of its strongest quarters of relative performance in some time, returning +7.79% against the benchmark's +4.07%. June itself gave back a modest share of that lead, returning +0.25% against the benchmark's +0.69% with key quarterly contributors over the quarter the names that gave back some gains in June.
As we enter the FY27 year we remain of the view that a portfolio tilted toward the structural beneficiaries of the global AI capex boom and solid global economic activity should continue to deliver resilient earnings and returns for shareholders. On the domestic front, we remain selective in focusing our exposure on high quality industrials and consumer names with weakness in the property market and inflationary pressures still prevalent likely to see the portfolio retain its underweight in banking and the more discretionary end of the consumer space

Figure 7: GICS Sector Active Weight



Source: Refinitiv, Bell Potter

Key contributors - June Quarter

Contributors over the quarter were concentrated in Industrials and Materials, the portfolio's two highest-conviction sectors:

- Genusplus Group (+53%) and Develop Global (+36%) were the two largest single contributors, both small-cap industrial and mining-services names that benefited from strong project momentum and the broader rotation into Industrials.
- Life360 (+42%) performed strongly with the bulk of that move concentrated in June — a May share buyback and a broad end-of-financial-year rotation back into growth and technology names drove the stock sharply higher into quarter-end.
- Capricorn Metals (+15%) and Goodman Group (+22%) contributed strongly, though Capricorn gave back some ground in June specifically as the gold price cooled from January's record highs.
- BHP (+18%), SGH (+15%), Orica (+20%) and Amcor (+13%) rounded out the high-conviction Industrials and Materials names that added meaningfully across the quarter; Amcor and its Consumer Staples peer Woolworths (+13.62% in June alone) both benefited specifically in June as the Iran ceasefire eased conflict-linked cost pressures that had weighed on both names earlier in the year.

Being underweight the major banks also mattered: CBA, Westpac and NAB were all held below benchmark weight, and as all three lagged the market over the quarter, that positioning added back close to 1% of relative return, with the freed-up capital instead directed into diversified financials such as Macquarie, Challenger and Computershare.

Key detractors - June Quarter

Detractors were concentrated in a small number of overweight Industrials and Resources names, several of which extended their weakness into June:

- WiseTech Global (-13%) was the largest detractor. The stock dropped roughly 14% in a single session on 22 June after news of an Australian Federal Police investigation into Executive Chairman Richard White, a governance issue rather than an operating one. While fundamental value remains, a resolution to governance issues is sought in the near term.
- Worley (-12%) detracted, after a weaker than expected update in June, flagging further delays in activity due to Middle East tensions. It's our view that these issues are short term with the long-term positive outlook retained and valuation support evident.
- ResMed (-10%) and Light & Wonder (-7%) impacted as growth names continued to be sold off; Light & Wonder's weakness traces back to a soft Q1 result in May, with Resmed falling in sympathy with global Healthcare names. Both exposures remain strong conviction.
- Santos (-9%) and Mineral Resources were the other notable detractors. Both retracing with their respective commodities — oil unwinding its conflict-related premium as the Iran ceasefire held, and lithium/spodumene prices falling around 12% in June alone as the broader sector gave back some of its extraordinary prior-year gains.

Beyond the portfolio's own holdings, a small number of large, non-held benchmark names across Consumer Discretionary, Health Care and Insurance rallied hard over the quarter without the portfolio owning them — collectively the single largest offset to the gains described above.

STORY OF THE MONTH

SPRINTING FOR GOLD: AURUM RESOURCES (ASX:AUE)

A gold exploration operation that has been flying under the radar has been making headways as investors realise it has evolved into an increasingly influential gold mining operation located in West Africa.

Based in Perth, Western Australia, Aurum Resources (ASX:AUE) has been sinking its teeth into an offshore market with huge potential for growth, teaming up with local geologist and injecting the cash required to make a significant impact on the global resources sector.

Above all else, Aurum is a story about a small number of experienced go-getters making the decision to pivot and try something else. The company's fortunes changed on the back of some strategic thinking once the team decided to focus its energies on West Africa.

Aurum had gained some ground in the tightly-held Western Australia mining sector but had little success during the exploration phase. But the company did have some cash in the bank and some contacts in West Africa, seeing the chance to pivot as an opportunity to future-proof the company.

After teaming up with local landowners who were geologists and injecting the capital and know-how the locals needed to extract gold from the earth, the operation has invested in the drilling machinery required to get the job done.

Once on the ground, it didn't take long to establish a definitive feasibility study, which is recognised as the most comprehensive and scrupulous assessment conducted ahead of a financial commitment made to build a new mine. Now, it's all systems go as Aurum establishes a working mine that could bring fame and fortune to a region of West Africa world-famous for being one of the largest producers of cocoa. Until now, at least.

Right now, the focus is on the Boundiali gold project in Côte d'Ivoire, which has already cemented the project's status as a premium, large-scale West African gold asset. By all accounts, this is a large-scale gold company emerging at high speed, proven to be a fast-paced operation in less than two years.

Aurum Resources has also acquired the nearby Napié Gold Project in Côte d'Ivoire in West Africa, targeting depth extensions and untested portions of the mine, with preliminary recovery work tested returned extensive recoveries.

In the Executive Director role is Mark Strizek, who has deep knowledge of mining and is no stranger to mining projects in West Africa. The resource industry stalwart has more than 25 years of experience in gold, base and technology metal projects that he's driven as an executive, also holding Board responsibilities on exploration projects around the world.

Most recently, Strizek worked as executive director at Tietto inerals, which progressed from IPO to gold production at the Abujar Gold Project in West Africa. Strizek was also the Managing Director of Vital Metals Limited from 2011 to 2019, giving him some serious runs on the board of projects with a strong future. From his office in Western Australia Mark spends his days working with shareholders and stakeholders to explain the vision, adding that he's pragmatic about company valuation.

He brings invaluable geopolitical, technical and development expertise to Aurum Resources, which has piqued the interest of the investor fraternity from around the world. "News travels fast in mining circles, bouncing all the way to Toronto and New York," he reveals, adding that funds are always keen to get the jump on the chance to back a winner.

Fellow industry heavy-hitter involved in the project is Dr Caigen Wang, who is on the ground in West Africa working with locals to get the project on its feet as quickly as possible. The pair have a long history, forging a working relationship at Tietto Minerals, founded by Dr Wang. He led the company as Managing Director for 13 years through private exploration to become one of Africa's newest gold producer at its Abujar Gold Mine in Côte d'Ivoire.

The highly experienced leadership team has implemented an owner-operator drilling model, leveraging a company-owned fleet of 12 drill rigs

"I don't think the market has fully woken up to what we're delivering yet. But when you look at the speed of execution, what we've discovered and the growth potential, it's a project like no other."

Mark Strizek Executive Director of Aurum Resources: (ASX:AUE)

to achieve significant cost and operational efficiencies at the Boundiali project. This covers the unexplored extension of the Boundiali belt, where a highly deformed synclinal greenstone horizon finer grained basin sediments and to the west Tarkwaian clastic rocks lie in contact with a granite margin.

Despite the opportunities to hit paydirt, Aurum Resources is approaching these projects in a fiscally responsible way, running its own diamond drill rig to dramatically reduce the costs for shareholders. With a couple of other mining companies hot on their heels, Strizek admits that time is of the essence. "Our focus is on getting the mine built as quickly as possible."

The project has earned friends in high places. The local government in Côte d'Ivoire has been greasing the wheels along the way, facilitating meetings with local landowners and partners to communicate the breadth of the project. "We've had strong local government support in West Africa, with environmental approvals and local meetings allowing everyone to lay their obligations out for each other," he says.

Cash payments and the chance to own a stake of the mine once in operation has also kept locals heavily invested in the project. "We have good interest coming from a number of banks as we work out how to fund the project, with both African banks and private equity crowds circling.

Strizek continues: "We want our success to be their success. We believe that building a gold mine is an incredibly valuable thing to do for shareholders. We are approachable and listen to our team. We don't need to bring in a big team of consultants."

Strizek describes the West Africa project as a rare chance to take a project from a grassroots exploration operation through to a successful entity. Given his experience, there's no doubt that Strizek knows what he's talking about. "We never really thought we would be able to get another opportunity like this because ground is so tightly held."

Aurum Resources increased the total mineral resource estimated at its Boundiali gold project on the Ivory Coast to 3.22 million ounces as the company accelerates drilling ahead of a pre-feasibility study expected later this year. The updated estimate represents a six per cent increase from the previous resource calculation and marks another milestone in the rapid expansion of the project since early 2025.

Collectively, these projects that started out as exploratory projects three years ago have already totalled 4.2 million ounces of gold. But the company's executive director Mark Strizek says that's only just the beginning of what's possible. "We've got line of sight now. We've got seven tenements in Boundiali, and it's only just the start of what we see."

Despite the runs on the board, Strizek admits in many ways, the West Africa project flies under the radar given its offshore. However, investors are starting to cotton on. "I don't think the market has fully woken up to what we're delivering yet. But when you look at the speed of execution, what we've discovered and the growth potential, it's a project like no other," Strizek says.

About Aurum Resources: (ASX:AUE)

Aurum Resources is an ASX-listed gold exploration company focused on its Boundiali and Napié Gold projects in Côte d'Ivoire, West Africa. In a remarkably short period, the company has executed a strategic transformation from a minor Australian explorer into a significant, well-funded gold exploration and development company with a strong presence in West Africa.

Aurum Resources engages in the exploration and development of mineral properties and has amassed nearly 3.3 million ounces of gold in a few short years and counting.

Aurum also holds 100 per cent of the Korhogo Project in West Africa, which is an early-stage manganese discovery. The company is run by experienced mining, geology and engineering professionals with significant global experience at both operational and Board levels across a range of mineral commodities.

SECTOR SPOTLIGHT

EXPECTATIONS ARE A STAPLE

Jonathan Snape, Consumer Analyst

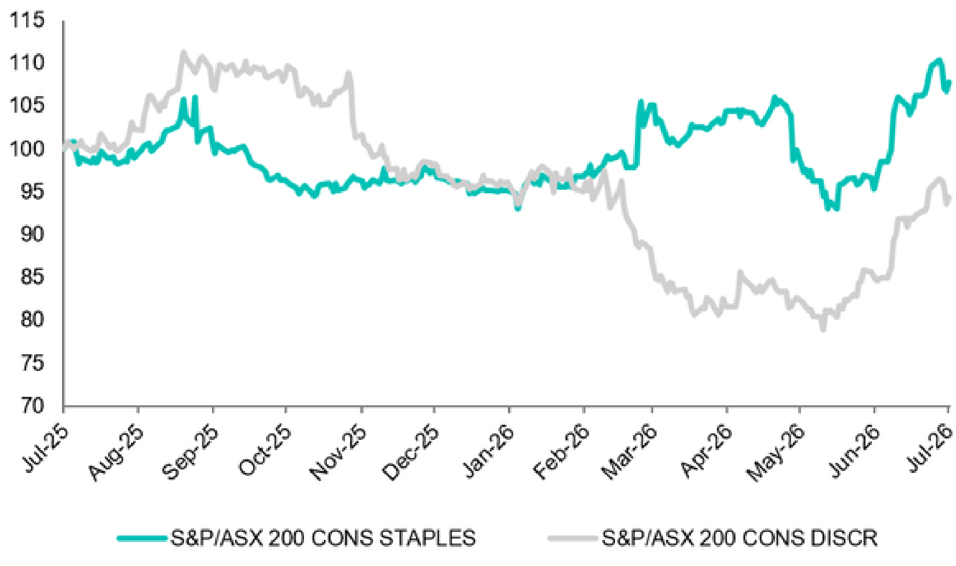
How the sectors moved this month

Over the past month, both the Consumer Staples (+14%) and Consumer Discretionary (+13%) indices comfortably outpaced the broader ASX 200. This month's gains owed more to investors being willing to pay a higher multiple for earnings, and to rotation between sectors, than to any improvement in the earnings themselves. In fact, earnings estimates continued to drift modestly lower. The key data points this month were:

Staples: May 2026 spending figures showed food retailing growing +4.3% year on year, ahead of food inflation at +3.3%. That gap points to genuine volume growth rather than just higher prices. Eating out held up well, with related retail spending up +5.4% and the broader experiential basket up +7.7%. Dairy inflation stepped up to +5.2%, led by fresh milk at +9.2%.

Discretionary: The May retail sales print was encouraging and coincided with what looks like the peak in Australian interest rates in June. An earlier than usual start to mid-year promotions appears to have helped. Even so, we expect trading to stay tough over the next nine months or so and, on average, we sit below consensus earnings forecasts for FY26 across our Discretionary coverage. We view FY27 as the low point of the cycle for most retailers, with flat to slightly positive sales, ongoing pressure on gross margins (though a stronger Australian dollar offers some offset), and costs rising faster than sales. We expect conditions to start improving from the second quarter of FY27.

Figure 8: Staples have outperformed over the last 12 months; we think that will start to reverse over the next year



Source: LSEG DataStream

Consumer Staples beat Consumer Discretionary by 140 basis points (1.4%) over the month, and by a substantial 1,426 basis points (about 14%) over the past twelve months. Consensus EPS growth expectations for ASX 200 Discretionary have softened by roughly 200 basis points, while Staples have firmed by around 80 basis points. The catch is that all of that improvement in Staples sits in the outer years of FY28 and FY29, with the nearer years of FY26 and FY27 actually downgraded. So while Staples now trades at a modest premium to Discretionary and has the stronger growth profile on paper, we would be cautious of the very optimistic long dated expectations baked in, which sit well above anything expected of Discretionary.

Where we would put money to work

With interest rates at or near their peak, we prefer to start building exposure to Consumer Discretionary. Consensus currently expects Staples to grow earnings per share by around +14% a year between FY25 and FY28, against +9% a year for Discretionary, yet Staples trades at only a slight (roughly 2%) premium on FY27 earnings. Put simply, a lot of good news is already priced into Staples, and those expectations lean heavily on margin improvement rather than strong revenue growth among the larger names. Discretionary expectations are far more modest and far more scattered, particularly among the smaller stocks, and that is where we think the opportunities sit.

Within our coverage we favour three groups: fast moving consumer goods and eating out names in Bega (BGA), Collins Foods (CKF) and Guzman y Gomez (GYG); discretionary retailers JB Hi-Fi (JBH), Universal Store (UNI) and Nick Scali (NCK), chosen for their market position, ability to protect margins and balance sheet strength relative to current valuations; and, in gaming, Light & Wonder (LNW).

Figure 9: Bell Potter key consumer picks

	ASX 200					EX ASX 200	
	BGA	**JBH**	**NCK**	**LNW**	**UNI**	**CKF**	**GYG**
PE (NTM)	22.8x	16.9x	16.7x	10.1x	13.4x	14.1x	45.7x
EPS Growth CAGR (FY1-FY3)	14.1%	3.7%	9.3%	22.1%	9.6%	13.2%	70.6%

AUSTRALIAN EQUITY CORE PORTFOLIO

The Core Portfolio is a diversified, benchmark aware portfolio of 25-35 Australian equities, with a bias towards growth-orientated, quality companies. Below we highlight some key active positions from our Core Portfolio.

Worley (WOR)

We hold Worley for its leverage to a multi-year lift in energy and resources spending. Worley designs, builds and maintains projects for the oil and gas, chemicals, mining and infrastructure sectors, so as the world spends more on energy security and new supply, demand for its services rises. Management is targeting double-digit annual profit growth out to 2030 — well ahead of where the market currently sits — and is returning cash through a $300m buyback on top of a completed $500m one. The competitive backdrop is in its favour, helping it win better contract terms. The main thing to watch is execution: management needs to keep delivering to rebuild investor trust, but on balance we still see the shares as undervalued.

Dividend Yield	5.0%
12 month forward P/E	11.7x
EPSg CAGR (FY1/FY3)	N/A

Computershare (CPU)

We hold Computershare as a quality global business with a useful tailwind from higher interest rates. It's the world's leading share registry provider and also runs employee share plans and governance services, with a growing mortgage-servicing arm. A large chunk of its profit comes from interest earned on the cash it holds for clients, so "higher for longer" rates support earnings, with extra upside if corporate deals and floats pick up. The market had feared that "tokenisation" (digital share ownership) would make registries obsolete, but the reality looks far less threatening — the legal role is hard to replace and a hybrid model is more likely. With the shares trading below their longer-run average valuation, we're happy to hold.

Dividend Yield	3.2%
12 month forward P/E	17.4x
EPSg CAGR (FY1/FY3)	4%

Goodman Group (GMG)

We hold Goodman as our preferred way to play structural demand for industrial property and data centres. Goodman owns and develops warehouses, logistics estates and increasingly data centres — assets underpinned by long-term growth in e-commerce and computing/AI demand. The shares recovered around 7% in May on a solid company update. The near-term watch-point is sentiment: property-exposed names came under pressure after the Budget changes to asset taxation and as interest rates stayed firm. We look through that near-term noise and hold for the long-run growth in its development pipeline.

Dividend Yield	1.0%
12 month forward P/E	21.4x
EPSg CAGR (FY1/FY3)	11%

Netwealth (NWL)

We hold Netwealth as a structural growth story in the wealth platform space. It runs a web-based platform that financial advisers use to manage clients' super and investments, and it continues to win market share from the older, bank-owned platforms. Its latest update showed the strongest client inflows in a year and came in ahead of expectations, and management held its full-year guidance. A new "broker solution" is on track and could be a further growth driver. The shares pulled back to a cheaper-than-usual valuation during the recent risk-off period.

Dividend Yield	2.3%
12 month forward P/E	35.0x
EPSg CAGR (FY1/FY3)	N/A

ALS Limited (ALQ)

We hold ALS for its exposure to a recovering minerals exploration cycle. ALS is a global testing and inspection business — its biggest earner analyses rock samples for mining companies, so as exploration activity picks up, sample volumes and pricing both improve. Its latest result showed profit up around 19% with widening margins, led by this commodities testing arm. Management's guidance for next year looks conservative to us — exit rates and exploration indicators suggest minerals revenue growth could run above 20%. The shares were one of the portfolio's best performers in May (+11%), and we continue to prefer ALS for diversified exposure to rising commodity volumes.

Dividend Yield	2.3%
12 month forward P/E	24.3x
EPSg CAGR (FY1/FY3)	16%

AUSTRALIAN EQUITIES SMALL CAP PANEL

Our panel of favoured small cap Australian equities offers attractive returns over the long term. We back our analysts' key conviction ideas as they uncover overlooked or under appreciated stories within the small cap universe.

Favoured small cap stock panel

Company Name	Category	Share Price ($)	Market Cap ($bn)	12 Month Forward P/E	EPSg CAGR (FY1-FY3)	ROE (FY26)	Net Debt/ EBITDA (FY26)	Dividend Yield (12MF)
Adveritas (AV1)	Information Technology	0.08	0.1	27.9x	N/A	N/A	1.6x	0.0%
Aeris Resources (AIS)	Materials	0.37	0.4	2.3x	3%	32%	-0.5x	0.0%
AMA Group (AMA)	Industrials	0.46	0.2	10.4x	58%	2%	0.1x	2.4%
Catapult Sports (CAT)	Information Technology	3.07	1.0	N/A	N/A	-12%	-2.0x	0.0%
COG Financial Services (COG)	Financials	1.38	0.3	8.2x	10%	17%	-0.2x	6.1%
Cogstate (CGS)	Health Care	2.73	0.5	21.5x	28%	18%	-2.4x	1.8%
Cuscal (CCL)	Financials	5.03	1.0	17.3x	25%	11%	-5.1x	2.8%
Artrya Ltd (AYA)	Health Care	6.10	1.0	N/A	-69%	-22%	3.7x	0.0%
Kinatico (KYP)	Information Technology	0.15	0.1	13.9x	94%	6%	-2.1x	11.1%
Nickel Industries (NIC)	Materials	0.95	4.1	7.0x	65%	12%	1.1x	8.2%
Praemium Ltd (PPS)	Information Technology	1.38	0.3	8.2x	0%	17%	N/A	6.1%
Region Group (RGN)	Real Estate	2.33	2.7	14.3x	3%	6%	6.6x	6.2%
Universal Store Holdings (UNI)	Consumer Discretionary	7.78	0.6	13.6x	9%	28%	0.5x	5.8%
SRG Global (SRG)	Industrials	3.98	2.5	25.5x	15%	18%	0.1x	2.1%
DigiCo Infrastructure (DGT)	Real Estate	2.44	1.4	25.8x	37%	2%	12.6x	6.3%

Data as at 3/7/2026. Source: Consensus (Refinitiv)

AUSTRALIAN EQUITIES SMALL CAP PANEL (CONT.)

Ins and outs

Removals	
Integral Diagnostics (IDX)	We removed IDX amid a slump in market sentiment since the announcement of the retirement of the current CEO, with the new CEO not taking the reins until next month. Growth and margins are stable for IDX, with recent growth largely centred around a combination of greenfield & brownfield investments and M&A opportunities. Presently, it is apparent that the broader market is seeking higher-growth opportunities.

Additions	
Artrya (AYA)	We added Artrya Limited (AYA) to the Small Cap Panel - an emerging growth company that sits in a highly topical category of AI-powered cardiac-imaging analysis software. AYA's Salix platform enables near real-time coronary artery analysis for plaque and blood flow at the click of a button, a highly user-friendly platform driving workflow efficiency for cardiologists and radiologists. Two of the three modules (anatomy and plaque) have FDA clearance and category 1 CPT code reimbursement at attractive rates. The third and final module for blood flow has reimbursement established and is due to be approved in 1H27. We expect AYA to reach its breakeven point in FY28 and if all members of the Sapphire study group convert to commercial customers in the medium term, it gives AYA a potential revenue base of c.$500m p.a. at over 90% gross margins.

Favoured stock panel

Adveritas (AV1)

Adveritas is a technology company that develops software solutions for enterprise customers which help maximise the return on digital ad spend. The key product of the company, TrafficGuard, is a SaaS platform that detects and intercepts fraudulent traffic (e.g. bots) in real time which enables advertisers to reduce wasted ad spend and optimise their budgets. The market for ad fraud software like TrafficGuard is relatively nascent but is growing rapidly and Adveritas is already a leading global player.

The TrafficGuard platform is scaling rapidly, with AV1 having established a dominant position in the online sports betting vertical and a growing presence across adjacent sectors such as eCommerce.

Dividend Yield	0.0%
12 month forward P/E	27.9x
EPSg CAGR (FY1-FY3)	N/A

Aeris Resources (AIS)

Aeris Resources is an ASX-listed multi-mine copper-gold producer and explorer. Its primary assets are the 100%-owned Tritton Copper Operations in Central West NSW (producing ~24ktpa Cu, with the Murrawombie open-pit ramping and the Constellation open-pit starting up by end CY26) and the 100%-owned Cracow Gold Mine in QLD (producing 40-50kozpa Au). The portfolio also includes the Jaguar zinc-copper project in WA and the Stockman copper-zinc development project in Victoria, acquired with Round Oak Minerals in 2022. AIS is currently progressing the strategic acquisition of Peel Mining, which extends Tritton's mine life through additional satellite ore sources in the Cobar Basin.

Dividend Yield	0.0%
12 month forward P/E	2.3x
EPSg CAGR (FY1-FY3)	3%

AMA Group (AMA)

AMA Group is the largest accident repair group in Australia with approximately 138 vehicle panel repair shops. The company also has a presence in New Zealand with 5 vehicle panel repair shops. AMA sold its manufacturing business in 1HFY21 and its remanufacturer of automatic transmissions - called Fluid Drive in 1HFY23 so is now almost a pure play accident repair group. The only part of the company outside of panel repair is the Supply business – called ACM parts – which sells a range of new, aftermarket and recycled parts and consumables. This business now, however, is flagged for sale.

The company has a strong track record of successful integrations, and any announcements could trigger a rerating from where it currently trades at a discount to its long-term valuation average.

Dividend Yield	2.4%
12 month forward P/E	10.4x
EPSg CAGR (FY1-FY3)	58%

Artrya (AYA)

AYA's AI-powered cloud platform and image-analysis software, Salix, delivers near real time, point of care assessment and management of coronary artery disease. Proprietary AI and advanced engineering algorithms are applied to interpret data from CCTA scans and deliver results in a single point-of-care solution. In addition to a 3D model to visualise a patient's arteries, Salix conducts automated report writing, which clinicians can review and edit as needed. Unlike competing point solutions.

Salix combines CCTA reporting, comprehensive plaque analysis, and non-invasive blood flow simulation, all within 10 minutes and from a single point-of-care solution. This can materially improve clinical workflow, patient treatment, and enable clinicians to target medical procedures in a more effective fashion at a lower cost than traditional methods or competing solutions. Competing offerings typically take up to 24+ hours, are not as seamless as Salix, and depend heavily on offsite human involvement.

Dividend Yield	0.0%
12 month forward P/E	N/A
EPSg CAGR (FY1-FY3)	-69%

Favoured stock panel

CATAPULT	**Catapult Sports (CAT)** Catapult Sports is a leading global provider of elite athlete wearing tracking solutions and analytics for athlete tracking. The key target market of Catapult is elite sporting teams and organisations and the acquisition of SBG also now gives the company a presence in motorsports. The pro sports technology market is currently valued at US$36bn in 2025 and is forecast to double to US$72bn by 2030. We view CAT as a market leader entering a stronger phase of cash generation and operating leverage, with an underpenetrated global customer base and expanding analytics suite providing a long runway for subscription growth and valuation upside.	**Dividend Yield** **12 month forward P/E** **EPSg CAGR (FY1-FY3)**	0.0% N/A N/A
COG Financial Services Limited	**COG Financial (COG)** COG Financial (COG) is a diversified conglomerate of distribution businesses focused on Australia. The group principally provides access to credit providers (and related insurance) for yellow commercial goods. This is delivered through a nationwide broker net. In addition, the company has some balance sheet funded direct originations, with a focus on capturing some of the overflow for non-prime chattel mortgages. A proportion of this is offered under peer-to-peer lending. Following the acquisition of Paywise, the company has articulated an external accumulation strategy, focused on novated leasing and salary packing services.	**Dividend Yield** **12 month forward P/E** **EPSg CAGR (FY1-FY3)**	6.1% 8.2x 10%
Cuscal	**Cuscal (CCL)** Cuscal is an authorised deposit taking institution (ADI) with requisite licensing, connectivity and processing capability to support payments and regulated data services. Cuscal has evolved and diversified its offering and client base, facilitating all key payment types and a range of associated services. They are differentiated as a B2B service provider (aligning it to global peers) and today, features a long-tenured and contracted client base.	**Dividend Yield** **12 month forward P/E** **EPSg CAGR (FY1-FY3)**	2.8% 17.3x 25%
DigiCo Infrastructure REIT	**DigiCo Infrastructure (DGT)** DGT owns and develops data centres in Australia and the US, putting it in the path of surging demand for computing and AI capacity, and momentum has clearly shifted: the recent sale of its US (Los Angeles) assets has repaired the balance sheet and removed the funding overhang that weighed on the stock. With that cleared, we see scope for FY27 earnings to beat market expectations on potential new contract wins and faster progress at its flagship Sydney development (SYD1), where build returns sit comfortably above its cost of capital. With Australia among the cheapest places in the region to build a data centre — keeping global capital flowing into DGT's market — a cured balance sheet, a high-returning pipeline and a strong sector tailwind make for an attractive entry point.	**Dividend Yield** **12 month forward P/E** **EPSg CAGR (FY1-FY3)**	6.3% 25.8x 37%

AUSTRALIAN EQUITIES SMALL CAP PANEL (CONT.)

Favoured stock panel

Kinatico (KYP)

Kinatico is a leading provider of "know your people" solutions to organisations in Australia and New Zealand. The company operates two key businesses: its legacy CVCheck brand, which provides employment screening and verification services to over 10,000 repeat corporate customers and its new key focus, a SaaS-based business that delivers real-time workforce compliance management and monitoring. The core strategy is to leverage the large customer base of the legacy CVCheck business to provide a ready-made sales pipeline for its higher-growth SaaS compliance solutions.

Dividend Yield	11.1%
12 month forward P/E	13.9x
EPSg CAGR (FY1-FY3)	94%

Nickel Industries (NIC)

Nickel Industries is the largest listed pure-play nickel producer globally with an 80% economic interest in four operating RKEF plants in the Indonesian Morowali Industrial Park (IMIP) located in Indonesia, which produce Nickel Pig Iron (NPI), and one RKEF on Weda Bay. NIC also holds 80% in the nickel laterite operation Hengjaya.

NIC is the only material ASX way to gain exposure to the nickel price, has a growth story, and is diversifying earnings to span Type 1 and Type 2 nickel. NIC continues to generate positive cash flows in a tough nickel market and is set to deliver major growth milestones in CY25 across its highest margin nickel operations. All up, given the forecast high production growth and potential for a very large free cash flow uplift in the next 2 years or so, NIC presents a compelling story and appears cheap at current valuation.

Dividend Yield	8.2%
12 month forward P/E	7.0x
EPSg CAGR (FY1-FY3)	65%

Praemium Ltd (PPS)

Praemium Ltd was formed in 2001 as a financial technology company that operates an investment platform offering alongside a branded online portfolio administration service, supporting financial intermediaries and individual investors in their managing wealth. The integrated technology simplifies portfolio management end-to-end and delivers a complete value proposition. Today, PPS manages +$60bn in custodial and non-custodial FUA.

While Praemium has demonstrated commercial momentum, strong growth capacity, and a leading technology offering, its valuation continues to lag key peers. This stock looks very attractive at a 12MF PE of ~8.2x, and we expect the market to catch on as the company executes on further market share gains and FUA growth.

Dividend Yield	6.1%
12 month forward P/E	8.2x
EPSg CAGR (FY1-FY3)	0%

Region Group (RGN)

Region Group (RGN) is Australia's largest owner of neighbourhood shopping centres, with a portfolio, valued at ~$4.5bn, focused on non-discretionary retail tenants such as Woolworths and Coles. RGN was formed in December 2012 when Woolworths Group (WOW) spun off its property book. The group generates stable and defensive income streams from its convenience-based assets, and benefits from a strong hedging profile that minimises interest expense volatility. RGN is an internally managed REIT with additional growth potential through acquisitions, capital management initiatives, and expansion of its funds management platform, and is positioned within one of the more attractive risk-adjusted segments of the real estate market.

Dividend Yield	6.2%
12 month forward P/E	14.3x
EPSg CAGR (FY1-FY3)	3%

Favoured stock panel

Universal Store **Universal Store Holdings (UNI)**

Universal Store Holdings is a leading youth focused apparel, footwear and accessories retailer in Australia. UNI will continue to increase store numbers over the next few years, supporting earnings growth of 11% p.a. Valuation looks attractive, trading on a forward P/E of ~13.6x. UNI is a quality small cap (ROE ~28%) that is executing on its rollout strategy.

Dividend Yield	5.8%
12 month forward P/E	13.6x
EPSg CAGR (FY1-FY3)	9%

SRG GLOBAL **SRG Global (SRG)**

SRG provides construction, maintenance and engineering services to big, reliable customers across water, defence, energy, resources and data centres. The key news is a jump in new contracts — its order book of work won has climbed to $1.85b, up from $0.65b late last year. On the back of that, management lifted its profit guidance for this year and set out strong growth again next year.

The company has a good record of beating its own targets and making smart acquisitions, and it's generating enough cash to fund future deals itself. The shares trade at a premium to peers, but we think that's justified given the quality and growth. With a price target of $4.25 against a recent price near $3.75, we see attractive upside. Buy.

Dividend Yield	2.1%
12 month forward P/E	25.5x
EPSg CAGR (FY1-FY3)	15%

FIXED INCOME

With the listed hybrid market in structural decline, fixed income ETFs have become an increasingly important source of yield within diversified portfolios. Our preferred funds offer a diversified blend of active fixed rate and floating rate strategies, each selected for their ability to deliver attractive risk-adjusted income with experienced teams and a demonstrated track record of outperformance through varying market conditions.

Favoured fixed income ETFs

betashares	**BetaShares Western Asset Australian Bond Active ETF (BNDS)** BNDS is a defensive, actively managed strategy investing in Australian composite bonds. The fund employs a combined top-down and bottom-up approach within tight duration bounds (±1 year relative to benchmark), generating alpha primarily through disciplined security selection rather than directional duration bets. Led by Anthony Kirkman and a Melbourne-based team of six, the manager draws on Western Asset's global research network across more than $500 billion in AUM. We view BNDS as a core defensive holding - its capital preservation characteristics and proprietary risk framework have historically provided ballast during market downturns.
MACQUARIE	**Macquarie Subordinated Debt Active ETF (MQSD)** MQSD offers investors exposure to a diversified portfolio of subordinated debt securities, with a core focus on Australian major banks and financial institutions. Managed by one of Australia's largest fixed income teams, the fund aims to outperform the Bloomberg AusBond Bank Bill Index over a rolling three-year basis by capitalising on market inefficiencies and accessing primary issuance premiums that smaller managers cannot. Subordinated bonds offer higher yields than senior debt or cash, reflected in the fund's approximately 5.25% monthly distribution yield, at a competitive management fee of 0.29% per annum. MQSD provides a high-quality way to access the structural opportunity in Australian Tier 2 paper following the AT1 wind-down. Macquarie's scale captures primary issuance premiums, enhancing portfolio income without adding material duration risk.
Perpetual	**Perpetual Diversified Income Active ETF (DIFF)** DIFF is an actively managed floating rate credit strategy targeting outperformance of the Bloomberg AusBond Bank Bill Index by 2% p.a. (before fees) over rolling three-year periods. The managers bottom-up credit analysis is supported by their in-house credit score tool which balances valuations, macroeconomic outlook, demand dynamics and technicals. The strategy has been led by Vivek Prabhu for over two decades. We like DIFF for its proven track record, disciplined credit process, and strong risk-adjusted returns relative to peers.
Schroders	**Schroder Australian High Yielding Credit Fund Active ETF (HIGH)** HIGH is an actively managed floating rate credit strategy targeting outperformance of the RBA Cash Rate by 2.5%–3.0% p.a. (before fees). The fund takes an unconstrained approach, rotating across senior, Tier 2 subordinated, and hybrid securities based on risk-adjusted yield attractiveness. Portfolio construction is guided by Schroders' proprietary VCL (Valuations, Cycle, Liquidity) framework. Notably, the fund does not utilise gearing or allocate to private debt, and is offered at a competitive MER of 0.50% with no performance fee. HIGH offers a high yield alternative to investors, supported by a research-driven process that blends bottom-up credit analysis with disciplined risk controls.
STATE STREET	**State Street SPDR S&P/ASX iBoxx Australian Bond ETF (BOND)** BOND provides core exposure to the Australian fixed interest market by tracking the S&P/ASX iBoxx Australian Fixed Interest Diversified 0+ Index. The index equally weights Corporate & Covered bonds and Government & Semi-Government bonds, with the latter further split across three maturity buckets, avoiding the concentration seen in traditional market-cap weighted indices. The fund holds 227 securities with an average credit quality of AA and modified duration of 4.86 years, delivering a yield to maturity of 5.36%. Backed by State Street's global scale, BOND offers deep liquidity at a highly competitive 0.10% p.a. management fee, making it an attractive core ballast within a fixed income portfolio. This aligns directly with our shift in fixed income preference toward duration, where long-end Australian government bonds are yielding close to 5% and embedding a meaningful term premium.

INTERNATIONAL EQUITIES

Our panel of favoured international equities offer exposure to categories not available within the Australian stock market. Our focus is on attractive risk-adjusted returns over the long term. We consider the current macro- economic backdrop and investment environment, concentrating on quality companies with proven track records, capable management and competitive advantages.

Favoured stock panel

Company Name	Sector	Share Price (8.5)	Market Cap ($bn)	12 Month Forward P/E	EPSg CAGR (FY1-FY3)	ROE (FY26)	Net Debt/ EBITDA (FY26)	Dividend Yield (12MF)
Alphabet (GOOG.O)	Communication Services	353.3	1938.1	24.5x	10%	32%	-0.2x	0.2%
Amazon (AMZN.O)	Consumer Discretionary	238.3	2563.8	25.0x	21%	20%	-0.2x	0.0%
Bank of America (BAC.N)	Financials	57.0	404.4	11.8x	13%	12%	N/A	2.1%
Caterpillar (CAT.N)	Industrials	1064.9	490.5	38.2x	21%	58%	2.3x	0.6%
Danaher (DHR.N)	Health Care	190.5	134.8	21.5x	9%	11%	1.4x	0.7%
Eli Lilly (LLY.N)	Health Care	1199.4	1129.6	28.9x	18%	81%	0.4x	0.6%
Glencore (GLEN.L)	Materials	513.8	80.0	11.6x	4%	17%	1.2x	3.4%
Meta Platforms Inc (META.O)	Communication Services	563.3	1429.9	16.6x	10%	31%	0.0x	0.4%
Microsoft Corp (MSFT.O)	Information Technology	373.0	2771.0	18.9x	17%	33%	-0.2x	1.0%
Nvidia Corp Inc (NVDA.O)	Information Technology	200.1	4842.2	18.5x	32%	92%	-0.5x	0.0%
Salesforce (CRM.N)	Information Technology	156.7	128.3	10.5x	12%	17%	-0.5x	1.1%
Broadcom (AVGO.O)	Information Technology	377.8	1797.2	21.8x	49%	53%	0.3x	0.7%
Tencent (0700.HK)	Communication Services	429.8	499.2	11.6x	11%	20%	-0.3x	1.4%
TSMC (2330.TW)	Information Technology	2410.0	1962.2	20.8x	27%	38%	-0.8x	1.0%
Visa (V.N)	Financials	343.1	646.4	23.5x	13%	68%	N/A	0.8%

Data as at 3/7/2026. Source: Consensus (Refinitiv)

INTERNATIONAL EQUITIES STOCK PANEL (CONT.)

Ins and outs

Removals	
Schneider Electric (SCHN.PA)	Schneider has performed well as a beneficiary of the AI-driven data-centre build-out. We remain structurally positive on the theme, but with the stock near record highs and priced for continued execution, we prefer to rotate the exposure into Broadcom, which looks better value after underperforming over the last month. This is a purely relative call, not a change in thematic conviction.
LVMH (LVMH.PA)	LVMH is facing earnings downgrades, and valuation is not cheap relative to a still-fragile growth outlook. Group organic growth slowed, the core Fashion and Leather Goods division still below prior margins, and Wines and Spirits remains under pressure. Our thesis was based on a pickup in Chinese consumer support that has not sufficiently materialised, and the broader luxury market remains under pressure from soft European and Japanese trends and Middle East-related tourism disruption.
Additions	
Broadcom (AVGO.O)	Earnings growth is very strong relative to the earnings multiple. AI semiconductor revenue more than doubled again last quarter (up 143% year on year) and management reiterated guidance for AI revenue to exceed US$100bn by 2027, underpinned by custom chip deals with hyperscale customers including Google, Meta and OpenAI. The stock has fallen over 20% from its June high on a valuation reset rather than any crack in the underlying business, leaving Broadcom as a direct, better-value beneficiary of an AI capex build-out that does not look like stopping any time soon.
Glencore (GLEN.L)	Glencore's mining business has exposure to most decarbonisation metals, including copper and nickel. Management has laid out a pathway to lift base copper production from around 850kt to over one million tonnes by end-2028 and to c.1.6 million tonnes by 2035, via low-capital brownfield growth and the Alumbrera restart, a trajectory we think is still underappreciated by the market. We are bullish copper and see GLEN as a differentiated way to play the theme beyond the ASX. The asset optimisation programme across six key assets should drive further mining EBITDA upside, while the marketing business, which continues to deliver towards the upper end of its upgraded guidance range, differentiates the group from peers and provides a more resilient earnings base.

Favoured stock panel

Alphabet (GOOG.O)

Alphabet represents a structural leader within the dual revolutions of artificial intelligence and autonomous mobility. Through Gemini, Google is successfully evolving from a search tool into a sophisticated answer engine, creating a powerful revenue flywheel across its Cloud and Workspace ecosystems. Simultaneously, Waymo has established clear dominance in the global robotaxi market, transitioning into a significant long term revenue contributor with expansion into major international hubs. Alphabet's immense free cash flow and robust balance sheet provide a definitive advantage in the capital intensive AI arms race. With consistent double digit growth potential, Alphabet remains a premier compounding machine for any technology focused portfolio.

Dividend Yield	0.2%
12 month forward P/E	24.5x
EPSg CAGR (FY3/FY2)	10%

Amazon (AMZN.O)

Amazon is a dominant player in the global cloud market via Amazon Web Services (AWS). AWS dominates the cloud market, driving earnings growth through its scalable, high-margin infrastructure, AI, and data solutions as businesses accelerate digital transformation.

Enterprises across industries are migrating to the cloud to enhance operational flexibility, improve security, and leverage AI and data analytics. This ongoing transition is fuelled by the need for digital transformation, remote work capabilities, and the competitive advantages of cloud-based solutions over traditional on-premise infrastructure. AMZN's world leading e-commerce business is well-positioned to benefit from a resilient consumer base, a global easing cycle and the ongoing shift towards online shopping.

Dividend Yield	0.0%
12 month forward P/E	25.0x
EPSg CAGR (FY3/FY2)	21%

Bank of America (BAC.N)

Bank of America is currently cheap relative to its major US peers; the delta of the discount appears unjustified given its positive outlook. The BAC's highly resilient and diversified business structure mitigates risk and positions it to benefit from several key growth areas. Profitability is expected to be primarily driven by solid credit growth from its core lending business and margin expansion from favourable yield curve dynamics. Furthermore, a significant cyclical recovery is anticipated in the Investment Banking division due to an industry-wide rise in deal-making, which, along with continued loan growth and expected higher return on equity, supports a strong case for share price appreciation.

Dividend Yield	2.1%
12 month forward P/E	11.8x
EPSg CAGR (FY3/FY2)	13%

Broadcom (AVGO.O)

Broadcom is one of the quiet winners of the artificial intelligence boom. Alongside Nvidia's off-the-shelf chips, Broadcom designs custom chips for the giants building AI, with Anthropic, Google, Meta and OpenAI among its core customers. In its most recent quarter, AI chip revenue grew 143% year on year, and management sees this business topping $100 billion in 2027. The second engine, VMware software (cloud management), throws off steady cash and provides a source of diversification (unlike peers). The earnings multiple looks reasonable relative to peers and has exceptional growth prospects over the next 2 years (and beyond).

Dividend Yield	0.7%
12 month forward P/E	21.8x
EPSg CAGR (FY3/FY2)	49%

INTERNATIONAL EQUITIES STOCK PANEL (CONT.)

Favoured stock panel

Caterpillar (CAT.N)

Caterpillar is pivoting from cyclical industrial trends to structural growth drivers, specifically AI and the energy transition. The company is aggressively expanding capacity to meet surging data centre power demand while capitalising on the "resource supercycle" through autonomous mining fleets. Although trading at a historically high valuation multiple, the valuation is considered reasonable given these tailwinds. With an earnings upgrade cycle appearing imminent, CAT represents a compelling investment opportunity.

Dividend Yield	0.6%
12 month forward P/E	38.2x
EPSg CAGR (FY3/FY2)	21%

Danaher (DHR.N)

Danaher is a leader in life sciences and diagnostics devices. Its "razor-and-blade" business model generates stable, recurring cash flows, which fuel its proven M&A strategy for compounding value. The valuation is attractive, with the stock trading at a discount to its historical average despite forecasts for double-digit earnings growth. Furthermore, exceptional free cash flow is projected to increase its cash balance to $12.5b by FY27 (from $5b in FY25), providing significant firepower for M&A or capital management, both potential catalysts for the stock.

Dividend Yield	0.7%
12 month forward P/E	21.5x
EPSg CAGR (FY3/FY2)	9%

Eli Lilly (LLY.N)

Eli Lilly is a leading research-based pharmaceutical company that focuses on key franchises in the central nervous system, diabetes & obesity, and oncology markets.

LLY looks attractive as we believe there is upside to current investor expectations across its broad portfolio. We believe the market currently underestimates the potential for key GLP-1 (diabetes and obesity) drugs Mounjaro and Zepbound (tirzepatide) and the diabetes/obesity pipeline (retatrutide and orforglipron), as well as other assets including Omvoh in Ulcerative Colitis and Crohn's, and Verzenio in adjuvant breast and prostate cancer. Looking ahead, we continue to see high growth potential in what we believe is still a nascent GLP-1 market.

Dividend Yield	0.7%
12 month forward P/E	28.9x
EPSg CAGR (FY3/FY2)	18%

Glencore (GLEN.L)

Glencore's mining business has heavy exposure to decarbonisation metals, including copper and nickel. Management has laid out a pathway to lift base copper production from around 850kt to over one million tonnes by end-2028 and to c.1.6 million tonnes by 2035, via low-capital brownfield growth and the Alumbrera restart, a trajectory we think is still underappreciated by the market. We are bullish copper and see GLEN as a differentiated way to play the theme beyond the ASX. The asset optimisation programme across six key assets should drive further mining EBITDA upside, while the marketing business, which continues to deliver towards the upper end of its upgraded guidance range, differentiates the group from peers and provides a more resilient earnings base.

Dividend Yield	3.4%
12 month forward P/E	11.6x
EPSg CAGR (FY3/FY2)	4%

Favoured stock panel

Meta Platforms Inc (META.O)

Meta is a global social media and networking company that enables users to connect, share, and communicate via computers and mobile devices. It also provides developers with tools to create websites and applications.

Meta's expanding AI-driven products and interactive AI Agents in voice, translation, and video are positioned to boost adoption among creators, celebrities, users, and small businesses. Additionally, its Orion holographic glasses prototype significantly advances Meta's augmented reality ambitions. Given the ongoing AI-led product cycle, Meta remains a top pick in the internet sector, poised to drive user engagement, monetisation, and margin growth.

Dividend Yield	0.4%
12 month forward P/E	16.6x
EPSg CAGR (FY3/FY2)	10%

Microsoft Corp (MSFT.O)

Microsoft's key business segments include Windows operating systems, Office productivity software, Azure cloud computing services, and generative AI products (such as Co-Pilot and Bing AI) in partnership with OpenAI.

We believe MSFT presents a compelling buying opportunity. Our positive outlook is based on the expectation of continued double-digit growth, driven by cloud revenue streams and expanding operating margins. Within the Azure business, we anticipate generative AI will fuel the next wave of growth, building on the pandemic-driven acceleration of customer adoption and consumption. The introduction of generative AI and Copilot features is likely to justify price increases within the Office segment.

Dividend Yield	1.0%
12 month forward P/E	18.9x
EPSg CAGR (FY3/FY2)	17%

Nvidia Corp Inc (NVDA.O)

Nvidia is a leader in graphics processing units or GPUs. It is engaged in creating graphics and networking chips, which are used in gaming, data centres, and automotive end markets.

We believe AI adoption remains in its early stages, with enterprise AI demand set to accelerate as AI agents become more prevalent. NVDA projects a 10-20x growth in data compute requirements, and we are confident that the company is well-positioned to capture a substantial portion of this expanding market, fuelling its growth trajectory over the medium term. NVDA is net cash and generates a very high ROE. NVDA looks attractive trading on a 12 month forward P/E of ~18.5x with strong expected EPS growth in FY27.

Dividend Yield	0.0%
12 month forward P/E	18.5x
EPSg CAGR (FY3/FY2)	32%

Salesforce (CRM.N)

We see Salesforce as an attractively priced way to own a world-leading enterprise software franchise at the point where the market's central fear is being disproven rather than confirmed.

In short, Salesforce is a world-leading franchise, low-double-digit earnings growth and a re-rating catalyst already in evidence, available at a below market multiple.

Dividend Yield	1.1%
12 month forward P/E	10.5x
EPSg CAGR (FY3/FY2)	12%

Favoured stock panel

Taiwan Semiconductor Manufacturing (2330.TW)

Taiwan Semiconductor Manufacturing's value proposition rests on its absolute dominance in AI infrastructure and its status as a premier Emerging Market leader. With a significant share of the advanced AI chip market, the firm is the sole enabler for NVIDIA and Apple, and management is guiding for a 60% CAGR in AI revenue through 2029. Beyond simple manufacturing,

TSMC's lead is protected by a dual moat: the rapid miniaturisation of transistors via the new 2nm node—which delivers 30% power savings—and its proprietary CoWoS packaging technology, which is currently the global bottleneck for AI chip production. We are adding TSMC due to our tactical preference for high-quality EM stocks, which offer exposure to the AI revolution at a more attractive valuation than US mega-caps. This growth is underpinned by a strong balance sheet, with record capex fully funded by internal cash flow.

Dividend Yield	1.0%
12 month forward P/E	20.8x
EPSg CAGR (FY3/FY2)	27%

Tencent Holdings (0700.HK)

Tencent is a leading Internet company in China engaged in multiple business lines including online games, social networking services, online advertising, and mobile value-added services. It has extended its leadership in PC over to mobile Internet with Mobile QQ and Weixin/WeChat.

We are positive on Tencent's overall strategic direction based on its mobile open platform initiatives that positions it to capture the significant opportunities in China's mobile internet growth over the next few years. Leveraging off its sticky, integrated mobile user platform on WeChat, Tencent should be able to drive earnings growth by monetising its strengths in mobile advertising, mobile gaming, and mobile payments.

Dividend Yield	1.4%
12 month forward P/E	11.6x
EPSg CAGR (FY3/FY2)	11%

Visa Inc. (V.N)

Visa is the world's largest retail electronic payments network, providing advanced transaction processing services across more than 200 countries. Visa's robust business model, dominant market position, and operating leverage support its strong earnings growth outlook, driven by secular trends such as the shift to electronic payments, digital commerce expansion, emerging payment channels, and B2B opportunities. As a high-quality stock with a strong growth outlook, Visa is well-suited for global equity portfolios with a long-term view.

Dividend Yield	0.8%
12 month forward P/E	23.5x
EPSg CAGR (FY3/FY2)	13%

CONTACT

Contact

1300 0 BELLS(23557)
bellpotter.com.au
info@bellpotter.com.au

Locations

Adelaide

Level 12, 182 Victoria
Square Adelaide, SA, 5000

+61 8 8224 2722

Brisbane

Level 28, Riverside
Centre 123 Eagle Street
Brisbane, QLD, 4000

+61 7 3295 2600

Cairns

Cnr Spence & McLeod
Streets 2 McLeod St
Cairns, QLD, 4870

+61 7 4047 4188

Geelong

Level 4, 60 Moorabool
Street Geelong, VIC, 3220

+61 3 5227 7001

Hobart

Level 8, 111 Macquarie
Street Hobart, TAS, 7000

+61 3 6281 6200

Hong Kong

Room 1601, 16/F Prosperity
Tower 39 Queens Road
Hong Kong Central, 0000

+852 3750 8400

London

16 Berkeley Street
London W1J 8DZ UK

+44 (0) 20 7734 2929

Melbourne

Level 29, 101 Collins Street
Melbourne, VIC, 3000

+61 3 9256 8700

Mornington

Suite 1, 330 Main Street
Mornington, VIC, 3931

+61 3 5970
0101

New York

Suite 23A, 1330 Avenue of the
Americas New York, 10019

+1 212 653 0700

New Zealand

Level 12, 48 Emily
Place Auckland, 1010

+64 9 972 3916

Noosa

Suite 8, 6-12 Bottlebrush Avenue
Noosa Heads, QLD, 4567

+61 7 5354 2000

Orange

Unit 16, 256-258 Anson
Street Orange, NSW, 2800

+61 2 5335 3355

Perth

Level 20, Brookfield Place Tower 1
125 St Georges Terrace
Perth, WA, 6000

+61 8 9326 7666

Sydney

Level 38, Aurora Place 88 Phillip
Street Sydney, NSW, 2000

+61 2 9255 7200

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Bell Potter Securities acted as Joint Lead Manager to CCL's $337m IPO in November 2024 and received fees for that service.

Bell Potter Securities acted as Sole Lead Manager to ELS's $60m capital raise in July 2025 and received fees for that service.

Bell Potter Securities Limited
ABN 25 006 390 772 AFSL No. 243 480

Bell Potter Securities Limited
ABN 25 006390772AFSLNo.243 480
www.bellpotter.com.au
1300 0 BELLS(23557)