Bell Global Emerging Companies Fund

Bell ASSET MANAGEMENT

Class A Fund Summary - Period ending 31 January 2023

Net Performance^

Returns in AUD	Fund	Index*
1 Month	3.7%	4.7%
3 Months	3.4%	2.2%
6 Months	1.2%	3.9%
1 Year	-7.7%	-4.7%
3 Years (pa)	6.3%	4.9%
5 Years (pa)	10.9%	7.6%
Inception (pa)^	10.7%	9.6%

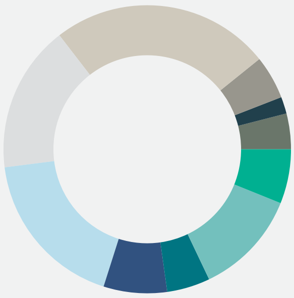
* Index is the MSCI World SMID Cap Index. ^ The Bell Global Emerging Companies Fund was established in November 2012 under a different name and with a different investment strategy. The fund has operated under its current name and strategy since 27 June 2016 (Inception).

Best & Worst Performers - 1 Month

Top 5 - Relative Contribution	
Zebra Technologies	0.34%
Pool Corporation	0.32%
Fox Factory Holding	0.28%
ICON Plc	0.26%
Amadeus IT Group SA	0.23%

Bottom 5 - Relative Contribution	
Nihon M&A Center	-0.63%
Kroger Co.	-0.24%
CGI Inc. Class A	-0.23%
Vestas Wind Systems	-0.21%
Amerisourcebergen	-0.20%

Sector Exposure



Communication Services	6.1%
Consumer Discretionary	11.9%
Consumer Staples	4.8%
Financials	7.1%
Health Care	18.1%
Industrials	16.5%
Information Technology	24.7%
Materials	5.0%
Real Estate	1.8%
[Cash]	4.1%

Geographic Exposure

Africa/Mideast	2.4%
Asia/Pacific Ex Japan	2.5%
Europe	28.2%
Japan	4.3%
North America	58.5%
[Cash]	4.1%

Top 10 Holdings

Company	Sector	Geography	Weight
ICON plc	Health Care	US	3.0%
Zebra Technologies	Information Technology	US	2.9%
Amerisourcebergen	Health Care	US	2.9%
Broadridge Financial	Information Technology	US	2.9%
Cognizant Tech Solutions	Information Technology	US	2.9%
Arista Networks, Inc.	Information Technology	US	2.7%
Kroger Co.	Consumer Staples	US	2.7%
Genpact Ltd	Information Technology	US	2.5%
Amadeus IT Group SA	Information Technology	ES	2.5%
HOYA CORPORATION	Health Care	JP	2.5%

Investment Metrics#

	Portfolio	Index	Relative
Risk			
Total Risk	13.63	13.81	
Number of Stocks	60	5267	
Active Share	97.6		
Value			
P/E (Fwd 12M)	22.8	15.3	149%
EV/EBITDA	13.7	10.4	132%
Growth (%)			
Sales Growth	10.3	11.6	89%
EPS Growth	12.1	13.1	92%
Quality			
Return on Equity	24.1	14.2	170%
Net Debt / EBITDA	0.8	2.3	34%
ESG			
MSCI ESG Overall Score	7.4	6.3	118%
Carbon Emissions*	21.3	192.0	11%

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

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Ned Bell CIO / Portfolio Manager

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Performance

Equity markets continued to rally strongly from their October lows with the MSCI World Small & Mid Cap Index rising 4.7% in January. The momentum favoured the asset class which outperformed the all-cap MSCI World Index by around 1.6%. The Bell Global Emerging Companies Fund (Class A) rose 3.7%, underperforming the MSCI World SMID Cap Index by 1.0%.

Performance Attribution

The rally was driven by investors increasing allocations to equities in a bid to chase the rally of recent months. The portfolio rallied in tandem with strong relative contributions from the overweight to Information Technology and by not having any Energy or Utilities exposure, since both of those sectors declined over the month. From a regional perspective, allocation had a neutral effect overall, but the underweight to Japan was a positive since that market lagged. Looking at individual names, many of the strongest contributors wereconsumerfacing businesses including Pool Corp and car and bicycle shock absorber manufacturer Fox Factory, both of which rallied over 20%. Other names that generated good alpha were handheld scanner company Zebra Technologies, clinical research organisation ICON plc and airline IT platform provider Amadeus, all of which were up double-digits. The poorest performer was Japanese business broker Nihon M&A where recent results fell short of expectation due to a slow down in the number of deals being completed. Fortunately,thelong-termsecular tailwinds are supportive and the company is confident that there will be an acceleration going forward which will be a catalyst for the stock to outperform. Other laggards were mostly 'value' names that laggedinthis environment like supermarket retailer Kroger, IT service provider CGI and pharmaceutical distribution company AmerisourceBergen.

Market Commentary

The incredibly strong rebound in global equities has arguably taken us back to position where markets are vulnerable to disappointment on the earnings front. The fact that global equities appreciated by more than 7% led by growth stocks (+9.7%) is indicative of a market that doesn't essentially believe the rhetoric coming from the U.S. Federal Reserve and is pricing in the goldilocks scenario whereby inflation collapses, we skip as recession and rate cuts eventuate in the back half of 2023.

From our perspective, the inflation battle will be ongoing and the due to structural imbalances in labour markets, central banks will err on the side of more rate hikes. After the most recent Fed meeting, Chairman Powell made a point of saying that two more rates hikes were on the cards.

We are increasingly of the view that there is a growing disconnect between equity markets and underlying conditions. As far as equities are concerned, they are only 14% below the recent highs of Jan 2022 while conditions have changed materially. Valuations have also bounced from their September lows of 13.9 (P/E) back to the current level of 16.4 which is in line with the 10-year average. Within the market overall there varying degrees of risk as we see it. The global small & mid cap sub-asset class has lagged for 5 consecutive years, notwithstanding the fact that Global SMID cap stocks grew earnings by 79% from 2017-2022, far outstripping the broader Growth index that collectively grew earnings by 35% over the same time period. The valuations for Global SMID Cap names are also very attractive on a relative basis at a forward P/E of 15.7x, they trade at a 12% discount to their 10-year average and a 33% discount to the Growth index. In other words, while it may seem counterintuitive given the macro environment, we would argue there is less risk in the SMID cap sector than many other areas of the market. The Global Growth bucket has inexplicably rallied very hard from their October lows and on a forward P/E of 23.1x which is a 10% premium to their 10-year average. Given the macro environment, we wouldn't be surprised to see growth stocks make there way to a 10% discount over the next 12 months.

Research

At present, the investment team is focused on reviewing quarterly results of portfolio companies. Early indications are quite positive with customer demand staying strong through to the end of 2022 which has underwritten both revenue and profit growth for the year. In terms of the outlook for 2023, companies are cautiously confident and although there is general consensus that the consumer will tighten their spending patterns. However, a key focus is around the labour market, which currently remains robust and the unemployment rate remains low, but balanced against continued interest rate increases that will ultimately lead to a weaker employment environment. The effects of rising rates is a cost that the market has underestimated and is becoming a larger burden on companies with leveraged balance sheets, so we continue to favour companies with minimal debt.

Portfolio Positioning / Trading

Given the risk-on nature of the market and the sharp rallies seen across many stocks in the portfolio, we trimmed into this momentum. Some of the biggest beneficiaries of the recent rally have been 'consumer facing' businesses. So given the slowdown in housing related activity and our expectations that consumer spending growth will wane, we trimmed Pool Corp and Techtronic, the manufacturer of Ryobi and Milwaukee battery tools as well as luxury retailer Moncler. Additionally, the position in turf machinery maker Toro was sold with the stock hitting our price target after rallying more than 50% from its low in June. The cash was redeployed into stocks with better earnings visibility and where valuation was more attractive, these included IT service companies CGI and Check Point Software, rural retailer Tractor Supply and door lock and system manufacturer Assa Abloy. These companies should provide good downside protection if markets become more volatile in the coming weeks.

Outlook

As we have alluded to in recent commentaries, we feel that our investment approach is coming into a sweet spot. The combination of a strong Quality bias and Valuation discipline should work well against a challenging backdrop in 2023. We feel that 2022 was an anomaly in that Quality as a style rarely lags when inflation is at elevated levels. We expect this anomaly to correct itself in 2023 & 2024 and therefore expect a solid period of relative performance.

Key Features

Investment Objectives	Outperform the index over rolling three year periods
Asset Allocation	Long only global small and mid cap equities, No gearing, No derivatives
Investment Style	Fundamental bottom up approach "Quality at a reasonable price"
Investment Highlights	• A diversified portfolio of small and mid cap (SMID) global stocks • 'Quality' focus - consistently high returning companies • Long-term horizon - typically 3-5 year holding periods • Benchmark agnostic • Diversified portfolio structure • Maximum cash position 10% • Highly experienced investment team
Benchmark	MSCI World SMID Cap Index
Currency Exposure	Unhedged
Investment Timeframe	At least 5 years
Number of Holdings	35 - 55

Fund Terms

Fund Inception Date	November 2012
Strategy Inception Date	27 June 2016
Product Structure	Registered Managed Investment Scheme
Investment Manager	Bell Asset Management
Responsible Entity	Bell Asset Management
Custodian	National Australia Bank
mFund Code	Code: BLM01
Unit Pricing & Liquidity	Daily Published on www.bellasset.com.au & market data services Applications using application form attached to the PDS Redemptions typically paid out within 10 days
Minimum Investment	Minimum investment - $10k Minimum transaction - $5k
Indirect Cost Ratio	1.34% p.a 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 Fund is likely to be appropriate for a consumer seeking long term capital growth through exposure to a diversified portfolio of global small and mid cap listed securities within a portfolio where the consumer has at least a 5 year investment timeframe, high risk/return profile and needs infrequent access to capital. BAM considers that the risk level of the Fund is high. The likelihood of the value of your investment going up or down over the short term is relatively high compared to investments in funds investing in other types of assets such as fixed interest or cash. However, the Fund has the potential to produce higher or lower returns over the longer term (5 years or longer).