Bell Global Equities Fund

Platform Class Fund Summary - Period Ending 31 January 2023

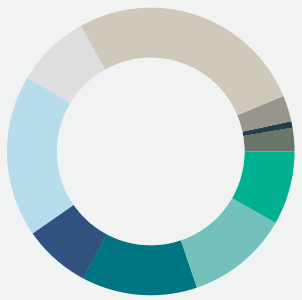
Bell
ASSET MANAGEMENT

Net Performance^

Returns in AUD	Fund	Index*
1 Month	2.8%	3.0%
3 Months	1.4%	-0.7%
6 Months	0.2%	0.9%
1 Year	-7.1%	-7.9%
3 Years (pa)	5.9%	5.8%
5 Years (pa)	11.0%	9.5%
Inception (pa)^	8.3%	7.3%

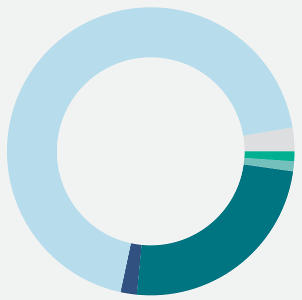
*Index is the MSCI World ex Australia in $A Unhedged with net dividends reinvested. ^ Inception date of the Platform Class is 7 May 2015. Returns are based on the Platform redemption price and are net of fees. The Bell Global Equities Fund - Platform Class has been operating since May 2015. To give a longer-term view of our performance in the asset class, we have shown longer term returns for a representative global equities strategy managed by Bell Asset Management with an inception date of 1 Jan 2003. We have adjusted the returns to reflect fees representative of the Bell Global Equities Fund - Platform Class units.

Sector Exposure



Communication Services	8.2%
Consumer Discretionary	11.5%
Consumer Staples	13.0%
Financials	7.5%
Health Care	18.4%
Industrials	8.2%
Information Technology	26.8%
Materials	2.9%
Real Estate	0.6%
[Cash]	2.7%

Geographic Exposure



Africa/Mideast	1.0%
Asia/Pacific Ex Japan	1.2%
Europe	24.4%
Japan	1.7%
North America	68.9%
[Cash]	2.7%

Top 10 Holdings

Company	Sector	Geography	Weight
Alphabet Inc.	Communication Services	US	3.5%
Microsoft Corporation	Information Technology	US	3.1%
Amazon.com, Inc.	Consumer Discretionary	US	2.0%
Verizon Comms Inc	Communication Services	US	2.0%
Diageo Plc	Consumer Staples	GB	1.9%
Unitedhealth Grp	Health Care	US	1.9%
Nestle S.A.	Consumer Staples	CH	1.8%
Roche Holding	Health Care	CH	1.6%
Johnson & Johnson	Health Care	US	1.6%
Accenture Plc	Information Technology	US	1.6%

Best & Worst Performers - 1 Month

Top 5 - Relative Contribution	
Zebra Technologies	0.20%
Pool Corporation	0.17%
Fox Factory Holding	0.13%
ICON Plc	0.13%
Cognizant Tech	0.11%

Bottom 5 - Relative Contribution	
Nihon M&A Center	-0.21%
Diageo plc	-0.15%
Johnson & Johnson	-0.11%
Roche Holding	-0.10%
Kroger Co.	-0.09%

Investment Metrics#

	Portfolio	Index	Relative
Risk			
Total Risk	12.97	13.14	
Number of Stocks	104	1449	
Active Share	78.7		
Value			
P/E (Fwd 12M)	20.1	16.2	124%
EV/EBITDA	14.2	11.8	120%
Growth (%)			
Sales Growth	9.6	10.5	92%
EPS Growth	12.6	15.0	84%
Quality			
Return on Equity	29.0	22.2	130%
Net Debt / EBITDA	1.1	1.3	85%
ESG			
MSCI ESG Overall Score	7.5	6.9	109%
Carbon Emissions*	21.0	133.8	16%

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

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Ned Bell CIO / Portfolio Manager

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Performance

Equity markets continued to rally strongly from their October lows with the MSCI World ex-Australia Index rising 3.0% in January. The Bell Global Equities Fund rose 2.8%, slightly underperforming the MSCI World ex-Australia Index by 0.2%.

Performance Attribution

The rally was driven by investors increasing allocations to equities in a bid to chase the rally of recent months. This favoured small and mid-cap stocks as well as growth-oriented names that have rebounded strongly in the month. The portfolio rallied in tandem, but the overweight allocation to Consumer Staples and Healthcare was a slight drag. From a regional perspective, allocation had a neutral effect overall. Looking at individual names, the strongest contributors were mid-cap names such as Pool Corp and car and bicycle shock absorber manufacturer Fox Factory, both of which rallied over 20%. Other mid-cap stocks that generated good alpha were handheld scanner company Zebra Technologies and clinical research organisation ICON plc, both up double-digits. Larger cap names that did well included Alphabet which is the largest position in the portfolio. 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, the long-term secular 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 traditional 'value' names such as Diageo, Johnson & Johnson, Roche and Kroger.

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 are 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 retailers LVHM, Hermes and 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 including Consumer Staples company Diageo, Health Care company UnitedHealth and some attractively valued Information Technology names such as Check Point Software, Cisco and IT consultancy Accenture. 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 benchmark over rolling three year periods
Asset Allocation	Long only global equities, no gearing, no derivatives
Investment Style	Fundamental bottom up approach 'quality at a reasonable price'
Investment Highlights	• Global equity portfolio • 'Quality' focus - consistently high returning companies • Long-term horizon - typically 3-5 year holding periods • Benchmark agnostic • Diversified portfolio structure • Maximum cash exposure10% • Fund inception 2007 (strategy inception 2003) • Highly experienced investment team
Benchmark	MSCI World (ex Australia) Index
Currency Exposure	Unhedged
Investment Timeframe	At least 5 years
Number of Holdings	90-110

Fund Terms

Fund Inception Date	December 2007. Inception date of BGEF Platform is 7 May 2015.
Product Structure	Registered Managed Investment Scheme
Investment Manager	Bell Asset Management Limited
Responsible Entity	Bell Asset Management Limited
Custodian	National Australia Bank
mFund Code	BLL01
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 - $25,000 Minimum transaction - $1,000
Indirect Cost Ratio	0.85%p.a
Buy / Sell Spread	+/-0.10%
Reporting	Transaction confirmations upon transacting, half yearly transaction and valuation statement, annual periodic statement, tax statement, distribution statement & 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 large 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).