Bell Global Emerging Companies Fund

Class A Fund Summary - Period ending 31 January 2024

Net Performance^

Returns in AUD	Fund	Index*
1 Month	1.6%	1.3%
3 Months	11.6%	11.6%
6 Months	1.7%	2.7%
1 Year	8.7%	11.1%
3 Years (pa)	7.6%	7.4%
5 Years (pa)	10.9%	9.6%
Inception (pa)^	10.4%	9.8%

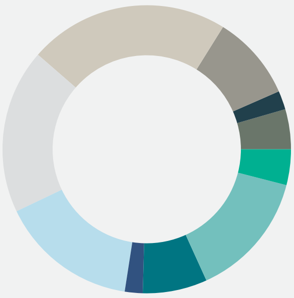
* Index is the MSCI World SMID Cap Index. ^ The Bell Global Emerging Companies Fund was established in November 2012 under a different name and with a different investment strategy. The fund has operated under its current name and strategy since 27 June 2016 (Inception).

Best & Worst Performers - 1 Month

Top 5 - Relative Contribution	
Cencora, Inc.	0.34%
SGS SA	0.21%
MSCI Inc. Class A	0.15%
Tractor Supply	0.15%
Genpact Ltd	0.15%

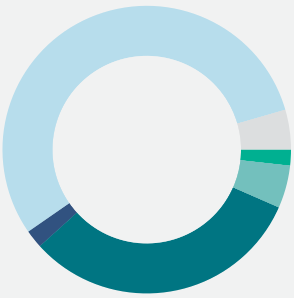
Bottom 5 - Relative Contribution	
Hong Kong Exchanges…	-0.28%
Techtronic Industries…	-0.23%
YETI Holdings, Inc.	-0.22%
Zebra Technologies…	-0.18%
Charles River…	-0.17%

Sector Exposure



Communication Services	4.0%
Consumer Discretionary	14.3%
Consumer Staples	7.2%
Energy	2.0%
Financials	15.4%
Health Care	18.5%
Industrials	22.6%
Information Technology	9.5%
Materials	2.2%
[Cash]	4.4%

Geographic Exposure



Africa/Mideast	1.7%
Asia/Pacific Ex Japan	4.9%
Europe	31.7%
Japan	2.0%
North America	55.4%
[Cash]	4.4%

Top 10 Holdings

Company	Sector	Geography	Weight
Genpact Ltd	Industrials	US	2.8%
Bunzl plc	Industrials	GB	2.7%
Tractor Supply	Consumer Discretionary	US	2.6%
Hong Kong Exchanges…	Financials	HK	2.6%
Amadeus IT Group SA	Consumer Discretionary	ES	2.5%
Paylocity Holding…	Industrials	US	2.5%
ICON plc	Health Care	US	2.5%
Keysight Technologies,…	Information Technology	US	2.5%
Rightmove plc	Communication Services	GB	2.4%
BJ's Wholesale Club…	Consumer Staples	US	2.4%

Investment Metrics#

	Portfolio	Index	Relative
Risk			
Total Risk	10.20	10.64	
Number of Stocks	47	5,017	
Active Share	98.2		
Value			
P/E (Fwd 12M)	21.0	15.5	135%
EV / EBITDA	15.0	12.7	118%
Growth (%)			
Sales Growth	11.2	12.5	89%
EPS Growth	14.7	14.2	104%
Quality			
Return on Equity	24.8	9.5	263%
Net Debt / EBITDA	0.7	2.2	32%
ESG			
MSCI ESG Overall Score	7.8	6.4	122%
Carbon Emissions*	19.9	154.4	13%

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

Global equity markets began the year strongly as the MSCI World SMID Cap Index rose 1.3%, with returns helped by a weaker AUD. During the month, the Bell Global Emerging Companies Fund (Class A) rallied 1.6%, outperforming the MSCI World SMID Cap Index by 0.3%.

Performance Attribution

Positive market momentum continued in January with overall performance being driven by a combination of sector allocation and stock selection factors.

At a stock level, the largest positive contributors to the portfolio included U.S. pharmaceutical distributor Cencora +17%, testing and inspection company SGS +8%, index data provider MSCI +9% and rural retailer Tractor Supply +8%. Cencora continues to benefit from improving utilisation with a tailwind from GLP-1 products and a seasonal boost from COVID-19 vaccines. This has driven margin expansion and the company has increased guidance and now expects 10.5% to 12.5% EPS growth. This consistent growth profile has helped a 45% gain over the last 12 months and the valuation still looks attractive at 17x 12 month forward earnings. The poorest performers included exchange operator Hong Kong Exchanges & Clearing which declined 9% mainly driven by a slow down in trading volumes due to negative sentiment with respect to Chinese stocks, which we believe has likely troughed at these levels. These factors also weighed on Hong Kong listed battery tool manufacturer Techtronic Industries which had rallied strongly over the last few months but softened in January. Drinkware and cooler maker Yeti Holdings also declined, again giving back some of the gains of prior months.

From a sector perspective, allocation effects were minimal outside of a small benefit from the 5.7% underweight to Materials and from not owning and Real Estate (7.8% underweight) since both of those sectors declined in January. The largest portfolio weight remains a diversified allocation to Industrials at 22.5% which had the second best contribution to returns in the month. Health Care was the best contributor and the second largest allocation at 18.5% (and remains the largest overweight at 9.5%). Information Technology (9.5% allocation, 2.4% underweight) and Communication Services (4.0% allocation, equal weight) are performed well, but this month had muted allocation and selection effects with both sectors performing inline with the market.

Regionally, the overweight to Europe (32% allocation, 13% overweight), and the large allocation to North America (55% allocation, 8% underweight) had a neutral allocation effect, but generated alpha with good stock selection in both regions. The Asia/Pacific region (7% allocation, 9% underweight) was a small headwind from an allocation perspective.

Market Commentary

For the most part, global equities had another strong start to 2024 with the obvious exception of emerging markets declining by 4.6%. More specifically, U.S. equities posted solid gains while Europe and Developed Asia posted modest declines. At a sector level, we saw some of the main divergences from 2023 carry into the new year as IT & Communication Services stocks lead the market higher while materials, real estate and utilities lagged.

When we look across the market cap spectrum, we saw a number of the larger Global index constituents push higher as the likes of NVIDIA, Netflix, ASML, Novo Nordisk & SAP continuing their recent strong runs. Having said that the recent dominance of the "Magnificent 7" has been showing signs of moderating as fundamentals have stumbled. Most notably, over the last 6 months Apple & Tesla have lagged the S&P500 Index by 12.3% & 36.4% respectively. These instances are a good reminder that markets are generally good at pricing in deteriorating fundamentals and may favour SMID cap stocks where the consensus outlook for earnings growth for 2024 is around 14%, a growth rate around six percentage points higher than the all-cap MSCI World Index.

As has been the case for much of the last few months, markets have seemingly become obsessed with the timing and magnitude of possible interest rate cuts in the U.S. The recent commentary from the US Federal Reserve and the exceptionally strong jobs report would imply that investors are overly optimistic when it comes to rate cuts. From our perspective, while moderating inflation clearly raises the likelihood of 'some' rate relief over the next 12 months we expect interest rates to remain elevated for some time.

Portfolio Activity

During January we sold one name from the portfolio: Masimo (Health Care).

We exited health care company Masimo due to a lack of visibility on the outlook and our view that the overall quality characteristics of the company have deteriorated over the past 12-18 months. There are aspects of the company that we really like and there is still arguably some upside potential associated with ongoing litigation with Apple, however we think this is now factored in to the valuation to some degree with the stock having bounced over 50% from the October lows and valuation no longer looking very attractive (12m forward P/E ~40x). We prefer to invest the money elsewhere in names where we have more conviction.

In addition to the Masimo sale, we also trimmed some existing positions, many of which have been strong performers in recent periods, including Assa Abloy (Industrials), Cencora (Health Care), Hoya (Health Care) and Check Point Software (Information Technology). These sales funded small adds to existing positions which we view as having attractive risk / reward profiles such as Icon (Health Care), Hong Kong Exchanges & Clearing (Financials) and Paylocity (Industrials).

Research

The key focus of our research agenda in the past few weeks has been analysing quarterly and year end results. With a small number of exceptions, we have been very pleased with the results and outlook comments provided by companies in the portfolio. At the time of writing approximately half of portfolio companies have reported their December quarter results, with close to 80% of names beating expectations on earnings, compared to ~70% of companies within the broader global indices delivering positive earnings surprises. As earnings season wraps up in the next couple of weeks, we have several investment team members taking off on global research trips. These face-to-face meetings with management are a very important aspect of our investment process. We look forward to sharing key insights gleaned from these meetings with our investors in the near future.

Outlook

As global equity markets hit all-time highs, we need to be very conscious of valuation risk in our portfolios. To that end, we would note that while the P/E for the MSCI World Index has appreciated from 15.5x in October 2023 to 17.8x (7% premium to the 10-year average), we would note that much of the expansion can be attributed to the large cap growth stocks.

We would also make the point that we still find numerous subsets of the global universe that represent good relative value. As a case in point, the global SMID cap universe still trades at an 11% discount to the broader market and a whopping 57% discount to the much loved Magnificent 7. While emerging markets has been a painful investment destination for the last 10 years, lagging developed markets by 6.3% annually there does seem to be some 'selective value' appearing in those markets.

More broadly, we are constructive on the outlook for equities and expect a more broad-based rally in quality stocks this year (versus the somewhat narrow rally of 2023). The fact that inflation has moderated means that Central Banks now have the freedom to cut rates as needed. Additionally, the employment market has remained strong around the World and especially in the U.S. Overall, from an economic perspective, all indicators are pointing to a 'soft landing' and even the potential for GDP growth to improve. While we monitor the overall valuation of the market, the fundamental and macro outlook do provide reasons to remain optimistic.

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	30 - 60

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	The Fund is likely to be consistent with the financial situation and needs of a consumer who is seeking capital growth with at least a 5 year investment timeframe and who is unlikely to need to withdraw their money on less than one week's notice. The Fund is intended for use by consumers with a Medium or higher risk and return profile, depending on the proportion of their Investable Assets which is allocated to the Fund.