Bell Global Emerging Companies Fund

Class A Fund Summary - Period ending 31 October 2022

Net Performance^

Returns in AUD	Fund	Index*
1 Month	7.7%	8.1%
3 Months	-2.1%	1.7%
6 Months	0.6%	1.1%
1 Year	-10.4%	-8.4%
3 Years (pa)	8.1%	6.5%
5 Years (pa)	11.3%	7.7%
Inception (pa)^	10.6%	9.7%

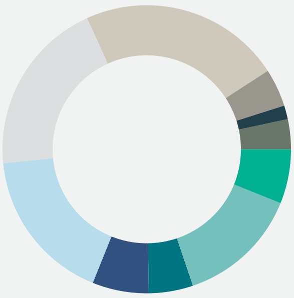
* Index is the MSCI World SMID Cap Index. ^ The Bell Global Emerging Companies Fund was established in November 2012 under a different name and with a different investment strategy. The fund has operated under its current name and strategy since 27 June 2016 (Inception).

Best & Worst Performers - 1 Month

Top 5 - Relative Contribution	
Toro Company	0.33%
Tractor Supply	0.28%
Amerisourcebergen	0.27%
Check Point Software	0.21%
Booz Allen Hamilton…	0.17%

Bottom 5 - Relative Contribution	
Pool Corporation	-0.26%
Masimo Corporation	-0.24%
Techtronic Industries…	-0.23%
Nihon M&A Center…	-0.23%
HOYA CORPORATION	-0.21%

Sector Exposure



Communication Services	6.1%
Consumer Discretionary	13.7%
Consumer Staples	4.9%
Financials	6.4%
Health Care	17.3%
Industrials	19.8%
Information Technology	22.5%
Materials	4.2%
Real Estate	1.6%
[Cash]	3.3%

Geographic Exposure

Africa/Mideast	2.8%
Asia/Pacific Ex Japan	2.2%
Europe	28.9%
Japan	4.2%
North America	58.5%
[Cash]	3.3%

Top 10 Holdings

Company	Sector	Geography	Weight
Amerisourcebergen	Health Care	US	3.0%
Tractor Supply	Consumer Discretionary	US	3.0%
Check Point Software	Information Technology	IL	2.8%
Kroger Co.	Consumer Staples	US	2.7%
CGI Inc.	Information Technology	CA	2.7%
Genpact Ltd	Information Technology	US	2.7%
ICON plc	Health Care	IE	2.7%
Zebra Technologies…	Information Technology	US	2.6%
Fortune Brands Home…	Industrials	US	2.6%
Partners Group…	Financials	CH	2.6%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	16.28	16.71	
Number of Stocks	62	5344	
Active Share	97.4		
Value			
P/E	18.0	14.0	129%
PEG Ratio	1.6	1.1	144%
EV/EBITDA	12.9	11.2	115%
Growth (%)			
Sales Growth	10.8	10.4	104%
EPS Growth	13.4	13.8	97%
Quality			
Return on Equity	25.9	14.1	183%
Net Debt / EBITDA	1.2	2.1	57%

Bell Global Emerging Companies Fund

Bell ASSET MANAGEMENT

Class A Fund Summary - Period ending 31 October 2022

Ned Bell CIO / Portfolio Manager

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Performance

Global equity markets had a very strong month in October with the MSCI World SMID Cap Index rallying 8.1%. The Bell Global Emerging Companies Fund (Class A) posted a strong return of 7.7%, however underperformed the MSCI World SMID Cap Index by 0.4% for the month.

Performance Attribution

While the returns at the strategy level didn't deviate materially from the MSCI World SMID Cap Index, there was quite a bit of dispersion in the underlying return drivers. Stock selection was a modest positive, while the underperformance was driven by sector allocations, and in particular the lack of exposure to the Energy sector which rallied 20% during the month. Our underweight to Financials and overweight to Healthcare and IT also hurt. On the positive side, our underweight to Real Estate and overweight to Consumer Discretionary helped.

Looking at stock specific drivers, we had 17 names that rallied 10% or more, including 7 names up more than 15%. Of these, Toro was the best performer (+23%). Toro is a leading global manufacturer of equipment for golf, landscaping, gardening, snow removal and specialised construction. The company has an excellent long term track record of profitable growth, with a 10-year sales CAGR of +9% and EPS CAGR of +15%, along with ROE >30% every year for the past decade. Another strong performer was pharmaceutical distributor, AmerisourceBergen (ABC), which rose 17% as the market starts to better appreciate the defensive earnings growth outlook and attractive valuation, which are crucial attributes in the current uncertain investment environment. Other strong stock performers included Tractor Supply (+19%), Booz Allen Hamilton (+19%), and Check Point Software (+16%).

The biggest individual drag at a stock level came from Pool Corp (-4%), the leading Pool supplies company in the US. Pool Corp has pulled back on concerns over a slowdown in new pool construction and remodel activity following a couple of years of elevated demand. Pool Corp remains a high-quality company with an extremely strong competitive position (20x larger than nearest competitor) and is in a strong financial position to further consolidate the market via M&A and share gains during a downturn. 60% of revenue comes from maintenance of the large installed base, which should hold up well regardless of the macro environment. While we are forecasting some earnings downgrades looking forward, we believe the valuation at current levels provides support for the stock and shareholders should see good long-term returns from here.

Other weak stock performers during the month included mid-cap healthcare company, Masimo (a global leader in non-invasive patient monitoring), Techtronic (world leader in cordless power tools), Nihon M&A (leading M&A advisory firm in Japan), and Hoya (Japanese optical manufacturer in the life science and IT industries).

Market Commentary

October was a very strong month for global equities, with the US and European markets displaying broad based strength. HK/China was the notable underperformer as the COVID zero policy in China persists and geopolitical concerns remain elevated.

Despite the rally in October, market sentiment has been gyrating wildly from hope to fear and back again (often all in one day). It has been the type of market where even if you were privy to some of the key economic data ahead of time, it may not have helped you with predicting the subsequent equity market moves, such is the tug of war between the impact of perceived 'good' news or 'bad' news.

Ultimately, the market appears to be pinning its hopes of a recovery on the Fed and other central banks pivoting to an easier monetary policy, in conjunction with an easing in inflation and overall soft landing for the economy. However, the persistent levels of inflation and strong employment conditions are keeping the odds of any major pivot in check for now and arguably ramping up the chances of a hard landing as interest rates may get pushed too far.

With respect to unemployment, we are starting to see signs of layoffs and hiring freezes accelerate. While the loss of jobs is terrible for the people and families of those directly impacted, the potential positive takeaway from a macro standpoint is that a gradually rising unemployment rate could go some way to easing wage inflation pressures and thus better enable a softening in the hawkish stance of many central banks. When combined with an easing of supply chain constraints (a message we have heard from many corporates recently), along with the pullback in many input costs, and the general softening in consumer demand, we should soon see inflation start to tick lower. Whether inflation subsides fast enough to ease the concern of central bankers remains to be seen. Either way, this will no doubt remain a key focus for many market participants over the next few months.

Research

In the first half of October our research efforts were focused on various different areas including following up investment ideas from our September research trips, refreshing our thesis, models and price targets for watchlist names, and ongoing sensitivity analysis and model adjustments for portfolio holdings.

In the back half of the month, our attention shifted mainly to the quarterly corporate earnings season. At the time of writing we are just over halfway through the earnings calendar and so far results and management commentary are playing out broadly as expected. By our estimates, approx. 75% of our portfolio companies who have reported earnings have met or exceeded consensus expectations vs. approx. 65% of the MSCI World SMID Cap Index constituents (for those companies which have consensus data available). As we have discussed with investors recently, we anticipated that September quarter earnings would hold up reasonably well for many companies but to see a general softening in the forward-looking outlook and guidance comments. This is in-line with what we are seeing so far, as concerns about macro conditions continue to intensify and thus creating a lot of challenges in formulating forward looking guidance.

Looking ahead, in the near term we remain focused on analysing company results and retesting our thesis and models. Over the next couple weeks a number of investment team members will also be heading off on research trips to the US and Europe. We look forward to sharing any valuable insights in the coming weeks, particularly any forward-looking commentary that management teams are willing to provide about the outlook as we approach 2023.

Trading

The only wholesale portfolio change during the month was the initiation of a position in Coloplast, a leading global supplier of medical devices and healthcare products across various segments including ostomy care, continence care, interventional urology and wound care. We know Coloplast very well, having been long term shareholders until making the decision to exit for valuation reasons in March 2020. Since then the stock's valuation has de-rated materially, underperforming the MSCI World Index by over 70% during our non-holding period. We continued to closely monitor the company and believe now is a good entry point with a long-term perspective. While there are some near term margin pressures, we believe that Coloplast's earnings should prove resilient in the coming years regardless of how the external macro environment plays out, driven by their consistent high single digit organic revenue growth algorithm. We established a modest position during October and will look to build into a larger weight should we see any further valuation de-rating.

Outside of this stock purchase, the bulk of the activity was minor adds or trims to existing holdings with the intention of aligning position sizes with our level of conviction and making sure we are appropriately balancing upside potential against downside protection. We added to a number of names that have recently underperformed including Rightmove (UK's dominant real estate portal), Vestas Wind Systems (global leader in wind turbines), and Broadridge (provider of technology based outsourcing solutions for financial services industry).

These adds were funded by small trims to a number of holdings, many of which have been recent outperformers including AmerisourceBergen (leading pharmaceutical distributor), Booz Allen Hamilton (consultant to US government in the defence, intelligence and civil markets), Ritchie Bros (leading global auctioneer for commercial machinery), and Toro (leading global manufacturer of equipment for golf, landscaping, gardening, snow removal and specialised constriction).

Outlook

We remain confident in the positioning of the portfolio as the uncertainties in the external environment continue to grow. We still believe that the broader market is susceptible to material earnings downgrades over the next couple of quarters and while our portfolio companies won't be immune if this happens, we are confident that we are well placed to outperform in an environment where earnings certainty and other quality factors such as balance sheet strength, come to the forefront of investors' minds.

As always, we aim to construct a portfolio which has exposure to a diverse set of quality SMID Cap companies trading at a reasonable price, as we strongly believe this is the optimal approach to manage downside risk and capture upside potential over the long term.

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).