Bell Global Emerging Companies Fund

Class A Fund Summary - Period ending 28 February 2023

Net Performance^

Returns in AUD	Fund	Index*
1 Month	0.3%	2.0%
3 Months	-0.6%	2.1%
6 Months	6.9%	7.8%
1 Year	-2.0%	0.4%
3 Years (pa)	7.6%	7.7%
5 Years (pa)	11.1%	8.1%
Inception (pa)^	10.6%	9.9%

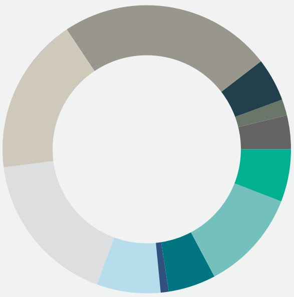
* Index is the MSCI World SMID Cap Index. ^ The Bell Global Emerging Companies Fund was established in November 2012 under a different name and with a different investment strategy. The fund has operated under its current name and strategy since 27 June 2016 (Inception).

Best & Worst Performers - 1 Month

Top 5 - Relative Contribution	
Arista Networks, Inc.	0.30%
CGI Inc. Class A	0.18%
ASSA ABLOY AB Class B	0.15%
Church & Dwight Co.,	0.14%
Partners Group	0.12%

Bottom 5 - Relative Contribution	
Techtronic Industries	-0.33%
Nihon M&A Center	-0.29%
Electronic Arts Inc.	-0.21%
HOYA CORPORATION	-0.18%
Keysight	-0.17%

Sector Exposure



Communication Services	5.9%
Consumer Discretionary	11.4%
Consumer Staples	5.2%
Energy	1.1%
Financials	7.2%
Health Care	17.4%
Industrials	17.5%
Information Technology	23.9%
Materials	4.9%
Real Estate	1.8%
[Cash]	3.8%

Geographic Exposure

Africa/Mideast	2.6%
Asia/Pacific Ex Japan	2.4%
Europe	29.9%
Japan	3.9%
North America	57.3%
[Cash]	3.8%

Top 10 Holdings

Company	Sector	Geography	Weight
ICON plc	Health Care	US	3.0%
Amerisourcebergen	Health Care	US	2.9%
Kroger Co.	Consumer Staples	US	2.8%
Broadridge Financial	Information Technology	US	2.8%
Genpact Ltd	Information Technology	US	2.8%
Cognizant Tech Solutions	Information Technology	US	2.8%
Check Point Software	Information Technology	IL	2.6%
Amadeus IT Group SA	Information Technology	ES	2.4%
Arista Networks, Inc.	Information Technology	US	2.4%
Partners Group	Financials	CH	2.4%

Investment Metrics#

	Portfolio	Index	Relative
Risk			
Total Risk	12.79	13.02	
Number of Stocks	63	5253	
Active Share	97.6		
Value			
P/E (Fwd 12M)	20.7	15.2	136%
EV/EBITDA	12.6	10.4	121%
Growth (%)			
Sales Growth	10.5	11.6	90%
EPS Growth	12.7	13.6	93%
Quality			
Return on Equity	23.6	14.2	166%
Net Debt / EBITDA	0.9	2.7	33%
ESG			
MSCI ESG Overall Score	7.5	6.3	119%
Carbon Emissions*	22.2	185.1	12%

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

Bell Global Emerging Companies Fund

Class A Fund Summary - Period ending 28 February 2023

Ned Bell CIO / Portfolio Manager

Adrian Martuccio Portfolio Manager

Contact Details

Bell Asset Management: Investment Manager
www.bellasset.com.au
Level 30, 101 Collins Street, Melbourne Victoria 3000.
Unitholder Enquiries Telephone: 03 9616 8619
Email: bellasset@unitregistry.com.au

Xanthe Virtue: Head of Wholesale & Platforms
T: +61 2 8000 8872. M: +61 413 450 163.
Email: xvirtue@bellasset.com.au

Channel Capital: Distribution Partner
www.channelcapital.com.au

Byron Slessar: Head of Key Accounts and Platforms
M: +61 400 592 592
Email: byron.slessar@channelcapital.com.au

Luke Mandekic: Head of Research and Consulting
M: +61 466 772 444
Email: luke.mandekic@channelcapital.com.au

Phelim O'Neill: Distribution Director
ACT | NSW
M: +61 436 029 775
Email: phelim.oneill@channelcapital.com.au

James Biggins: Distribution Director
VIC | SA | WA | TAS
M: +61 419 093 082
Email: james.biggins@channelcapital.com.au

Sam Mirls: Distribution Director
QLD
M: +61 422 777 909
Email: sam.mirls@channelcapital.com.au

Performance

Equity markets rallied further from their October lows with the MSCI World Small & Mid Cap Index rising 2.0% in February. Despite the volatility over the last year or so, the MSCI World Small & Mid Cap Index is now in positive territory over the last 12 months having risen 0.4%. During the month, the Bell Global Emerging Companies Fund (Class A) rose 0.3%, underperforming the MSCI World Small & Mid Cap Index by 1.7%.

Performance Attribution

Underperformance during February was mainly driven by stock selection. In simple terms, we had slightly more losers than winners. At a sector level, our overweight to Information Technology and underweight in Real Estate, Energy and Utilities contributed positively from an allocation standpoint, while overweight to Health Care and underweight in Financials and Industrials was a drag. On a regional basis, our overweight allocation to Western Europe and underweight to Asia Pacific was a positive. The depreciation of the Australian dollar during the month contributed positively to returns in AUD terms. Quality as a style had limited impact.

The best individual stock performer during the month was Arista Networks (+15%). Arista provides cloud networking solutions, competing with mega cap rival Cisco. The stock rallied in February after delivering another set of very strong quarterly results and reiteration of FY23 guidance which calls for +25% revenue growth despite ongoing supply chain constraints. We have owned Arista in the portfolio for just under 5 years, during which time it has delivered a revenue and earnings CAGR in excess of 20%p.a. While we trimmed some profit during the month, we continue to hold the name as we view the valuation as reasonable in the context of the quality of the company and positive growth outlook.

The largest alpha detractor in February was Techtronic (-19%), the manufacturer of Ryobi and Milwaukee cordless power tools. Techtronic's shares dipped after being targeted by a negative short seller report. The company has since released Q4 results, along with issuing a rebuttal to the key claims made within the short report and, at the time of writing, the stock had bounced more than 10% from the lows. Having already reduced our holding over the last few months we went into February with a modest position, therefore limiting the impact to portfolio returns from the pullback. Other weak stock performers during February included Nihon M&A (-14%), Electronic Arts (-10%), Keysight Technologies (-7%) and Hoya Corp (-5%).

Market Commentary

It was pleasing to see the equity markets post positive returns during the month of February, however we note that with stubbornly high inflation levels, driven in a large part by the services sectors, housing costs and a tight labour market, has meant that Central Banks continue to aggressively raise interest rates. This saw the rally somewhat taper off during the month as investors came to terms with the fact that higher interest rates will be with us for longer. Fortunately, other contributors to inflation over the last twelve months do seem to be alleviating, with freight and logistics cost normalising and broad declines in metals, energy and agricultural commodities.

Earnings season was also an important driver of investor sentiment, and for the most part, company earnings reports were reasonably good. Having said that, there were fewer positive surprises than normal and the magnitude of earnings beats was the second lowest since the GFC in 2008. Using the S&P 500 Index companies as a proxy, the average beat this quarter was 1.3%, much lower than the ten year average beat of 6.4%.

Guidance was also generally constructive, however due to market expectations for 2023 already being quite high, we have seen estimates being trimmed. We are seeing a continued deceleration from the lofty growth expectations that were a result of stimulus money and a confident, cashed up consumer. At the beginning of the year, expectations were for 6% revenue growth and 10% earnings per share growth in 2023. Now after recent downgrades, we are seeing a more realistic outlook with consensus expectations for the MSCI

World Index have revenue growing 3.3% and earnings per share rising at an even lower rate. Current expectations also compare more favourably to Global GDP growth expectations for 2023 of less than 1% for developed markets.

Research

The team's focus over the last month was monitoring portfolio companies' earnings results. We remain laser focused on earnings resiliency of portfolio companies. When we speak to companies and review their results, we have identified various themes including headwinds from ongoing labour inflation and rationalisation of inventory through the supply chain as the demand outlook becomes more uncertain. From a positive perspective we hear that input cost inflation is abating, freight and logistics costs are normalising and most importantly, companies are pivoting to right size their cost bases to put them in a stronger position to maintain margins through this period of economic softness. What does this mean for the portfolio and the priorities we have been setting? It is continuing to steer our allocation towards companies with good earning certainty and more predictable revenue streams and a strong valuation underpinning.

Trading

Our portfolio activity during February was slightly more elevated than normal as we used the recent market recovery as an opportunity to reduce exposure to a range of holdings that face heightening valuation risk and/or increasing earnings risk in light of the higher interest rate environment and rising macro uncertainties. The bulk of the proceeds of the trim activity was rotated into three new names that were introduced to the portfolio: Advanced Drainage Systems (Industrials), Neste (Energy) and SGS (Industrials).

One of the more interesting and lesser known portfolio additions is Advanced Drainage Systems (ticker: WMS). WMS is a leading manufacturer of thermoplastic corrugated pipe and other water management products, serving a range of end markets across non-residential, residential, agriculture and infrastructure, predominantly in the United States. We believe the company is well positioned to gain share as the industry continues to shift away from concrete and corrugated metal pipes towards thermoplastic corrugated pipes due to a range of benefits including cost effectiveness, durability and ease of installation. WMS is in a strong competitive position due to their scale, national manufacturing footprint, extensive distribution relationships and breadth of solutions. We also regard WMS as having strong ESG credentials, with the company being the largest plastic recycler in the US. In our view, the uncertain macro environment has created an attractive entry point, with shares currently 40% below the August 2022 peak and trading at an inexpensive valuation of 15x forward earnings. Volatility may continue in the near term but we expect WMS will generate strong returns from current levels for long term shareholders.

In addition to the new portfolio holdings, we also added to a number of existing holdings including AmerisourceBergen, Jack Henry & Associates, Kroger and Check Point Software.

Outlook

Looking past shorter term earnings uncertainties, we remain constructive as we focus keeping the quality attributes of portfolio companies extremely high. This is especially important in the small and mid-cap space where we have to avoid a large tail of poor quality businesses. By taking this approach, we have seen in prior periods of high inflation, that quality as a style has consistently outperformed, which should be a positive tailwind for the portfolio. From a valuation perspective, we believe small and mid-cap stocks are generally reflective of the fact that interest rates are going to stay "higher for longer". While in the near term there may still be valuation risk at the more highly valued, growth end of the market (for examples MSCI World Growth Index forecast P/E is still a high 22.9x), the current 15.4x forward price earnings multiple of the MSCI World SMID Cap Index looks reasonably attractive and is trading at a discount to the all cap MSCI World Index. With correlations in the market breaking down, active management should be rewarded and we are seeing good stock picking opportunities, which together with a quality framework and strong valuation discipline gives us confidence that the portfolio is well set up for a good 2023.

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).