

Bell Global Emerging Companies Fund

Class A Fund Summary - Period ending 31 August 2023

Net Performance[^]

Returns in AUD	Fund	Index*
1 Month	0.4%	0.3%
3 Months	3.7%	6.9%
6 Months	6.9%	6.4%
1 Year	14.3%	14.6%
3 Years (pa)	9.4%	11.6%
5 Years (pa)	9.2%	6.8%
Inception (pa)[^]	10.9%	10.1%

* 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

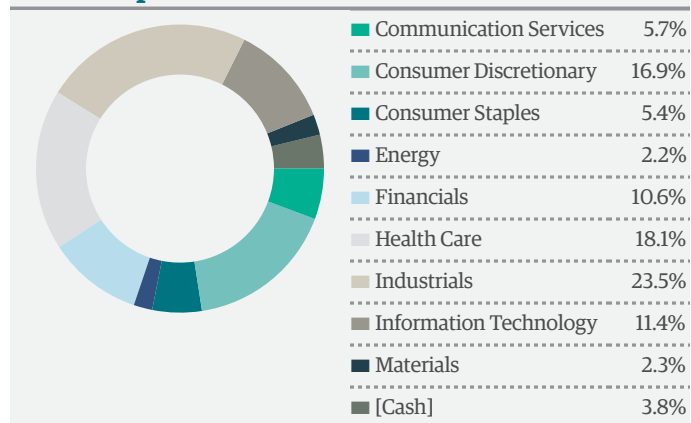
Top 5 - Relative Contribution

Broadridge Financial...	0.39%
Cognizant Tech...	0.34%
YETI Holdings, Inc.	0.30%
ICON Plc	0.20%
Advanced Drainage...	0.20%

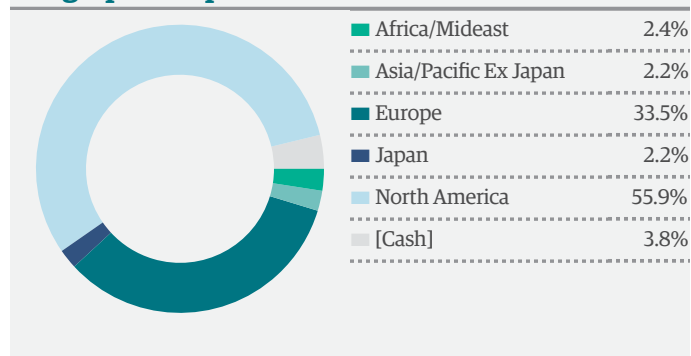
Bottom 5 - Relative Contribution

Keysight...	-0.31%
Techtronic Industries...	-0.19%
Vestas Wind Systems...	-0.19%
Zebra Technologies...	-0.19%
Paylocity Holding Corp.	-0.13%

Sector Exposure



Geographic Exposure



Top 10 Holdings

Company	Sector	Geography	Weight
Partners Group...	Financials	CH	2.9%
ICON plc	Health Care	US	2.9%
Genpact Ltd	Industrials	US	2.8%
Mettler-Toledo...	Health Care	US	2.7%
Charles River...	Health Care	US	2.6%
Service Corporation...	Consumer Discretionary	US	2.6%
Tractor Supply	Consumer Discretionary	US	2.6%
Rightmove plc	Communication Services	GB	2.6%
Cencora, Inc.	Health Care	US	2.5%
Pool Corporation	Consumer Discretionary	US	2.5%

Investment Metrics[#]

	Portfolio	Index	Relative
Risk			
Total Risk	10.89	10.84	
Number of Stocks	46	5157	
Active Share	98.4		
Value			
P/E (Fwd 12M)	20.0	15.2	132%
EV/EBITDA	15.7	11.2	140%
Growth (%)			
Sales Growth	11.7	12.5	93%
EPS Growth	14.3	14.1	102%
Quality			
Return on Equity	24.0	9.6	250%
Net Debt / EBITDA	1.2	2.1	57%
ESG			
MSCI ESG Overall Score	7.7	6.4	120%
Carbon Emissions*	21.8	171.4	13%

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

Bell Global Emerging Companies Fund

Bell

ASSET MANAGEMENT

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Ned Bell CIO / Portfolio Manager



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Performance

Global equity markets were generally softer in August, although the weaker Australian dollar helped to offset this, contributing to a modest 0.3% return for the MSCI World SMID Cap Index in AUD terms. The Bell Global Emerging Companies Fund (Class A) increased 0.4% during the month, outperforming the MSCI World SMID Cap Index by 0.1%.

Performance Attribution

The modest outperformance during August was driven by positive stock selection. At a sector level, the alpha was largely attributable to the Consumer Discretionary, Information Technology, Health Care and Consumer Staples sectors, partially offset by negative attribution within Energy, Materials and Industrials. On a regional basis, the alpha was generated in North America (underweight), driven by positive stock selection. Our overweight to Western Europe and underweight to Asia Pacific was a headwind. The depreciation of the Australian dollar during the month contributed positively to returns in AUD terms and Quality as a style was a tailwind.

The best performing stock during the month was Broadridge Financial Solutions, which provides technology-based outsourcing solutions to the financial services industry that helps clients serve their retail and institutional customers including pre-trade, trade and post-trade processing. Broadridge's stock rallied 11% in August, extending year-to-date gains to almost 40%, as the market is now better appreciating the company's strong execution and consistent earnings growth profile. We have trimmed some profits recently but continue to like the investment case.

The worst performing name during August was Keysight Technologies, which pulled back after issuing cautious forward-looking commentary. Keysight is a global leader in electronic and network design, testing and measurement solutions used primarily by R&D engineers across various end markets including the communication, semiconductor, aerospace and industrial sectors. Current

weakness is mainly attributable to China, along with some cautious spending activity by customers and weaker manufacturing activity in the smartphone, PC and component supply chain. Even though the near-term outlook remains somewhat uncertain we have taken advantage of the recent share price weakness to increase our exposure to the name as we believe the fundamental long-term thesis remains intact and current valuation (17x fwd. P/E ratio) is particularly attractive after the pullback.

Other strong performers during August included Cognizant Technology, Yeti, Icon and Advanced Drainage Systems, partially offset by weakness in names such as Techtronic, Vestas Wind Systems, Zebra Technologies and Paylocity.

Market Commentary

Global markets were softer in USD terms in August and the momentum for the 'Magnificent Seven' (Apple, Nvidia, Meta, Google, Amazon, Microsoft and Tesla) started to slow, with only 3 of the 7 names delivering a positive return during the month (in USD terms). Each of these stocks has still outperformed the market by a wide margin during 2023 and remain responsible for a material portion of the broader cap market rally this year but investors should remain vigilant about positioning given the valuation expansion in many of these names.

From a style perspective, there was very little divergence in 'Value' and 'Growth' performance during the month. The 'Growth' style remains by far the strongest performer in 2023, with large cap growth stocks leading the way. SMID caps lagged again in August relative to large/mega caps, extending their year-to-date underperformance. Valuations in SMID caps continue to look very attractive relative to historical levels and the broader market, particularly given the superior long-term earnings growth prospects of this segment of the market.

Key focal points from a global economic data standpoint during August included weakness in China and a rise in bond yields in the US. In China, the property crisis worsened, with Chinese property

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giant, Country Garden, flirting with default and a number of other developers filing for bankruptcy. We also saw weak economic data continue for China, with Chinese exports falling 9% y/y in August and July headline CPI falling into deflation territory (-0.3%). The Chinese government has started to implement some stimulus measures, but more is likely needed to shore up the economy and confidence levels.

In the US, broadly speaking economic conditions remain fairly robust although there are plenty of data snippets for the bulls and bears to chew on. Fitch downgraded the long-term credit rating of the US from AAA to AA+ at the start of the month, citing deteriorating fiscal conditions, high and growing debt burden, and erosion of governance standards. We also saw a sharp rally in longer dated treasury yields in the first half of the month before retracing some of the gains by month end. The yield on the US 10-year Treasury note rose 15 basis points to 4.11% in August, peaking at 4.34%, the highest level since 2008. The yield on the 30-year Treasury note rose 21 basis points to 4.21%, peaking at 4.45%. The yield curve has remained inverted for over a year, a sign that investors still remain concerned about the future of the economy. US CPI edged up 0.5% in July, the first monthly increase since July 2022. The market is still expecting one further rate hike during 2023, although it seems unlikely this will happen in September after some softer than expected job and consumer data, along with a downward revision to second quarter GDP. Importantly, the US labour market remains tight which continues to be a key indicator of the broader health of the economy.

Across other regions, PMI's fell into contraction territory in the UK and euro area, while inflation remains stubbornly high, with core inflation in the UK of 6.9% and 5.3% in the euro area, based on most recent data. The Bank of England hiked by 25bps, with further hikes still looking likely while we may see a near term pause in ECB rate hikes. In Japan, strong exports have been supporting better than expected GDP growth and we saw a modest rise in JGB yields as the Bank of Japan adjusted its yield curve policy. Tensions with China weighed in some parts of the Japanese

market after the release of nuclear wastewater from the Fukushima power plant.

Research

The research focus of our investment team during the first part of the month was mainly on analysing quarterly results and updating our thesis and models based on new insights gleaned from the recent reporting season. During the latter part of the month we conducted a number of follow up calls/meetings with companies across the portfolio and our watchlist and also continued in-depth research on a few new priority ideas. As we enter September, we have a few members of our investment team heading off on global research trips, with a large number of management meetings scheduled in the coming weeks across the US and Europe, both at company headquarters and industry conferences. We look forward to sharing some of the key takeaways in the coming weeks.

Portfolio Activity

Portfolio activity during the month was driven by our continual efforts to upgrade the quality of the portfolio and take advantage of any shorter term disconnects between quality and value. We established a position in Toro (Industrials), along with adding to a number of existing holdings including Hoya, Paylocity, Cencora, Amadeus and Tractor Supply.

Toro is a leading global manufacturer of equipment for golf, landscaping, gardening, snow removal and specialised construction. We have owned Toro in the portfolio previously and most recently exited in January this year due to the stock reaching our price target after appreciating over 70% during our 2.5 year holding period. We continued to monitor the company closely and after having underperformed the market by ~20% since our sale, we recently re-established a small position in the portfolio. While there is some nearer term earnings risks due to the softer macro conditions we believe the longer-term risk/reward is once again starting to look more attractive, therefore justifying a modest position with a view to building it up on any shorter term

volatility.

To fund these portfolio additions, we exited names including Arista Networks, Nihon M&A and Novozymes and trimmed existing positions such as Kroger, Broadridge Financial Solutions, Advanced Drainage Systems, Church & Dwight and Cognizant Technology.

Arista Networks, provider of cloud networking solutions, was sold after breaching our SMID cap threshold for six consecutive months as per the strategy's process. Arista has been a real success story for the portfolio, having been owned for just over 5 years and roughly tripling in that time. During our holding period, Arista delivered a revenue and earnings CAGR in excess of 20%p.a. as the company gained share and benefited from industry tailwinds related to increased cloud and AI related spend. The portfolio exit came after the stock spiked as the company delivered an excellent set of Q2 results and FY23 guidance raise.

Outlook

We remain constructive on the outlook for quality companies and believe our portfolio is well positioned for outperformance looking forward. With some pockets of exception, valuations across the market look reasonably attractive, especially within the SMID Cap cohort, and earnings growth is set to re-accelerate in 2024 after flat lining this year. Therefore, while there are always plenty of risk factors to remain cognisant of, we continue to find good investment opportunities that we believe can generate strong returns for investors 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	<ul style="list-style-type: none">• 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	<p>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.</p> <p>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).</p>

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