Bell Global Emerging Companies Fund

Bell ASSET MANAGEMENT

Fund Summary - Period ending 28 February 2022

Net Performance^

Returns in AUD	Fund	Index*
1 Month	-5.46%	-3.24%
3 Months	-8.06%	-6.34%
6 Months	-8.49%	-7.01%
1 Year	17.36%	9.43%
2 Years	12.68%	11.50%
3 Years	14.20%	10.91%
5 Year	14.57%	11.15%
Inception^	13.03%	11.64%

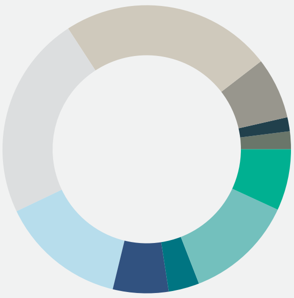
* Index is the MSCI World SMID Cap Index. ^ The Bell Global Emerging Companies Fund was established in November 2012 under a different name and with a different investment strategy. The fund has operated under its current name and strategy since 27 June 2016 (Inception).

Best & Worst Performers - 1 Month

Top 5 - Relative Contribution	
Check Point Software	0.46%
Vestas Wind Systems...	0.45%
Amedisys, Inc.	0.29%
Booz Allen Hamilton...	0.16%
Bunzl plc	0.14%

Bottom 5 - Relative Contribution	
Ritchie Bros Auct	-0.40%
Genpact Ltd	-0.39%
Zebra Technologies...	-0.34%
Thule Group AB	-0.28%
ICON Plc	-0.24%

Sector Exposure



Communication Services	6.9%
Consumer Discretionary	12.3%
Consumer Staples	3.3%
Financials	6.4%
Health Care	14.1%
Industrials	22.8%
Information Technology	23.8%
Materials	6.8%
Real Estate	1.5%
[Cash]	2.1%

Geographic Exposure

Africa/Mideast	2.7%
Asia/Pacific Ex Japan	2.3%
Europe	34.5%
Japan	1.4%
North America	56.9%
[Cash]	2.1%

Top 10 Holdings

Company	Sector	Geography	Weight
Booz Allen Hamilton...	Industrials	US	3.0%
Ritchie Bros Auct	Industrials	CA	2.8%
Check Point Software	Information Technology	IL	2.7%
CGI Inc.	Information Technology	CA	2.7%
Fortune Brands Home...	Industrials	US	2.7%
Jack Henry & Assoc	Information Technology	US	2.6%
Electronic Arts Inc.	Communication Services	US	2.6%
Euronext NV	Financials	FR	2.5%
Vestas Wind Systems A/S	Industrials	DK	2.5%
Techtronic Industries...	Industrials	HK	2.3%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	13.45	15.06	
Number of Stocks	51	5,385	
Active Share	97.4		
Value			
P/E	21.8	16.3	134%
PEG Ratio	1.7	1.2	142%
EV/EBITDA	14.3	11.5	124%
Growth (%)			
Sales Growth	16.3	17.2	95%
EPS Growth	17.6	27.5	64%
Quality			
Return on Equity	23.4	9.9	236%
Net Debt / EBITDA	0.7	0.9	78%

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Ned Bell CIO / Portfolio Manager

Adrian Martuccio Portfolio Manager

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Performance

Global equity markets declined further in February with the MSCI World SMID Cap Index falling 3.2% in AUD terms. The Bell Global Emerging Companies Fund declined 5.5%, an underperformance of 2.3% for the month.

Performance Attribution

There were a number of factors that contributed to the portfolio lagging over the month, fortunately these resided toward the end of the month.

From a sector perspective, allocation was a drag of over 40 bps, primarily due to a lack of exposure to Energy (4.3% underweight) which was the best performing sector. The overweight to Information Technology (23.8% exposure, 10.4% overweight) was also a drag as it was one of the poorer performing sectors. Regional allocation was also a negative driver costing around 40 bps. The main drag was the overweight to Europe and the U.K. (34.5% exposure, 13.9% overweight). We remain comfortable with the current sector and regional allocations and maintaining virtually no cyclical exposure to energy or other commodity related industries. From a risk perspective, this is a key reason why the portfolio is far less volatile than the market.

Stock selection was also a drag of over 100 bps over the month, however, there were a few positive standouts. Vestas Wind Systems rallied nearly 20% since it is expected to gain more orders as countries in Europe and around the world are likely to be more proactive about decarbonising their power generation and becoming more energy independent. Check Point Software rose 16% and is also expected to benefit as the threat of cyber warfare means customers will want to increase protection of their IT systems. Poorer performers included Ritchie Brothers Auctioneers which fell due to lower volumes of second-hand heavy machinery for sale. IT service provider Genpact which pulled back after giving weaker margin guidance, and handheld scanner company Zebra Technologies declined due to a softer outlook. We are still very confident that these businesses will maintain their strong market positions, are well capitalised and remain highly profitable and are poised to see improving conditions over the coming months.

Market Commentary

February was a month of two halves beginning with investors continuing to de-risk and adjust their portfolios given the prospect of looming interest rate hikes. Rising rates and the withdrawal of stimulus have increased concerns that central banks may further dampen an already decelerating economy. Later in the month, attention turned to the invasion of Ukraine which added further volatility to an already challenging environment. Rising geopolitical tensions are having far reaching effects across equity markets, with risk premiums increasing markedly, commodity prices spiking and money markets adjusting to the isolation of Russian banks.

Fortunately, the portfolio has no direct exposure to Russia or the Ruble and indirect exposure through portfolio companies selling into the country, buying services or supplies or having assets located in the country is negligible and we believe to be well under 1%. We continue to monitor the effects of additional sanctions and we have not seen any material adverse outcomes for portfolio companies. At a screening level, our various ESG screens also include the monitoring of numerous sanction lists around the globe which are updated daily.

February was also a busy reporting period for global companies. For the portfolio it was another strong season with most companies beating sales expectations and three-quarters of companies beating earnings expectations by an average of just over 3%. Although results were overwhelmingly pleasing, company guidance was a more material driver of stock performance. With economic growth slowing and a more uncertain outlook around consumer spending, a common theme in outlook statements was that many businesses skewed their growth to the second half of 2022. Given the commentary from companies, it would seem that there is a growing risk of disappointment and downgrades to earnings expectations for the full year.

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Research Focus

Earnings results and understanding the outlook and visibility for portfolio companies was a key focus. Then with the escalation of the conflict in Ukraine, understanding direct exposure to the region was front of mind. There was also careful consideration given to indirect exposure or potential unintended consequences that could arise, especially if there was an escalation of geopolitical tensions. This has not resulted in any meaningful changes in the companies we already owned, but the volatility and market dislocation has given us a lot of opportunity to buy into names we have been monitoring on our watchlist. For example, Nihon M&A and Masimo had all pulled back considerably and now represent excellent value and were added to the portfolio.

Trade Activity

Given the drawdown in the market, trading was focused on reallocating capital opportunistically to where we saw better upside. New names added to the portfolio were primarily funded via the sale of Cerner, the U.S. health care IT services company being acquired by Oracle and also by exiting confectionary company Hershey that has performed extraordinarily well, however hit our sell price target. There were also other names that were trimmed including Check Point Software, AmerisourceBergen and Roger's Communications.

The cash was put to work by adding to existing names that had pulled back, for example Zebra Technologies and Pool Corporation among others. Of the two new names added, Japanese company Nihon M&A is very unique and worth highlighting in more detail. In Japan, one of the biggest issues that many of the 600,000 SME's face is that these smaller private companies don't have successors. Nihon M&A acts as a business broker, helping founders of small and medium sized businesses monetize their assets. We have followed the company for many years, however, it was excessively valued given their excellent track record and the huge growth opportunity ahead of them. In recent months, the stock price has fallen by over 50% which was the catalyst for us to buy. The company has a huge sales pipeline built through relationships with a network of partners, regional M&A centres and their own consultants. We recently spoke to management who highlighted enhancements to the alignment of their consultants and also their expansion plans given the large addressable market. We see strong upside over the next few years from this highly cash generative, niche, growing business.

Outlook

As we look ahead, we expect that heightened geopolitical risks will continue to result in a more volatile equity market environment and will no doubt further contribute to a deceleration in economic growth. Since the beginning of the year, investors have driven a re-rating of deep value names as well as energy and broader commodity based sectors. This has been an environment where quality as a style has underperformed, trailing the broader market by approximately 4% year to date. However, this rotation is waning and more recently the focus has shifted back towards high quality businesses with strong fundamentals. This normalisation worked for the portfolio which generated solid outperformance in the days leading up to the end of the month.

With stubbornly high inflation and rising interest rates, companies with skinny margins and excess leverage are in the cross hairs for a tough 2022. We expect a strong performance from our quality biased portfolio, as investors will seek strong franchises that have pricing power and more predictable and resilient earnings relative to the more cyclical names. Over the last 20 years, when CPI has been above 3%, quality as a style has outperformed on average by 3.3%.

Finally, with more volatility and uncertainty and ongoing geopolitical unrest, valuation sensitivity is paramount. With the MSCI World SMID Cap Index at an 8% discount to MSCI World Index versus a 10-year average premium of 12%, we believe that small and mid-cap stocks represent excellent value.

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).