Bell Global Emerging Companies Fund

Bell ASSET MANAGEMENT

Class A Fund Summary - Period ending 30 April 2024

Net Performance^

Returns in AUD	Fund	Index*
1 Month	-5.0%	-4.3%
3 Months	2.3%	4.5%
6 Months	14.2%	16.6%
1 Year	4.8%	13.3%
3 Years (pa)	4.4%	5.4%
5 Years (pa)	8.8%	8.4%
Inception (pa)^	10.4%	10.1%

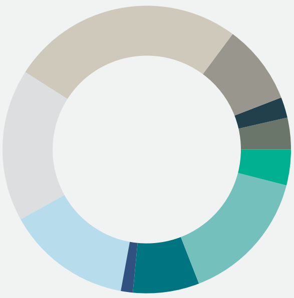
* Index is the MSCI World SMID Cap Index. ^ The Bell Global Emerging Companies Fund was established in November 2012 under a different name and with a different investment strategy. The fund has operated under its current name and strategy since 27 June 2016 (Inception). Past performance is not indicative of future performance.

Best & Worst Performers - 1 Month

Top 5 - Relative Contribution	
Hong Kong Exchanges…	0.34%
Tractor Supply	0.20%
Techtronic Industries…	0.19%
Zebra Technologies…	0.15%
MonotaRO Co., Ltd.	0.13%

Bottom 5 - Relative Contribution	
Charles River…	-0.25%
MSCI Inc. Class A	-0.22%
Neste Corporation	-0.19%
DSV A/S	-0.16%
ICON Plc	-0.15%

Sector Exposure



Communication Services	4.0%
Consumer Discretionary	15.1%
Consumer Staples	7.4%
Energy	1.5%
Financials	14.0%
Health Care	17.1%
Industrials	26.1%
Information Technology	9.0%
Materials	2.3%
[Cash]	3.5%

Geographic Exposure

Africa/Mideast	1.5%
Asia/Pacific Ex Japan	5.2%
Europe	33.2%
Japan	3.5%
North America	53.1%
[Cash]	3.5%

Top 10 Holdings

Company	Sector	Geography	Weight
Amadeus IT Group SA	Consumer Discretionary	ES	2.9%
Techtronic Industries…	Industrials	HK	2.6%
Paylocity Holding…	Industrials	US	2.6%
Hong Kong Exchanges…	Financials	HK	2.6%
Genpact Ltd	Industrials	US	2.5%
Tractor Supply	Consumer Discretionary	US	2.5%
Keysight Technologies,…	Information Technology	US	2.5%
Croda International Plc	Materials	GB	2.3%
Bunzl plc	Industrials	GB	2.3%
Service Corporation…	Consumer Discretionary	US	2.3%

Investment Metrics#

	Portfolio	Index	Relative
Risk			
Total Risk	9.90	10.32	
Number of Stocks	52	4,965	
Active Share	98.1		
Value			
P/E (Fwd 12M)	20.0	15.8	127%
EV / EBITDA	13.9	12.5	111%
Growth (%)			
Sales Growth	11.1	13.0	85%
EPS Growth	13.4	14.9	90%
Quality			
Return on Equity	23.7	9.4	251%
Net Debt / EBITDA	0.3	2.1	16%
ESG			
MSCI ESG Overall Score	7.8	6.5	121%
Carbon Emissions*	18.1	152.2	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 30 April 2024

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: 1300 133 451
Email: registry@apexgroup.com

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

We saw a pullback in global equity markets during April, with the MSCI World SMID Cap Index falling 4.3% during the month. The Bell Global Emerging Companies Fund (Class A) declined 5.0%, underperforming the MSCI World SMID Cap Index by 0.7% for the month.

Performance Attribution

The soft portfolio performance during April was driven by declines across all GICS sectors, with stocks held in the Energy, Health Care and Materials sectors the worst performers. The portfolio's holdings in the Asia Pacific region generated a positive return that was more than offset by declines across North America and Europe. Currency had minimal impact on returns during the month.

Relative to the benchmark, the modest underperformance during April was mainly attributable to stock picking within the Health Care and Energy sectors, along with being underweight to the three best performing sectors (Utilities, Energy and Materials) and overweight to two of the weakest sectors, being Health Care and Consumer Discretionary. This was partially offset by good stock picking within the Consumer Discretionary and Consumer Staples sectors along with the overweight to Consumer Staples, which proved more resilient in a softer market. At a regional level, positive stock picking impacts in Asia Pacific, especially in the Hong Kong listed names such as Techtronic and Hong Kong Exchanges, was offset by negative stock picking effects in North America and Europe.

In terms of individual stocks, the best performing name was Hong Kong Exchanges & Clearing (HKEX). HKEX is one of Asia's leading stock exchanges, with a strong competitive position in Hong Kong across asset verticals from cash equity to FICC, along with operating leading metals exchange, LME. Shares rallied nearly 20% from the mid-month low after the company posted better than feared results and trading volumes showed signs they may be bottoming out and starting to improve as negative sentiment towards China may have reached a trough.

Additionally, names such as Tractor Supply (Consumer Discretionary), Techtronic (Industrials), Zebra Technologies (Industrials) and MonotaRO (Industrials), held up well in the weak market conditions.

The main detractor at a stock level was Charles River Labs, a full service, early-stage contract research organization (CRO) which provides a range of drug development and quality control services to pharma and biotech companies. There was no stock specific news during the month. Having rallied over 60% from the October 2023 lows, the stock retreated approx. 15%, which we believe was partly attributable to the rise in bond yields, which can have indirect ramifications in terms of biopharma funding. We remain constructive on the outlook for Charles River looking forward.

Other stock specific performance detractors in April included MSCI (Financials), Neste (Energy) and DSV (Industrials).

Market Commentary

After five straight months of gains, the global equity market rally took a breather in April as investors digested the prospect of stickier than expected inflation and higher for longer interest rates, as well as risks associated with escalating tensions in the Middle East. Market softness was broad-based across most sectors and regions, with only a few bright spots including Utilities from a sector perspective and Hong Kong at a country level. SMID Caps lagged Large Caps by approx. 1% during the month.

Bond yields remain a key focal point, with the yields of many longer dated treasuries rising during the month, including the US (10 year +50bps to 4.7%), EU (+30bps to 2.6%) and the UK (+40bps to 4.3%). In the US, the market now only expects a single 25bp cut to the federal funds rate in 2024, after having expected at least 6 cuts at the start of the year.

On the commodity front, oil prices dipped in April (WTI Crude Oil -1.5%) but we saw positive moves across a number of other commodities, including Gold +4%, Silver +6%, Copper +14%, Aluminium +11%, Zinc

+20% and Nickel +15%. At a currency level, the biggest move came from the Japanese Yen, which fell to its lowest level versus the US dollar in 34 years (and lowest versus the Australian dollar since 2013), pressured by widening interest rate differentials between Japan and many other countries.

In recent weeks, the Q1 corporate reporting season has become the main driver of individual stock performance. Of the companies that have reported so far, over 75% have exceeded expectations on earnings, similar to historical averages. At the mega cap end of town, only two of the 'Magnificent Seven' names (Alphabet and Tesla) posted a positive return in April, while Meta Platforms (-11%) was the main laggard after issuing guidance that failed to live up to heightened expectations.

Portfolio Activity

We initiated a new position in Rockwell Automation, which is one of the global leaders in industrial automation and digital transformation. With ~60% of revenue coming from North America, the company is well placed to benefit from the ongoing shift to onshoring as US based companies increase their level of investments in manufacturing and production facilities closer to home. Additionally, the tight labour markets and wage inflation across the world are providing increasing incentive for companies to invest in factory automation, which should be an ongoing tailwind for Rockwell. We like the company's strong market position, consistently good profitability, solid balance sheet, favourable ESG characteristics and experienced management team, and believe that the recent underperformance of the company's share price has provided a good entry point for long-term investors. We also established a small position in athletic apparel retailer, Lululemon Athletica, as well as adding to a number of existing holdings such as Amadeus (Consumer Discretionary), DSV (Industrials) and Genpact (Industrials).

To fund these additions, we reduced the position size of several existing positions that had performed well recently, including BJ's Wholesale Club (Consumer Staples), Coloplast (Health Care), Kroger (Consumer Staples), Tractor Supply (Consumer Discretionary), Techtronic (Industrials) and Edwards Lifesciences (Health Care). Collectively, these stocks were up over 20% YTD at the time of the trim, compared to the buys/adds which on average were down over 10% YTD at the time of the purchase. This is consistent with our approach to active long-term ownership where we make incremental adjustments to the portfolio over time to ensure our prevailing view on the risk adjusted upside potential is best reflected in position sizing.

Research

Our investment team has been intently focused on quarterly earnings season over the past few weeks. Broadly speaking, results have been solid, with over 80% of companies in the portfolio and over 75% of companies in the broader global indices, beating consensus expectations. Interestingly, companies have generally been able to maintain or increase margins in what has been an environment of stubborn inflation. This bodes well for the ongoing resilience of the economy, even without the prospect of near-term interest rate cuts. While the manufacturing sector in some regions around the world has been difficult, we are seeing stability in Europe and some visibility returning in China. The story is mostly positive on the consumer front, supported by the strong job market, especially in the US, but also in Japan where wage inflation is underwriting spending patterns and consumer confidence. The ongoing positive corporate earnings outcomes and macro resilience should bode well for a continued broadening of positive contributors to market performance over the remainder of the year, especially in some of the small and mid-cap stocks which have been ignored in favour of their mega cap counterparts.

Outlook

The outlook and positioning remain consistent with what we have outlined in recent months. We continue to be broadly constructive on conditions for equity markets but expect there could be greater divergences in underlying drivers moving forward. In particular, if interest rates remain higher for longer then there are parts of the market that could potentially be more at risk, including companies with higher levels of debt and also some of the growth or compounder type names that have benefitted from material expansion in their valuations. Our process is designed to mitigate such risks, so we feel very comfortable with how the portfolio is positioned in this respect.

The ongoing macro resilience should ultimately be supportive for SMID caps given that part of the reason they have lagged in recent years is because of fears around the potential for a global recession or hard landing. As concerns on this front continue to ease, this should provide impetus for investors to look beyond the mega cap growth names that have dominated investor attention recently and invest more confidently in companies at the small and mid-cap end of the spectrum. With superior earnings growth prospects versus large caps and ongoing attractive valuations, the stage is set for SMID caps to gain back some love.

We continue to believe there is plenty of good value to be found for discerning investors who are willing to do the work to identify quality SMID Cap companies trading at attractive valuations. As we look forward, we see excellent upside potential for many names in the portfolio, coming from a combination of strong earnings growth, dividends and valuation expansion.

Key Features

Investment Objectives	Outperform the index over rolling three year periods while maintaining an ESG Quality Score of the Fund's portfolio above the ESG Quality Score which applies to the Benchmark and the carbon intensity (tonnes CO2 equivalents/$ million revenue) of the Fund's portfolio remaining at least 25% lower than the carbon intensity of the Benchmark.
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 • 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 Limited
Responsible Entity	The Trust Company (RE Services) Limited
Custodian	Apex Fund Services Pty Ltd
mFund Code	BLM01
Unit Pricing & Liquidity	Daily Published on www.bellasset.com.au & market data services
Minimum Investment	Minimum investment – $10,000
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 product is intended for use as a core component for a long only exposure to global equities for a consumer who is seeking capital growth, with an ability to absorb potential loss and not looking for income returns and has a high to very high risk and return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a minimum 5 year investment timeframe and who is unlikely to need to withdraw their money on less than 7 Business Days' notice.