

Investment Stewardship & Governance

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Bell Asset Management Limited (BAM) is an investment firm that provides global equity investment services to institutional and retail investors based in Australia and United States. BAM has been investing in global equities since 2003 based on fundamental, bottom up, research of equity securities utilising a Quality at Reasonable Prices (QARP) investment methodology.

In addition, BAM provides Responsible Entity and distribution services to US based investment manager, Bridgewater Associates.

BAM holds an Australian Financial Services Licence (AFSL) (No. 231091) issued by the Australian Securities and Investments Commission (ASIC). BAM's AFSL permits it to act as an investment manager for wholesale clients and to operate retail and wholesale managed investment schemes. In addition, BAM and its wholly own subsidiary, Bell Asset Management USA Inc (BAM USA) are both registered with the US Securities and Exchange Commission as Investment Advisers.

Organisation and Investment Approach

BAM believes that its following features are directed toward achieving client objectives:

- Long and proven experience within global equities
- Majority of beneficial equity ownership held with employees and directors of BAM
- Dedicated, experienced and stable investment team
- Robust and diversified and uncorrelated business model between investment and responsible entity services provides business stability and non-cyclical profitability
- Robust culture that is focused on achieving the best outcomes for clients within a compliant, collegiate and professional environment

Furthermore, BAM's business is overseen by strong governance oversight, active and comprehensive compliance platform and a focused culture of prioritising client objectives ahead of BAM's interests.

BAM Ownership, management and governance structures.

BAM is majority owned by BAM directors and employees with the remainder ultimately held by Bell Group Holdings Limited, a privately owned unlisted company.

BAM has a Board of Directors, with a number of Board subcommittees. The following subcommittees have governance obligations:

- Compliance Committee (note - majority of independent members)
- Governance Committee
- Remuneration Committee

The Executive is an operating subcommittee with commercial responsibilities in addition to its governance role.

The Governance structure is supported by a comprehensive policy framework, risk management framework and compliance program overseen by a dedicated Compliance function where the Compliance Manager has a reporting line primarily to the Chief Executive Officer and also through to the Board and Compliance Committee. The Compliance function is ably supported by an active third party assurance program across BAM's investment operations that includes annual audits of BAM and fund financial accounts, compliance plans, GS007 internal control review and IT Security reviews

Key Management and Investment Personnel

BAM's management structure and investment team profiles are documented at

<https://www.bellasset.com.au/about-us/our-people>

Management of Client Portfolios

BAM has robust framework to ensure that client assets are managed in accordance with their investment strategies. All client mandates are defined by an investment management agreement which includes the articulation of the investment mandate objectives and parameters. The IMA forms the basis for the construction of portfolio rules and restrictions within BAM investment and compliance systems. BAM utilises Bloomberg (including Bloomberg AIM) to provide investment management, portfolio trading pre trade and post trade compliance on client portfolios. BAM believes the ability to manage the lifecycle of a security through one system provides information transparency, accuracy and access to key stakeholders. Full audit trails are maintained within Bloomberg, showing when the rule was created and by which user as well as full time stamping and user identification if there are any changes to any of the components of the rules.

Pre and post trade compliance functions in our order management system (Bloomberg AIM) are independently managed by the Compliance Manager. Segregation of duties and defined and controlled user access controls within Bloomberg ensures the integrity of appropriate implementation and oversight functions to prioritise and protect clients' interests and prevent any actual or perceived conflicts of interest.

Internal Governance

Code of Conduct

The BAM Board has approved and adopted a Code of Conduct that applies to all staff to act in accordance with the highest standards of personal and professional integrity in all aspects of their professional activities and to comply with all applicable laws, regulations and company policies.

The Code of Conduct is supported by series of policies framework include appropriate policies to manage conflicts of interests by identifying conflicts of interest relating to its business; assessing and evaluating those conflicts; and implementing an appropriate action plans to manage those conflicts, whether it be by controlling the conflicts, avoiding the conflicts or disclosing the conflicts. In addition, BAM has implemented robust policies addressing personal trading, gifts and entertainment, disclosure of personal interests. The policies are supported by active compliance oversight and quarterly employee certification of compliance.

Gifts and entertainment policy sets requirements for the acceptance, non-acceptance, approval and recording of gifts and benefits received or bestowed by staff.

We have a strict Personal Dealing policy and procedure to govern and manage the risks around staff trading in securities and to ensure client primacy in investment opportunities. Staff, their dependents and families are required to obtain pre-approval of market trades, and must periodically supply details of their investments for review by Compliance.

Risk Management & Compliance

BAM has implemented a robust risk management framework across its operations that focus the Board's and management's focus on the identification, assessment and remediation of risks with the business. Ultimate responsibility for risk lies with the Board, which is responsible for setting the risk appetite of the company in the context of the strategy, objectives and stakeholder expectations relating to BAM. It is then responsible for articulating that appetite to management and ensuring that management puts in place structures, accountability and monitoring of risk related matters so that the company's

exposure to risk can be maintained within the parameters acceptable to the Board.

The Board's risk appetite statement is supported by a risk ownership matrix that consolidates risk classification, appetite, ownership, monitoring/assurance, and the key policies that manage those risk categories

The BAM Governance Committee is responsible (to the Board) for a range of risk oversight functions including the management of all types of risk in or to the business.

Best Execution

BAM applies best execution practices within the buy and selling of securities within client portfolios. All trades are transacted via Bloomberg and other industry standard automated transaction platforms. Only portfolio managers are authorized to initiate trades and all trades are subject to pre trade compliance prior to transition to the securities trading function via Bloomberg. Strict user access and segregation of duties controls are applied to ensure the integrity of market transactions.

Trades are allocated pro rata in advance of sending the trades to the broker. The portfolio manager directs brokerage to specific brokers based on a pre-determined budget and a range of best execution assessment factors that include but are not limited to (e.g. commissions, research, execution quality, liquidity, service and responsiveness).

Monitoring of brokers includes a framework of daily, monthly and quarterly checks and reviews by trading, operations and compliance staff. The checks cover execution, brokerage, VWAP, errors / re-bookings, allocation, turnover, general service etc.

BAM use the utmost care in managing accounts. If any error occurs when making and implementing investment decisions on behalf of client, it must be corrected as soon as practicable. All trade errors are subject to review, assessment and mitigation oversight by Compliance. Where a trade error has occurred and has resulted in a loss to the client, BAM will remediate the loss in full. Where a trade error has occurred and has resulted in a gain to the client, the gain will remain with the client.

Asset valuation and pricing

For institutional accounts the client's custodian is responsible for the maintenance of all aspects of the portfolio. In respect of funds for which BAM is the Responsible Entity, we are responsible for valuation and have appointed the fund custodian and administrator to independently complete that task, subject to our policies and reviews.

For institutional accounts BAM performs market value reconciliations against the custodians' portfolio records on a regular basis. For BAM funds we ensure that full reconciliations are conducted and reviewed prior to the unit

price being released. For all portfolio accounts, BAM conducts daily position reconciliations back to the custodian's records. BAM also performs comprehensive reconciliations of portfolio positions and valuations on a monthly basis.

Remuneration of employees

All staff have competitive remuneration arrangements that are reviewed and entitlements recommended by the Remuneration Committee (a Board Subcommittee) and approved in accordance with Delegated Authorities Policy. The Remuneration Committee is responsible for oversight of incentive governance and conduct risk associated with remuneration.

Training & development

Employees are required to complete 20 hours training p.a. of which 8 hours must be compliance and 10 hours must be structured. This includes access to the Kaplan online system and resources, plus mandatory internal training sessions covering compliance, staff trading, IT security, AML, conflict of interest.

Complaints and dispute resolution

Our complaints handling procedures have been developed in accordance with ASIC Regulatory Guide 165 "Licensing: Internal and external dispute resolution". The procedures are designed to ensure investors have a fair, efficient and accessible avenue for lodging a complaint. BAM has appointed a Complaints Officer who is a senior member of staff, responsible for ensuring all complaints are dealt with in accordance with BAM's procedures. BAM is a member of the Australian Financial Complaints Authority.

Asset Stewardship

Investment Philosophy and Approach

BAM's investment philosophy and approach is documented at: <https://www.bellasset.com.au/about-us/how-we-manage-global-equities>

Environmental, Social and Governance

BAM has incorporated environmental, social and governance (ESG) considerations within its investment approach since inception of the global equities strategy in 2003. BAM is a current signatory to the United Nations Principles for Responsible Investment. As a fundamental investor, ESG has always been an important part of our investment process and it is integrated into the investment management of all accounts we manage.

ESG is an important component of the BAM's quality test applies to prospective companies where the assessment of a

Company's management and corporate governance is an important element. As part of our assessment, BAM considers each company's reported ESG/PRI scoring. From an overall portfolio perspective, BAM monitors the portfolio ESG characteristics against industry ESG measures. In addition, BAM utilises informed external ESG researchers

(e.g. MSCI, Bloomberg, CGI Glass Lewis etc.) to supplement proprietary ESG research.

As part of its company research, BAM maintains an active engagement with management and includes the investigation and assessment of ESG factors within their respective businesses. In addition, we utilise shareholder voting opportunities to ensure company resolutions deliver optimal ESG outcomes.

We have a policy of collaborative engagement on ESG matters and participate in UNPRI Collaborative Engagement processes with other signatories, and in collective assessments to encourage the provision of ESG and SRI relevant research.

Our UNPRI Assessment is provided annually to the Board of Directors, our ESG Investment Policy is published on our website and we disclose our ESG Engagement annually on our website.

Proxy Voting

BAM's proxy voting policy and procedures are designed to protect and enhance the investment value of our clients' assets. BAM regards the exercise of voting rights as an important aspect of the investment management process and the exercise of voting rights can be used to influence company policy on matters of corporate governance and enhance investment value.

Proxy voting is a specialised and complex area of investment and BAM has appointed an independent external proxy voting adviser, CGI Glass Lewis, to conduct research on proposed resolutions and corporate governance issues. The terms of the advisory appointment include the provision of research and recommendation for all resolutions at all meetings of companies where we are entitled to vote.