

Bell Global Emerging Companies Fund[^]

Fund Summary – Period Ending 31 December 2016

Net Performance[^]

	Fund	Index*	Relative
1 Month	3.52%	3.88%	-0.36%
3 Months	4.86%	7.18%	-2.32%
6 Months	2.64%	11.16%	-8.52%
Inception[^]	2.64%	11.16%	-8.52%

* 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 – Quarter

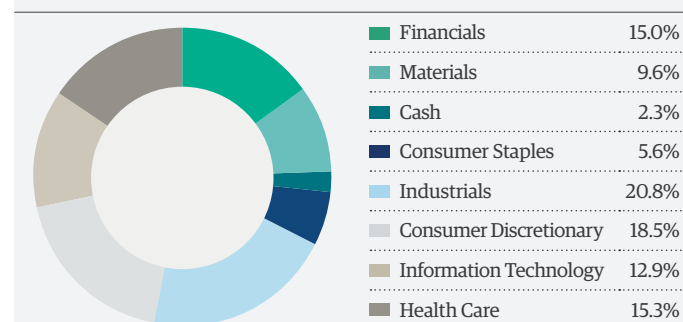
Top 5 – Relative Contribution

Synchrony Financial	0.73%
Advance Auto Parts Inc	0.45%
Tractor Supply Company	0.41%
Gartner Inc	0.40%
Adecco Group AG	0.34%

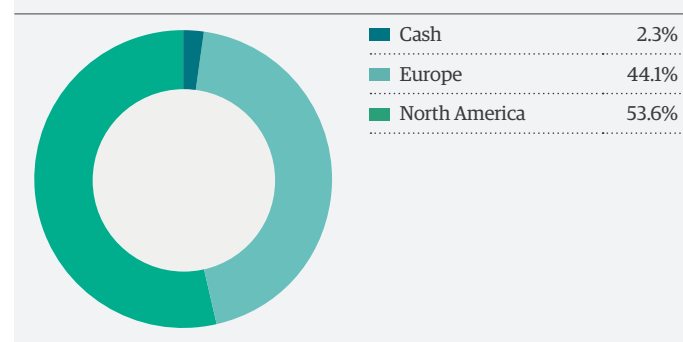
Bottom 5 – Relative Contribution

Novozymes A/S	-0.62%
Distribuidora Internacional	-0.51%
Intl Flavors & Fragrances	-0.45%
Howden Joinery Group Plc	-0.40%
Croda International Plc	-0.37%

Sector Exposure



Geographic Exposure



Top 10 Holdings

Company	Sector	Geography	Weight
Coloplast	Health Care	DK	3.3%
Check Point Software Tech	Information Technology	IL	3.1%
Britvic Plc	Consumer Staples	UK	3.1%
Deutsche Boerse AG	Financials	DE	2.9%
Advance Auto Parts Inc	Consumer Discretionary	US	2.9%
Tractor Supply Company	Consumer Discretionary	US	2.8%
Dun & Bradstreet	Industrials	US	2.8%
SEI Investments Company	Financials	US	2.8%
Alliance Data Systems Corp	Information Technology	US	2.7%
Publicis Groupe	Consumer Discretionary	FR	2.6%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	13.3	11.7	
Beta	1.05	1.00	
Number of stocks	42	5,126	
Active Share	96.7		
Value			
P/E Next	16.8	18.3	92%
PEG Ratio	1.7	1.9	89%
EV/EBITDA	12	11.1	108%
Growth			
Sales Growth	7.5%	39.4%	19%
EPS Growth	6.3%	14.9%	42%
Quality			
Return on Equity	28.7	6.3	456%
Net Debt / Equity	62.6	75.3	83%



Ned Bell CIO / Portfolio Manager



Adrian Martuccio Portfolio Manager

Fund Overview

Asset Allocation	Long Only Global Small and Mid Cap Equities
Strategy	June 2016
Inception Date	
Fund Size	\$28.8mn
Entry Unit Price	0.9989
Index	MSCI World SMID Cap Index

Performance

The December quarter was a strong period for small and mid-cap equities. The Fund finished up 4.9% over the period.

During the quarter the market was driven in a large part by the U.S. Presidential election, as well as the prospect of rising interest rates and a stronger oil price. The outcome of which buoyed the equity markets and was beneficial for the cyclical sectors such as Materials and Energy plus many Financial stocks that could benefit from a rising interest rate environment. Conversely, there was a rotation out of some of the more defensive sectors with a shift away from what we would classify as 'quality stocks'.

Sector

From a sector perspective, Financials was the best performing sector in the benchmark up over 19% during the quarter, with Synchrony Financial (a consumer finance provider held in the Fund) rallying more than 30%. The Consumer Discretionary sector was also a good contributor to Fund performance with strong appreciation in Advanced Auto Parts (which supplies aftermarket car parts) and Tractor Supply (a U.S. retail farm store chain).

Geographic

From a geographic standpoint, the U.S. market rallied to new highs after the Presidential election with some confident commentary coming out of not only Mr. Trump, but also the U.S. Federal Reserve. Their decision to increase interest rates for the first time in years highlighted the solid footing of the U.S. economy. These factors plus the ECB's decision to reduce bond purchases also had positive ramifications for the European markets where the perceived threat of deflation eased. There was a lot more optimism and far less emphasis on the looming exit of the U.K. from the European Union and political uncertainty due to the continuing spread of 'populism' throughout much of Europe. The result was the U.K. index climbing to new highs and a strong performance in France, even with the uncertainty of their upcoming election. The Italian market was one of the best performers, even after a surprising result in the Italian constitutional referendum which resulted in the Prime Minister stepping down.

This positive performance was more muted in the developed Asian markets where the Japanese, Hong Kong and Singapore indices all underperformed the global benchmark for the quarter.

Research Highlights

The major markets always garner a huge amount of attention but our research priorities are often more diverse. We recently travelled to Finland which is where Huhtamaki is based, a global packaging company that we have just added to the Fund. Huhtamaki supply products such as coffee cups and ice-cream wrappers to major food and beverage companies. We view it as a stable, consistently growing, "Consumer Staples" type exposure, but at 17.5x P/E, it has a much more attractive valuation than the broader Consumer Staples sector. After completing our initial review, we visited the company at their Helsinki headquarters in September to meet management and continue fleshing out the thesis. We like the combination of management's track record of good mid-single digit organic growth through innovation, aided by tuck-in acquisitions, while keeping leverage low and ROI in the mid-teens. Following the meeting we were patient on valuation and subsequently got a better opportunity to enter the name when the forward P/E multiple pulled back from 20x to 17.5x. We like the recipe of buying high quality companies at attractive valuations.

Outlook

Looking forward into 2017, we believe the valuations of some of the lower quality companies may have overshot to the upside and could be at risk going into the upcoming earnings season. The Fund, as always, exhibits a strong bias to quality characteristics which we believe will be advantageous in 2017. We remain quite constructive on equity markets overall and there are many holdings in the Fund that could benefit significantly from a myriad of catalysts including U.S. corporate tax cuts, the ability for U.S. companies to repatriate their overseas cash, increased infrastructure spending and a more friendly inflationary environment.

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	June 2016
Product Structure	Registered Managed Investment Scheme
Investment Manager	Bell Asset Management
Responsible Entity	Bell Asset Management
Custodian	National Australia Bank
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	1.96% p.a No performance fees, No entry or exit fees
Buy / Sell Spread	+/-0.20%
Reporting	Transaction confirmations upon transacting, annual periodic statement, tax statement, distribution statement and Annual Financial Report
Income	Annual distribution of taxable income

Contact Details

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