

Bell Global Emerging Companies Fund

Fund Summary - Period ending 31 December 2018

Net Performance[^]

	Fund	Index*
1 Month	-2.56%	-5.02%
3 Months	-9.12%	-14.39%
6 Months	-2.36%	-10.60%
1 Year	6.48%	-3.95%
Inception [^]	8.35%	8.14%

* 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

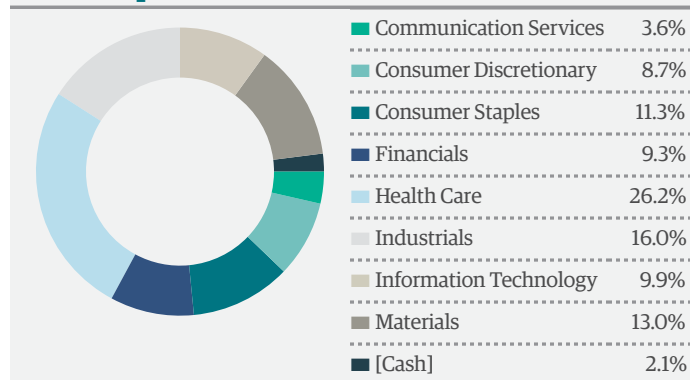
Top 5 - Relative Contribution

Ambu A/S	0.75%
Dollar Tree, Inc.	0.32%
Genmab A/S	0.30%
HOYA CORPORATION	0.19%
Huhtamaeki Oyj	0.19%

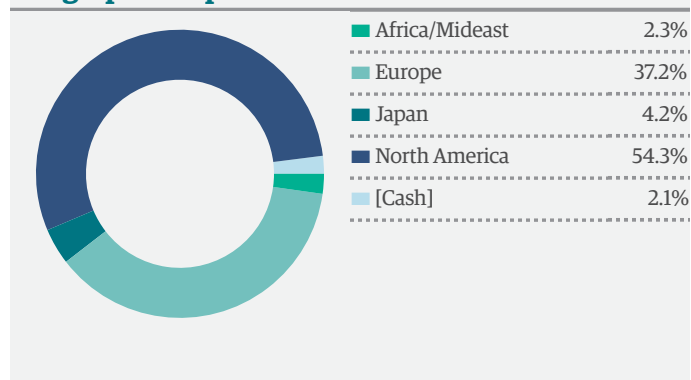
Bottom 5 - Relative Contribution

Alliance Data Sys	-0.51%
Amerisourcebergen	-0.29%
Ingenico Group SA	-0.21%
SEI Investments...	-0.16%
Ingredion Incorporated	-0.13%

Sector Exposure



Geographic Exposure



Top 10 Holdings

Company	Sector	Geography	Weight
Ambu A/S	Health Care	DK	2.9%
Dollar Tree, Inc.	Consumer Discretionary	US	2.9%
HOYA CORPORATION	Health Care	JP	2.9%
Alimentation C.T	Consumer Staples	CA	2.8%
Amerisourcebergen	Health Care	US	2.8%
Partners Group Holding...	Financials	CH	2.6%
Ingredion Incorporated	Consumer Staples	US	2.6%
BAE Systems plc	Industrials	GB	2.6%
Henry Schein, Inc.	Health Care	US	2.5%
International Flavors &...	Materials	US	2.5%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	117	10.9	
Number of Stocks	46	1,633	
Active Share	98.5		
Value			
P/E	15.6	14.8	105%
PEG Ratio	1.4	1.2	117%
EV/EBITDA	11.3	10.0	113%
Growth (%)			
Sales Growth	6.5	7.0	93%
EPS Growth	11.2	14.1	79%
Quality			
Return on Equity	23.1	9.4	245%
Net Debt / EBITDA	0.4	2.0	20%

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some cases have arguably overshot to the downside. The forward P/E of the MSCI World Index stands at 13.3x which is now below the 10 year average of 14.2x. Global Small & Mid Cap stocks are also looking very attractive from a valuation perspective - the MSCI World SMID Cap Index P/E is 14.7x, which is well below the 10 year average of 16.6x. SMID Cap stocks are also now trading at their smallest premium to the broader MSCI World Index in 10 years.

In summary, we feel that valuations are now pricing in an overly cautious outlook. While corporate earnings will most likely come under more pressure - such a scenario seems to be priced in at current levels.

Research Focus

Our research focus throughout 2018 was predicated on further building our 'buy list' of names that we can opportunistically include in our portfolios - at the right price. All members of the investment team travelled and we had multiple engagements with companies of interest in North America, Europe and Asia Pacific. They included current holdings, stocks on our buy list, and others we would consider to be new ideas.

As we look into 2019, we are paying particularly close attention to names we know well in the Small & Mid Cap space. In light of the recent market sell off, we are increasingly finding more long term buying opportunities in the smaller end of the market. As a result, one of our current priorities is to refresh our current theses on these names.

As far as travel and research trips are concerned, we will again be embarking on a comprehensive research travel agenda in 2019. In the first half of 2019, we currently have planned research visits with companies in Japan, North America and Europe.

Trade Activity

Despite the market volatility in December, our portfolio activity was actually quite subdued. In terms of wholesale changes, we decided to exit our position in Britvic (European Beverages) which has been a profitable position since initiating a holding in 2016. It held up particularly well

in the recent market malaise and its valuation had reached our target, hence we decided to sell. On the buy side of the equation, we opportunistically re-established positions in Electronic Arts and Thales after they pulled back.

Outlook & Portfolio Positioning

As we have alluded to in previous commentaries, the weakness in global equity markets during Q4 didn't come as a total surprise to us. After such a long bull market, the building risks in the market made a correction a probability. Having said that, markets are now pricing in a fairly dour 2019 - which arguably underappreciates the most likely environment for equities in 2019. While global growth has been moderating for a few months now, the underlying economic backdrop in the U.S. remains sound and global corporates are generally in very good health.

As far as our portfolio positioning is concerned, we feel as though we are well positioned for what will most likely be a volatile but opportunistic 2019. At a portfolio characteristic level, we have a strong quality bias (Higher ROE @ 23.1%, and modest Net Debt / EBITDA @ 0.4), and a strong valuation underpinning (FCF Yield @ 5.1%, EV/EBITDA @ 11.3). We feel this combination of strong fundamentals and reasonable valuations helped underpin our performance in Q4 2018.

Furthermore, our lack of exposure to deep cyclicals and what we would call 'well owned growth names' should continue to hold us in good stead as 2019 unfolds. In terms of our relative sector weightings - we remain overweight in Health Care, Consumer Staples, and Materials - in that order. We remain underweight in Financials (-4.31%), and we have no exposure to Energy, Utilities or Real Estate. At a geographical level, we are overweight in Europe by 14.7% and underweight in Asia Pacific (13.2%).

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
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	1.39% p.a No performance fees, No entry or exit fees
Buy / Sell Spread	+/-0.17%
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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