Bell Global Emerging Companies Fund

Bell ASSET MANAGEMENT

Fund Summary - Period ending 31 January 2019

Net Performance^

	Fund	Index*
1 Month	3.75%	6.02%
3 Months	0.09%	-1.71%
6 Months	-0.36%	-6.18%
1 Year	8.82%	1.29%
Inception^	9.62%	10.33%

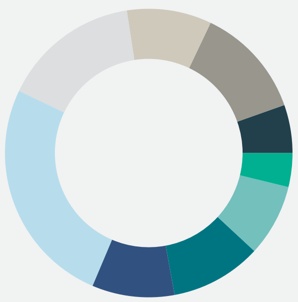
* Index is the MSCI World SMID Cap Index.
^ The Bell Global Emerging Companies Fund was established in November 2012 under a different name and with a different investment strategy. The fund has operated under its current name and strategy since 27 June 2016 (Inception).

Best & Worst Performers - 1 Month

Top 5 - Relative Contribution	
Synchrony Financial	0.42%
Alliance Data Sys	0.22%
Avery Dennison...	0.18%
BAE Systems Plc	0.17%
General Mills, Inc.	0.16%

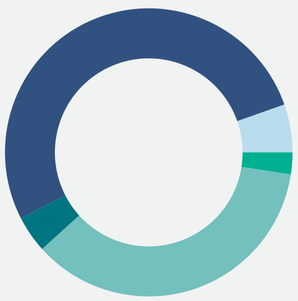
Bottom 5 - Relative Contribution	
Genmab A/S	-0.38%
HOYA CORPORATION	-0.29%
Novozymes A/S	-0.26%
Thales SA	-0.24%
Henry Schein, Inc.	-0.21%

Sector Exposure



Communication Services	3.7%
Consumer Discretionary	8.2%
Consumer Staples	10.2%
Financials	9.3%
Health Care	25.7%
Industrials	15.4%
Information Technology	9.4%
Materials	12.5%
[Cash]	5.4%

Geographic Exposure



Africa/Mideast	2.4%
Europe	35.9%
Japan	4.1%
North America	52.2%
[Cash]	5.4%

Top 10 Holdings

Company	Sector	Geography	Weight
Amerisourcebergen	Health Care	US	3.0%
Ambu A/S	Health Care	DK	3.0%
Synchrony Financial	Financials	US	2.7%
Partners Group Holding...	Financials	CH	2.6%
BAE Systems Plc	Industrials	GB	2.6%
Alimentation C.T	Consumer Staples	CA	2.5%
Avery Dennison...	Materials	US	2.4%
Check Point Soft	Information Technology	IL	2.4%
Dollar Tree, Inc.	Consumer Discretionary	US	2.3%
General Mills, Inc.	Consumer Staples	US	2.3%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	11.9	11.5	
Number of Stocks	46	1,632	
Active Share	98.5		
Value			
P/E	16.3	15.9	103%
PEG Ratio	1.4	1.2	116%
EV/EBITDA	11.3	10.0	113%
Growth (%)			
Sales Growth	6.5	7.0	93%
EPS Growth	11.1	12.1	92%
Quality			
Return on Equity	24.4	9.4	259%
Net Debt / EBITDA	0.7	1.5	46%

Bell Global Emerging Companies Fund

Fund Summary – Period Ending 31 January 2019

Bell ASSET MANAGEMENT

Ned Bell CIO / Portfolio Manager

Adrian Martuccio Portfolio Manager

Performance

Our Global SMID Cap Equities strategy generated strong absolute returns in January but marginally lagged the broader index - in what was an extremely strong return period for global equities. Specifically, our Bell Global Emerging Companies appreciated by 3.75% while the MSCI World SMID Cap Index appreciated by 6.02% in the month. Overall returns for the portfolio and benchmark were muted by the strength in the AUD - the MSCI World SMID Cap Index actually appreciated by 9.82% in USD terms.

Performance Attribution

Against the backdrop of what was an extremely strong period of market returns, we were not surprised that we lagged the index - especially after a particularly strong period of relative returns in 2018. Our quality focus and valuation discipline were not necessarily rewarded in a clear 'risk-on' period.

More specifically, we would highlight some relevant performance drivers:

a. Style - marginally worked against us as Growth outperformed by 0.58%, and Quality and Value lagged. While these numbers refer to the all cap indices, we feel they are still relevant.
b. Size bias - we also marginally suffered by being underweight small caps - which outperformed the SMID index by 0.50%.
c. Sector weightings - worked against us, as our overweight in Consumer Staples and lack of exposure to Energy and Real Estate both dragged on our relative returns.
d. Regional weightings - had a minimal impact on our relative returns as the benefit of being underweight Asian equities was offset by the drag of being overweight Europe and our cash position.
e. Some of our positive contributors were - Synchrony Financial, Alliance Data Systems, Avery Dennison, General Mills and Masimo.
f. Some of our laggards were - Genmab, Hoya, Novozymes, Thales and Henry Schein.

Market Commentary

Global equities had a considerable rally in January - arguably as a result of the Fed's decision to put on hold further interest rate increases. While the initial reaction is somewhat understandable - especially after the major drawdown in Q4 - the market strength seemingly conflicts with what we believe is becoming a more difficult environment for global equities. We will be paying particularly close attention the commentary coming from corporates during the current earnings season. Specifically, we will be looking for more granular guidance from companies with respect to the economic backdrop and the domino effects of the myriad of geopolitical risks that show little sign of being resolved any time soon. We have already heard Apple & Caterpillar call out the impact of the U.S. vs China trade war and a softer Chinese economy as two macro headwinds for them.

We are expecting that markets overall could be facing a more volatile period for the remainder of the year as sell side earnings estimates are gradually adjusted to reflect what has seemingly become a more sombre macro environment.

Research Focus

Our research focus in 2019 will not be that dissimilar to 2018 - collectively we will embark on 8-10 dedicated research trips across North America, Europe and Asia Pacific. As we feel we have built up a formidable 'warchest' of stock ideas that pass our quality test in the last few years - much of our focus will be on retesting our theses on the 250 names that we consider investible. At a more granular level, given we are expecting a macro deceleration globally; we will be paying particularly close attention to the business drivers and economic sensitivities of these names.

More generally speaking, it's fair to say that our earnings expectations for global equities from the 2H19 onwards are more subdued than the sell-side community.

Trade Activity

While our trade activity was devoid of any wholesale purchases or sales, we were quite active by way managing cash and tweaking existing positions. We started the year with a modest cash position of 2.2%, and we progressively took profits into the considerable strength in the SMID universe and ended the month with a cash position of 5.4%.

Outlook & Portfolio Positioning

As we look into 2019 and beyond, we feel that as an active manager with a strong quality bias, we will have more of a relative tailwind than we have had in several years.

While we feel markets overall could be in for a turbulent period - we expect that we will be presented with more and more opportunities to build positions in very high quality companies whose valuations have been prohibitive until now. As a result we feel that some of the decisions we make through 2019 will ultimately result in some excellent outcomes for our investors in 2020 and beyond.

While attributing style tilts to performance isn't always clear cut, we fell that we are at an interesting juncture in the debate about Quality and how it could perform in the next few years. What we know historically is that Quality (using MSCI World Quality Index as a proxy), has outperformed by 3.4% p.a. since 1994, but only by 0.50% annually in the last three years - where growth has dominated. We would also make the point that in negative market conditions - Quality has held up remarkably well - outperforming by an average of 6.7% in the negative calendar years.

Looking forward, we would argue that in light of the likely environment that we have alluded to, there is an argument that the relative performance of Quality could easily mean revert to become a 2-3% annual tailwind in the coming years. Given the considerable divergence in Quality amongst the Global SMID universe, we would argue that this tailwind could actually be a little higher.

In terms of our portfolio specifically, our portfolio skews remain similar to previous months. Other than our meaningful Quality bias, we have overweight positions in Health Care, Consumer Staples and Materials - at the expense of some of what we regard as being the more vulnerable sectors such as Real Estate, Consumer Discretionary, Financials and Energy. At a geographical level, we maintain a meaningful underweight to Asian equities (-12.6%), modest underweight in North America (-5.5%), and a more material overweight to Europe (+13.1%).

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	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

Bell Asset Management Ltd ABN 84 092 278 647 as Responsible Entity and Investment Manager for the Bell Global Emerging Companies Fund ARSN 160079541
Level 20, 101 Collins Street Melbourne Victoria 3000 www.bellasset.com.au
Unitholder Enquiries Telephone: 1300 721 265 or Email: bell@linkmarketservices.com.au