

Bell Global Emerging Companies Fund

Fund Summary - Period ending 30 November 2018

Net Performance[^]

	Fund	Index*
1 Month	-0.99%	-2.39%
3 Months	-6.96%	-10.71%
6 Months	4.31%	-3.98%
1 Year	8.33%	-0.32%
Inception [^]	9.83%	10.77%

* 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

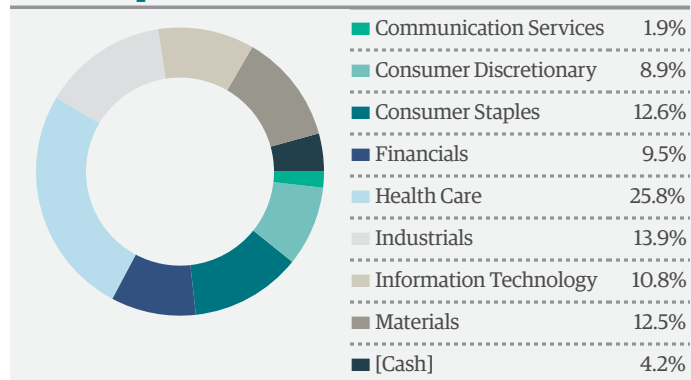
Top 5 - Relative Contribution

Mettler-Toledo...	0.37%
Sealed Air Corporation	0.23%
Service Corporation	0.21%
Alimentation C.T	0.21%
Church & Dwight Co.	0.18%

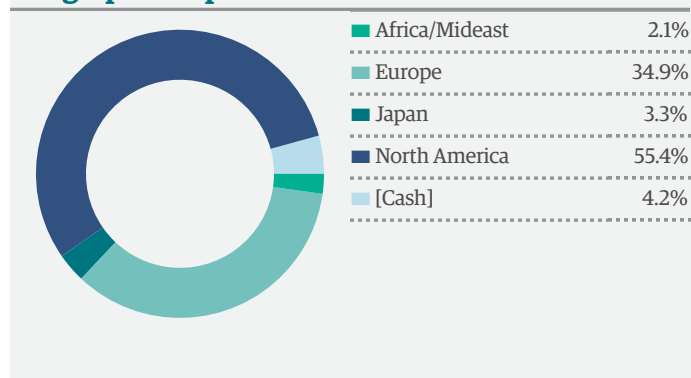
Bottom 5 - Relative Contribution

Partners Group	-0.24%
Synchrony Financial	-0.23%
BAE Systems plc	-0.20%
ASSA ABLOY AB	-0.17%
Novozymes A/S	-0.12%

Sector Exposure



Geographic Exposure



Top 10 Holdings

Company	Sector	Geography	Weight
Amerisourcebergen	Health Care	US	3.1%
Henry Schein, Inc.	Health Care	US	2.9%
Mettler-Toledo	Health Care	US	2.8%
Alimentation C.T	Consumer Staples	CA	2.8%
Alliance Data Sys	Information Technology	US	2.8%
Ingredion Incorporated	Consumer Staples	US	2.8%
HOYA CORPORATION	Health Care	JP	2.7%
SEI Investments	Financials	US	2.6%
Dollar Tree, Inc.	Consumer Discretionary	US	2.6%
Partners Group Holding...	Financials	CH	2.5%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	11.7	10.9	
Number of Stocks	45	1,634	
Active Share	98.2		
Value			
P/E	16.5	15.8	104%
PEG Ratio	1.5	1.3	115%
EV/EBITDA	12.1	10.5	115%
Growth (%)			
Sales Growth	6.5	7.2	90%
EPS Growth	11.2	13.4	84%
Quality			
Return on Equity	23.6	9.5	248%
Net Debt / EBITDA	0.9	1.9	47%



Ned Bell CIO / Portfolio Manager



Adrian Martuccio Portfolio Manager

Performance

Our Bell Global Emerging Companies Fund held up quite well in what was a difficult month for global equities. Specifically, the Fund declined by 0.99% in November, while the MSCI World SMID Cap Index declined by 2.39%. On a rolling 1 year basis, our relative returns have also been relatively strong with the Fund delivering a return of +8.33% which compares well with the -0.32% return of the index.

We would also note the meaningful divergence in performance between our portfolio and that of the MSCI World Quality Index - as a proxy for 'Quality'. In the three months to November, the Fund not only outperformed the MSCI World Index, but it also outperformed the MSCI World Quality index by a wider margin: the Fund, -6.96%, and the MSCI World Quality Index, -8.19%. Notwithstanding the MSCI World Quality Index is an all cap index with as large cap bias, we still managed to perform better in what was a very turbulent environment.

Performance Attribution

During the month of November, there were several notable drivers of our relative returns:

- Our Quality bias in a way both helped and hurt in November. Using the MSCI World Quality Index as a proxy, "Quality" actually lagged by 0.72% in November, while "Value" outperformed by 0.50%.
- Our overweight position in Health Care and lack of Energy exposure both helped.
- Our better performers have been Mettler-Toledo, Sealed Air, Service Corp, Alimentation Couche-Tard and Church & Dwight.
- Our laggards during the month were Partners Group, Synchrony Financial, BAE Systems, Assa Abloy and Novozymes.

Market Commentary

Global equities as a whole have clearly had a meaningful pullback since late September as investors have been swarmed by an array of different risks. Not only has the trade war risk seemingly grown in significance, but corporates are now talking more and more about the dampening effect of the trade war on underlying business. For example, on a recent research trip to the U.S., a number of industrial companies noted the capex plans at their customers had begun to soften late into the year.

As we look at markets in general, we feel as though we are transitioning from fairly buoyant economic environment into one where growth softens and investors need to reprice stocks for subdued growth. As is always the way in equities, these transitions tend to unfold in quite abrupt circumstances - as evidenced by the recent performance on global equity markets.

As far as Small & Mid Cap stocks are concerned, they clearly wore the brunt of the recent sell-off, as evidenced by the fact that the MSCI World SMID Cap Index fell by 2.8% more than the broader index since late September. The good news for investors considering Global SMID Cap exposure now, is that valuations look very attractive. The index trades on a P/E of 15x, which is the cheapest since early 2013 and the cheapest they have been vs the MSCI World Index in 10 years.

Research Focus

Our research agenda for 2018 has been very extensive, in that we have had numerous company engagements across sectors and regions. In doing so we feel we have built further upon our 'library' of investible ideas - which will become actionable at the right price.

The recent spike in volatility and subsequent weakness in stock prices is bringing forward a wide array of interesting opportunities. As a result, the bulk of our research efforts until year end will be based on updating and refreshing our current theses on names in the portfolio and on the watchlist.

Trade Activity

Our trade activity over the quarter was relatively subdued. Other than minor adjustments to current positions, we introduced one new position and exited two.

On the buy side, we started a small position in Sysmex - a high quality Japanese SMID cap name that is well off its recent highs. Specifically, they are a leader in diagnostic equipment, software and reagents used in haematology, haemostasis and urinalysis. The company is very profitable (ROC >15%), is in a net cash position and should be able to grow earnings in excess of 10% for the next few years. On the sell side, we decided to exit our positions in Euronext and Gartner - both have been profitable positions and held up well in the recent turmoil.

Outlook & Portfolio Positioning

As far as our outlook is concerned, we feel very optimistic about the environment as we look into 2019. As bottom-up stock pickers, we feel the most profitable investments over the long term are often made when volatility spikes and markets fade - which is clearly happening now. While the numerous risks and concerns weighing on equities should not be taken lightly, we also feel there are also reasons to be optimistic. For example, the U.S. economy remains in very strong shape, led by a strong consumer. Global corporates are also arguably in very strong financial positions and after the selloff, valuations are looking quite attractive - the forward looking P/E of the MSCI World Index was 14.4 at the end of November, which is well below the 5 year average and the cheapest its been since early 2016.

We feel our portfolio is well positioned to simultaneously withstand the turbulence in the market while capitalizing on great long term buying opportunities. The recent performance of the portfolio has demonstrated strong downside protection characteristics.

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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