

# Bell Australian Small Companies Strategy

The **Bell Australian Small Companies Strategy** offers a disciplined, bottom-up approach to investing in Australian small companies, targeting quality businesses trading at attractive valuations.

Small caps reward patient, research-driven investors and penalise those without a rigorous risk framework. With over 75 years of combined investment experience and a forensic approach to managing macro, factor and idiosyncratic risk, the strategy is designed to deliver consistent alpha across market cycles.

## Why Bell for Australian Small Caps?



### Experienced, stable team

Deep expertise managing small companies through multiple cycles



### An under-researched universe

We cover companies that most managers overlook, giving the portfolio a genuine information edge.



### Disciplined approach to risk management

Macro, factor and idiosyncratic risk assessed systematically across every position



### Deep institutional quality

Dedicated investment team supported by the Bell institutional-grade platform



### Capacity available

Open to wholesale and institutional investors

*In small caps, the real work is not finding the winners. It is avoiding the ones that look like winners. Protecting capital is not a constraint on returns – it is the single biggest driver of them.*

## Why now for Australian Small Caps?

- Small caps are under-owned and under-researched:** Institutional capital concentrates in large caps. That neglect creates persistent mispricings.
- The valuation gap is wide:** Small caps have historically traded at a premium to large caps. At this point in time, the small cap index is trading at a material discount to large caps and the opportunity set has improved.
- Active management earns its fee:** Index concentration and analyst coverage thinning out below the ASX 100 means stock selection – not beta – drives returns.
- Quality is the right lens in uncertainty:** When macro and factor volatility rises, quality acts as both an alpha source and a risk buffer.

## Strategy profile

<b>Benchmark</b>	S&P/ASX Small Ordinaries Accumulation Index
<b>Investment objective</b>	Outperform benchmark by 3%–5% p.a. over the medium to long term
<b>Investment style</b>	Quality with a valuation overlay. Bottom up, Fundamental. Long only
<b>Asset class</b>	Australian Equities (Small Companies)
<b>Universe</b>	Listed small companies ASX/NZ (up to 10%) primarily outside S&P/ASX 100 Index
<b>IPOs</b>	Permitted to participate
<b>Max single stock exposure</b>	10%

## Investment philosophy

At the heart of our investment philosophy is the belief that markets are inefficient and bottom-up fundamental research can identify mispriced small cap stocks. Quality is an enduring source of alpha and a key element of risk management in this market segment. Macro and factor exposures are controlled so portfolio outcomes reflect research insight, not unintended external bets.

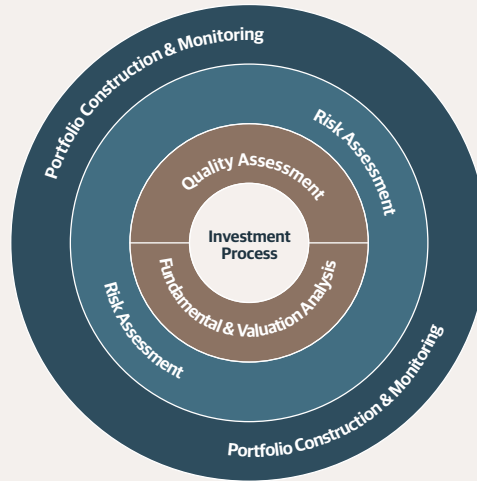
## Investment process

### Quality Assessment

Qualitative & quantitative factors identify high-quality companies with durable business models and strong economic returns.

### Fundamental & Valuation Analysis

Deep research forecasts sustainable earnings and cash flow.



### Risk Management

Macro, factor and idiosyncratic risks managed systematically. Tracking error target 5–9%; minimum 80% stock selection risk, maximum 20% factor risk.

### Portfolio Construction & Monitoring

Weightings reflect estimated total return, PM conviction, liquidity and index weight. 30-70 stocks.

## Portfolio construction guidelines

<b>Holdings</b>	30-70 stocks
<b>Max cash</b>	10%
<b>Gearing/derivatives</b>	Not used for leverage
<b>Geographic scope</b>	Australia/New Zealand
<b>Sector scope</b>	None excluded

## What we look for in a company

Attractive valuation versus intrinsic value
Management capability
Balance sheet strength
Business model durability
Earnings stability
Strong economic returns

## Portfolio Managers



**Tim Johnston, Portfolio Manager**  
Australian equities veteran with nearly 30 years of experience spanning sector research, portfolio management, and a long tenure leading both concentrated and small companies strategies



**James Nguyen, Portfolio Manager**  
Australian small and mid-cap equity specialist with 22+ years spanning analysis, portfolio management, and consulting across Australian and Asian markets



**Scott Hudson, Portfolio Manager**  
Small and mid-cap equities specialist with 20+ years of research-driven analysis and deep expertise across Australian and international markets.

## Contact us

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## Visit our website



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