Bell Global Equities Fund

Bell ASSET MANAGEMENT

Platform Class Fund Summary — Period Ending 30 September 2017

Net Performance^

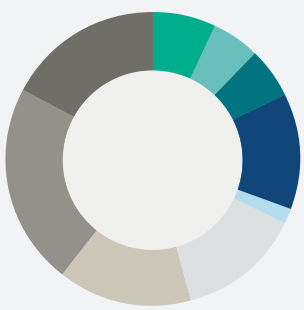
	Fund	Index*
1 Month^	1.99%	3.43%
3 Months^	0.06%	2.52%
6 Months^	4.17%	6.23%
1 Year^	11.71%	15.36%
3 Years (pa)^^	11.12%	11.82%
5 Years (pa)^^	16.35%	17.66%
Strategy Inception (pa)^^	6.99%	6.15%
Strategy Inception - Total Return^^	170.90%	141.39%

* Index is the MSCI World ex Australia in $A Unhedged with net dividends reinvested.

^ Inception date of the Platform Class is 7 May 2015. Returns are based on the Platform redemption price and are net of fees.

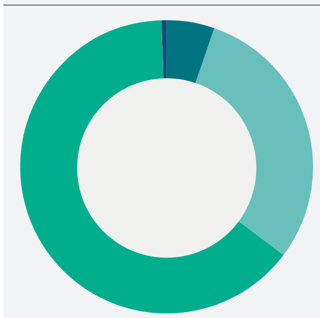
^^ The Bell Global Equities Fund - Platform Class has been operating since May 2015. To give a longer term view of our performance in the asset class, we have shown longer term returns for a representative global equities strategy managed by Bell Asset Management with an inception date of 1 Jan 2003. We have adjusted the returns to reflect fees representative of the Bell Global Equities Fund - Platform Class units.

Sector Exposure



Financials	7.0%
Materials	5.4%
Cash	5.4%
Consumer Staples	12.9%
Telecom Services	1.6%
Industrials	13.7%
Consumer Discretionary	14.7%
Information Technology	22.2%
Health Care	17.0%

Geographic Exposure



Cash	5.4%
Europe	29.9%
North America	64.2%
Asia Pacific	0.5%

Top 10 Holdings

Company	Sector	Geography	Weight
Alphabet Inc	Information Technology	US	2.8%
Apple Inc	Information Technology	US	2.1%
Johnson & Johnson	Health Care	US	1.7%
Verizon Communications	Telecom Services	US	1.6%
Roche Holding AG	Health Care	CH	1.5%
BAE Systems	Industrials	UK	1.5%
Alimentation Couche-Tard	Consumer Staples	CN	1.4%
Oracle Corp	Information Technology	US	1.3%
Novo Nordisk	Health Care	DK	1.3%
Publicis Groupe	Consumer Discretionary	FR	1.3%

Best & Worst Performers - Month

Top 5 — Relative Contribution	
Dollar Tree Inc	0.15%
Euronext NV	0.10%
Ambu A/S	0.10%
Tractor Supply Company	0.09%
Airbus SE	0.09%

Bottom 5 — Relative Contribution	
Equifax Inc	-0.22%
Advance Auto Parts Inc	-0.21%
Nike Inc	-0.18%
Omnicom Group	-0.18%
Henry Schein Inc	-0.17%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	11.2	10.9	
Number of Stocks	100	1,563	
Active Share	78.3		
Value			
P/E	17.5	16.6	105%
PEG Ratio	2.0	2.0	100%
EV/EBITDA	11.1	10.1	110%
Growth			
Sales Growth	5.6%	5.3%	106%
EPS Growth	10.0%	11.7%	85%
Quality			
Return on Equity	24.4	11.1	220%
Net Debt / Equity	0.9	1.4	64%

Bell Global Equities Fund

Commentary — Period Ending 30 September 2017

Ned Bell CIO / Portfolio Manager

Adrian Martuccio Portfolio Manager

Fund Overview

Asset Allocation	Long Only Global Equities
Inception Date	3 December 2007
Fund Size	$31.9mn
Entry Unit Price	1.2551
Index	MSCI World (ex Aus) Index

Performance

The Bell Global Equities Fund lagged the MSCI World ex Australia Index over the last 1 and 3 months. More specifically, the portfolio generated returns of 1.99% (1 month), 0.06% (3 months) & 6.50% (CYTD).

Market Activity

The performance of global equities remained very strong through the September quarter as the broader index appreciated by 4.8% in USD terms (+2.5% in AUD terms). The rally was also very broad based – equities in North America, Europe and Asia Pacific. At a sector level, the common theme seemed to be that some of the riskier sectors 'worked' (i.e. Energy & Materials – both up 9%), at the expense of some of the more defensive sectors like Consumer Staples (-0.4%) and Health Care (+2.1%). The notable mover was the IT sector which continued its strong period of performance increasing by 8.3% during the quarter.

Performance Attribution

In regard to the relative performance of the portfolio over the last 3 months, there were several key drivers which collectively explain why the portfolio lagged by 2.46%:

- From a style perspective, quality essentially matched the broader market; however, an underweight to the highest growth stocks in the market held us back (i.e. growth outperformed other styles over the quarter).
- The majority of our underperformance can be isolated to our exposure to Consumer Discretionary & I.T.
- *Consumer Discretionary* was weak due to stock specific issues with Advanced Auto, Nike, Omnicom & Publicis, which for the most part relate to the broader operating environment. On the positive side of the equation, we saw some nice rebounds in names like Dollar General, Tractor Supply & Dollar Tree.
- *Information Technology* – while the sector as a whole was strong, we had a couple of names that modestly underperformed (i.e. ADS, Oracle & CGI).
- On the positive side, we have managed to generate some very strong performance amongst our financials holdings – which collectively returned 7.6% (AUD terms) for the period. The likes of Euronext, SEI Investments & MSCI all posted double digit gains.
- We also benefited by being collectively underweight in Telecoms, Real Estate & Utilities which all lagged.
- At a more stock specific level:

  Our better performers were Dollar Tree, Euronext, Ambu, Tractor Supply & Airbus.

  Our poorer performers were Equifax, Advance Auto Parts, Nike, Omnicom & Henry Schein.

Research Focus

A new name we bought into the Fund is Royal Bank of Canada. The valuation of RBC is very attractive at 12.5x forecast earnings, and additionally the bank pays a strong and growing dividend, which currently yields 3.5%. The Canadian banking markets operate in a competitive landscape and regulatory environment very similar to Australia. The economy is also very similar, both having navigated well through a commodity boom and bust while keeping unemployment low which has helped the Canadian housing market steadily grow, providing a tailwind for the banks loan book.

The overall stability of the economy has meant that credit quality has remained solid which has resulted in the traditional banking segment steadily growing earnings at a mid-single digit rate. Their capital markets division has also been stable which is testament to a very conservatively managed division, especially relative to its U.S. based peers who have seen high volatility in their Fixed Income, Currencies and Commodities revenue.

In addition to traditional banking and capital markets, RBC's wealth management and insurance division is a real stand out. It has been consistently growing at a double-digit rate and has amassed around C$600b AUM – it is the number one player with an increasing market share, which is now almost 20%. The consistency of results highlights to us the focused and capital disciplined nature of management, led by David McKay and his team. This stable business is great value and we expect it to be an excellent compounder over time. It is also a great complement to our Financials sector portfolio which includes stock exchanges like Euronext and Deutsche Boerse, plus names like MSCI, S&P Global, Partners Group and SEI Investments.

"While the recent performance has been somewhat frustrating in a relative sense, we do feel that the Fund is exceptionally well positioned to perform in a more 'normalised' environment."

Two members of the investment team also embarked on extensive research trips through Europe in September:

a) Patrik Sjoblom:

- Met with 50 companies across Industrials, Materials, Health Care, IT, Financials and Consumer Discretionary.
- Key Takeaways: European growth remains positive, interesting opportunities in SMID cap names, Valuations are generally stretched.
- Companies of interest: Chr Hansen, Genmab, Loomis, Infineon, Safran, Sweco & Thales.

b) Nicole Mardell:

- Met with 44 companies with a bias to Small & Mid Cap companies.
- Companies of interest: DS Smith, Axfood, Sika, DormaKaba, Loomis, IMI & Compass.

Trade Activity

Other than our addition of Royal Bank of Canada, our trade activity was somewhat muted in September. We made a series of very small adjustments to several positions to reflect conviction.

We were also relatively quiet in July and August which we would argue is reflective of the current comfort we have with our portfolio positioning.

The few wholesale changes that we did make fell under the broader desire to actively manage the valuation of the portfolio in what has been an exceptionally strong market. For example, during the quarter we sold our positions in Coca Cola & Sherwin Williams which both trade on P/E ratios of ~ 24x current earnings, and replaced them with Siemens & Royal Bank of Canada, which trade on 15.4x and 12.5x respectively. In our opinion the net result of these types of switches is that we reduce portfolio valuation risk without sacrificing quality. In the context of current market conditions, we feel that it is especially imperative to be prudent in managing valuation risk.

Portfolio Positioning & Outlook

As has always been the case with our Fund, we have an excellent blend of Quality & Valuation characteristics which have and will continue to hold the Fund in good stead. Specifically we have much better profitability and lower leverage than the broader index. At the same time we have kept the valuation of the Fund limited by diligently trimming and selling strong positions. While this combination of characteristics hasn't resulted in outperformance recently, history tells us that portfolios with an optimal blend of both characteristics do consistently outperform over time.

When we breakdown the current portfolio positioning at a more granular level, we would highlight the following deviations from the index:

- ***Size*** - SMID Cap bias. We are currently meaningfully underweight Large / Mega Cap stocks and overweight SMID Cap names where we are finding much better value for money.
- ***Style*** - very strong quality bias as already mentioned.
- ***Geographic*** - overweight in Europe & North America, underweight Asia Pacific.
- ***Biggest Sector Deviations*** - overweight in IT, Health Care & Consumer Staples and Underweight in Financials & Energy.

We would also note the recent performance of Quality as a style. If we look at the MSCI Quality Index as a rough proxy, it has underperformed the MSCI World Index by 2% over the last 12 months which compares with annual outperformance of ~3% over the last 10 years. In other words, the previous 12 months 'relative performance' is actually closer to 5% below the long term average.

Our internal view is increasingly coming around to the idea that Quality will revert as a style in the medium term.
While any active manager's relative returns cannot be purely based on style – for a portfolio with a very high skew towards quality characteristics, it will be a factor in our returns.

While the recent performance has been somewhat frustrating in a relative sense, we do feel that the Fund is exceptionally well positioned to perform in a more 'normalised' environment. While we don't feel that market valuations are overly excessive – they are elevated against recent history and we are most likely moving from a period of easing to tightening. The combination of elevated valuations and tightening arguably poses some medium term risk for certain parts of the equity market – i.e. stocks with any combination of excessive valuations, high growth and high volatility.

Key Features

Investment Objectives	Outperform the index* over rolling three year periods **Index is MSCI ex Australia*
Asset Allocation	Long only global equities, no gearing, no derivatives
Investment Style	Fundamental bottom up approach 'quality at a reasonable price'
Investment Highlights	• Global equity portfolio • 'Quality' focus - consistently high returning companies • Long-term horizon - typically 3-5 year holding periods • Benchmark agnostic • Diversified portfolio structure • Maximum cash position 5% • Fund inception 2007 (strategy inception 2003) • Highly experienced investment team
Benchmark	MSCI World (ex Australia) Index
Currency Exposure	Unhedged
Investment Timeframe	At least 5 years
Number of Holdings	90-110

Fund Terms

Fund Inception Date	December 2007
Product Structure	Registered Managed Investment Scheme
Investment Manager	Bell Asset Management
Responsible Entity	Bell Asset Management
Custodian	National Australia Bank
mFund Code	BLL001
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 - A$25,000 Minimum Transaction - A$1,000
Indirect Cost Ratio	0.90% p.a
Buy / Sell Spread	+/-0.21%
Reporting	Transaction confirmations upon transacting, half yearly transaction and valuation statement, annual periodic statement, tax statement, distribution statement & Annual Financial Report
Income	Annual distribution of taxable income

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