Bell Global Equities Fund

Wholesale Class Fund Summary — Period Ending 30 April 2017

Bell
ASSET MANAGEMENT

Net Performance^

	Fund	Index*	Relative
1 Month	4.46%	3.58%	0.88%
3 Months	9.02%	6.99%	2.03%
6 Months	15.19%	14.07%	1.12%
1 Year	12.37%	16.93%	-4.56%
3 Years (pa)	13.05%	13.70%	-0.65%
5 Years (pa)	16.39%	17.67%	-1.28%
Inception (pa)^^	4.96%	5.74%	-0.78%

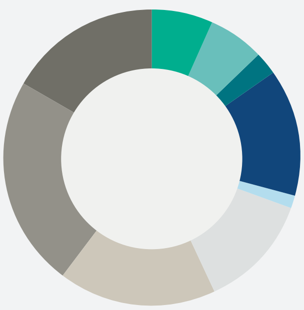
Global Equities (Net) Strategy Inception - Total Return^^	166.0%	135.4%	30.6%

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

^ Inception date of the Fund is 3 December 2007. Returns are based on the Wholesale redemption price and are net of fees.

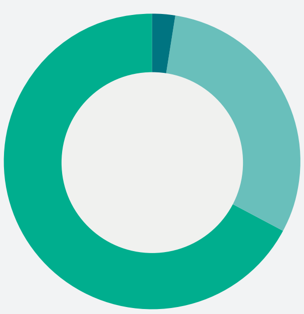
^^ The Bell Global Equities Fund has been operating since December 2007. To give a longer term view of our performance in the asset class, we have shown longer term returns for a representative global equities strategy managed by Bell Asset Management with an inception date of 1 Jan 2003. We have adjusted the returns to reflect fees representative of the Bell Global Equities Fund - Wholesale Class units.

Sector Exposure



Financials	6.7%
Materials	6.2%
Cash	2.6%
Consumer Staples	14.0%
Telecom Services	1.3%
Industrials	12.5%
Consumer Discretionary	17.1%
Information Technology	23.2%
Health Care	16.6%

Geographic Exposure



Cash	2.6%
Europe	30.3%
North America	67.1%

Top 10 Holdings

Company	Sector	Geography	Weight
Alphabet Inc.	Information Technology	US	3.0%
Apple Inc.	Information Technology	US	2.4%
Johnson & Johnson	Health Care	US	1.8%
Roche Holding AG	Health Care	CH	1.6%
Oracle Corp	Information Technology	US	1.5%
Cognizant Tech Solutions	Information Technology	US	1.5%
Nike Inc.	Consumer Discretionary	US	1.4%
Alimentation Couche-Tard	Consumer Staples	CA	1.4%
Visa Inc.	Information Technology	US	1.4%
Verizon Communications	Telecom Services	US	1.3%

Best & Worst Performers

Top 5 — Relative Contribution	
Novo Nordisk A/S	0.14%
Huhtamaki OYJ	0.13%
Euronext NV	0.11%
Croda International Plc	0.10%
Alphabet Inc.	0.09%

Bottom 5 — Relative Contribution	
Synchrony Financial	-0.12%
Tractor Supply Company	-0.10%
O'Reilly Automotive Inc.	-0.08%
McKesson Corp	-0.06%
Omnicom Group	-0.05%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	11.9	11.1	
Number of Stocks	96	1,558	
Active Share	80.3		
Value			
P/E	18.0	16.5	109%
PEG Ratio	1.8	1.6	113%
EV/EBITDA	11.2	10.0	112%
Growth			
Sales Growth	5.7%	5.6%	102%
EPS Growth	10.5%	12.8%	82%
Quality			
Return on Equity	26.0	10.5	247%
Net Debt / EBITDA	0.7	1.5	47%

Bell Global Equities Fund

Commentary — Period Ending 30 April 2017

Bell
ASSET MANAGEMENT

Ned Bell CIO / Portfolio Manager

Adrian Martuccio Portfolio Manager

Fund Overview

Asset Allocation	Long Only Global Equities
Inception Date	3 December 2007
Fund Size	$32.8mn
Entry Unit Price	1.3128
Index	MSCI World (ex Aus) Index

Performance

Our Global Core strategy had a strong month in an absolute and relative sense in April - with the Fund appreciating by 4.5%, outstripping the MSCI World ex Australia Index return of 3.6%. Global equities weren't quite as robust in local currency terms, as the weakness in the Australian dollar flattered our overall returns. When we look for recent patterns in our relative returns, we would note that the Fund has outperformed in each of the first four months of 2017.

MSCI GICS Sector Returns

(USD - April)

Consumer Discretionary	+2.8%
Consumer Staples	+1.5%
Energy	(2.4%)
Financials	+0.5%
Health Care	+1.8%
Industrials	+2.6%
Information Technology	+2.4%
Materials	+1.0%
Real Estate	+1.1%
Telecommunications	(1.6%)
Utilities	+0.5%

Market Activity

The rally in global equities continued in April as investors' attention has been drawn to the generally positive economic data that is coming out of the U.S. & Europe. Thankfully, the day to day political goings on in the U.S. seem to have taken a back seat to the developing economic landscape in the developed world and what has been a generally positive earnings season.

At a geographic level, the rally was fairly broad based with all major geographies - except Canada - posting solid returns. European equities had a particularly strong month as investors came to terms with the idea that the political risk associated with the French election was perhaps not as large as they first seemed.

At a sector level, we saw a relatively broad based rally - with the exception of Energy & Telecommunications.

Performance Attribution

Our performance attribution during the month was relatively widespread, in that we benefitted from stock selection and relative sector positioning.

Our *overweight* positions in IT & Consumer Discretionary and *underweight* positions in Energy & Financials, collectively helped our relative returns.

At a stock specific level, our better performers were: *Novo Nordisk, Huhtamaki, Euronext, Croda* and *Alphabet* while our laggards were *Synchrony Financial, Tractor Supply, O'Reilly Automotive, McKesson* and *Omnicom.*

Research Focus

During the month, Adrian Martuccio (Portfolio Manager) was on a research trip to the US & Europe, where, amongst other things, he attended a U.S. Energy Conference and the CAGE Consumer Conference in London. His key findings are highlighted below:

CAGE Consumer Conference

- The overarching theme from the CAGE conference was food and beverage companies continued strive to make their products sound healthy and natural (more health and wellbeing claims), and remove artificial ingredients from their labels and replace with natural ingredients.
- The beneficiaries of this trend are the flavour and fragrance and ingredients companies which benefit from an increased opportunity to grow revenue and increase margins by developing these new more natural and healthy ingredients and formulations. We own IFF and Ingredion in the space.
- The continued lack of growth in this industry was the other key takeaway; the traditional companies are struggling for growth at both the top line and bottom line. This is across spirits, beer, tobacco, non-alcoholic beverages and food. Lack of growth and relatively high valuations in the consumer staples sector is the reason we have shied away from having more exposure here.

“All activity was predicated on our overarching desire to manage our portfolio characteristics in the context of a strong market”

Energy Conference

- We exited our holdings of energy stocks in early 2015 and the sector has underperformed the MSCI World by about 15% since then. None the less, we attended this conference to ask ourselves, *“are we missing anything and is it time to be more constructive on the industry?”*
- More innovation and technology and the use of ‘big data’ was a major theme being talked about by numerous companies, one management team said *“if companies aren’t sending their management to Silicon Valley to see what’s happening there, well they should be”* – we like Core Lab for these reasons, but the valuation is too high at present trading at 50x P/E (or 20x its peak earnings from 2014).
- Major exploration and production operators made $160 billion of EBIT in 2014, but that has been totally wiped out in what many said has been “the most brutal downturn”. The profitability and ROIC of North American independent oil and gas companies is vastly worse than other capital intensive industries like utilities, autos, telecoms, transportation and capital goods.
- We continue to watch the industry, but will stay on the sideline due to the high valuations of better quality stocks in the space, poor profitability, persistently high inventory levels which seem to be capping the oil price and the uncertainty of ongoing production cuts from OPEC.

Trade Activity

Our trade activity during the month consisted of our normal positon tweaking as well as a handful of net sales and purchases. All activity was predicated on our overarching desire to manage our portfolio characteristics in the context of a strong market. As such we have been focusing on managing valuation risk in the portfolio without compromising on ‘quality’.

We sold our entire positions in Hermes, Footlocker and Howden Joinery for varying reasons. In the case of Hermes & Foot Locker, both have been strong performers in the last few years but have simply reached their respective target prices.

In the case of Howden Joinery, we have become a little more concerned about the UK economic environment and the subsequent implications for Howden.

We introduced two new positions in CGI Group (Canadian IT) & Ingredion (US Consumer Staples), which are both companies that we feel, will be solid performers in our portfolios over time.

We also feel that both stocks are trading at relatively attractive valuations which is becoming an increasingly important prerequisite for new names being introduced to the portfolio.

Portfolio Positioning & Outlook

The aforementioned changes to the portfolio in April were fairly modest and consistent with our view to managing overall portfolio risk in a strong market.

We have not made any meaningful changes to the portfolio’s positioning during the month as we remain very confident in our current biases:

- Characteristics / Style: strong quality bias with reasonable valuations
- Region: *Overweight* Europe (+5.3%) and North America (+2.2%) at the expense of Asia Pacific
- GICS Sector:

- *Overweight* IT, Consumer Discretionary, Health Care, Consumer Staples, Materials & Industrials.
- *Underweight* Financials, Energy, Real Estate, Utilities & Telecoms.

While we are always on the lookout for pockets of valuation risk in our portfolio, we do not feel that the market itself is overly expensive on a forward looking P/E of 16.7 x – especially given improving economic environment and strong recent global corporate reporting season.

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	Wholesale Registered Managed Investment Scheme
Investment Manager	Bell Asset Management
Responsible Entity	Bell Asset Management
Custodian	National Australia Bank
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
Indirect Cost Ratio	1.46% p.a
Buy / Sell Spread	+/-0.20%
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

Contact Details

Xanthe Virtue Head of Wholesale
Telephone: +61 2 9255 7281
Email: xvirtue@bellasset.com.au
www.bellasset.com.au