

Bell Global Equities Fund

Wholesale Class Fund Summary – Period Ending 31 January 2017

Net Performance[^]

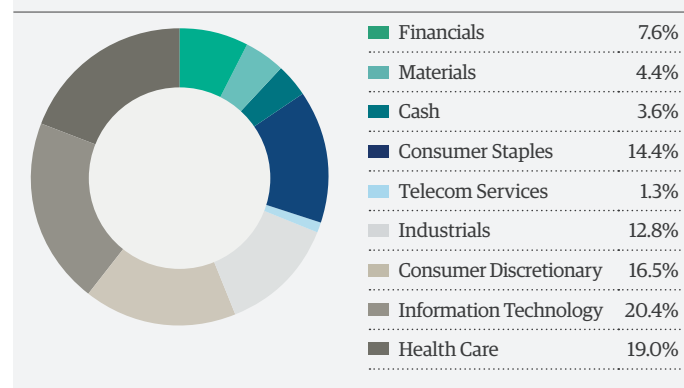
	Fund	Index*	Relative
1 Month	-2.17%	-2.36%	0.19%
3 Months	5.66%	6.61%	-0.95%
6 Months	-1.05%	5.10%	-6.15%
1 Year	0.64%	8.89%	-8.25%
3 Years (pa)	9.64%	11.10%	-1.46%
5 Years (pa)	16.39%	17.74%	-1.35%
Inception (pa)^{^^}	4.11%	5.12%	-1.01%
Global Equities (Net) Strategy Inception - Total Return^{^^}	144.0%	120.0%	24.0%

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

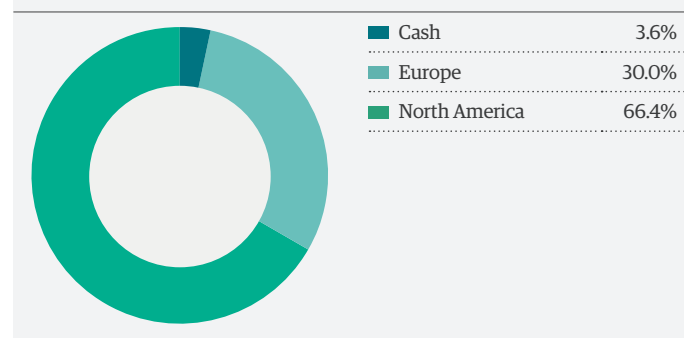
[^] Inception date of the Fund is 3 December 2007. Returns are based on the Wholesale redemption price and are net of fees.

^{^^} 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



Geographic Exposure



Top 10 Holdings

Company	Sector	Geography	Weight
Alphabet Inc	Information Technology	US	2.6%
Apple Inc	Information Technology	US	2.5%
Johnson & Johnson	Health Care	US	1.9%
Roche Holding AG	Health Care	CH	1.6%
Nike Inc	Consumer Discretionary	US	1.5%
Oracle Corp	Information Technology	US	1.4%
Starbucks Corp	Consumer Discretionary	US	1.4%
Visa Inc	Information Technology	US	1.4%
Nestle SA	Consumer Staples	CH	1.3%
Verizon Communications	Telecom Services	US	1.3%

Best & Worst Performers

Top 5 – Relative Contribution		Bottom 5 – Relative Contribution	
Check Point Software Tech	0.11%	Cognizant Tech Solutions	-0.15%
Deutsche Boerse AG	0.06%	Advance Auto Parts Inc	-0.10%
Britvic Plc	0.05%	Verizon Communications	-0.10%
Novozymes A/S	0.05%	Tractor Supply Company	-0.09%
Sherwin-Williams Co	0.05%	Qualcomm Inc	-0.09%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	12.1	11.5	
Number of Stocks	99	1562	
Active Share	79.4		
Value			
P/E	17.1	16.2	106%
PEG Ratio	1.8	2	90%
EV/EBITDA	10.6	9.7	109%
Growth			
Sales Growth	7.6%	5.8%	131%
EPS Growth	12.1%	7.7%	157%
Quality			
Return on Equity	27	9.3	290%
Net Debt / Equity	0.7	2	35%

Bell Global Equities Fund

Commentary – Period Ending 31 January 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	\$30.5m
Entry Unit Price	1.2042
Index	MSCI World (ex Aus) Index

Performance

The month of January was a strong one for global equities in local currency terms, but these gains were totally negated by the sharp rise in the Australian dollar from 72.08 to 75.85. The net result being that while the MSCI World ex Australia Index appreciated by 2.4% in USD terms, it actually declined by 2.4% in AUD terms.

We would also note that our Fund return was -2.2% for January which was a little better than the benchmark.

Fund Commentary

Unsurprisingly, January was a month where global markets were fixated on the inauguration of President Trump and the daily machinations coming out of the White House. In a general sense, the investor optimism we saw in the immediate aftermath of the election seemed to spill over into the New Year, as investors continued to reposition their portfolios for a more buoyant economic environment.

With the exception of the Energy sector, all sectors pushed higher, led by the Materials, IT & Consumer Discretionary sectors which all appreciated by more than 3% in USD terms.

When we take a close look at our relative performance, there are a handful of key factors which have contributed to our positive relative returns:

- Relative sector positioning: U/W Energy & O/W I.T.
- Stock selection: Check Point Software, Deutsche Boerse, Britvic, Novozymes & Sherwin-Williams were the major positive contributors.
- Avoiding the likes of ExxonMobil, GE, Chevron & some of the larger banks also worked in our favour.

We would note that most of our better performers in January were laggards into the back half of 2016, when we had the conviction to opportunistically add to these positions at more attractive valuations.

We also feel that our decision not to 'chase' some of the Energy names and strong performing Financials are just starting to pay dividends as they collectively lose momentum.

As we look at the current state of equity markets, we would make a couple of key points:

- The mindset of investors seems to have switched from almost mindless optimism about what a Trump administration will mean for markets, to a more cautious approach where we collectively grapple with some of the possible negatives, i.e. proposed border tax, travel restrictions and trade protectionism.
- The cyclical rally seems over extended and due for a correction: for example, the Industrials sector has been extremely strong to the point where the sector P/E @ 17.3, trades at a premium to the market and at a 10yr high against its own history.
- While there has been no shortage of policy announcements coming out of the White House, we take the view that the ultimate economic effect will take longer than what markets are currently anticipating. For example, the enormous infrastructure ambitions of the Trump administration will take a considerable amount of time before they actually start being rolled out.
- Equity valuations are relatively high but there is a great deal of dispersion. Some of the more cyclical sectors have experienced meaningful expansions in valuations while some of the more defensive sectors like consumer staples have de-rated.

Our portfolio activity during the month was relatively subdued and mainly focused on adding and trimming existing positions. On a net basis we raised some cash as valuations expanded and we made sure that we locked in some profits as a number of our positions moved closer to their target prices.

Continued Over Page

Stocks in Focus

We added one new position to the portfolio - **Relx NV**, which is a large European publisher and information provider that publishes information for the scientific and medical professions, legal, and business to business sector. After several recent engagements with management, we concluded that Relx has a very strong portfolio of leading global franchises that have been able to consistently generate stable revenue and earnings growth over many years. We feel the stock can play a defensive role in the portfolio as a possible alternative to a consumer staples stock. Given that it trades at a reasonable discount to the consumer staples sector, and arguably with better fundamentals, we feel Relx is a strong addition to the portfolio.

Portfolio Changes

Purchases: Relx NA (*Netherlands / Industrials*)

Sales: NIL

Positioning and Outlook

As we look ahead, we feel that our portfolio is very well positioned for 2017. Given the new U.S. administration, the upcoming elections in Europe and Brexit, it is extremely important that we remain disciplined in the way that we manage our portfolios. As such we feel we have reduced our overall valuation risk by diligently taking profits in positions that have rallied strongly. We have subsequently added to existing positions which have been temporarily out of favour and introduced a handful of new positions which will strengthen the overall portfolio characteristics.

Key Features

Investment Objectives	Outperform the index* over rolling three year periods <i>*Index is MSCI ex Australia</i>
Asset Allocation	Long only global equities, no gearing, no derivatives
Investment Style	Fundamental bottom up approach 'quality at a reasonable price'
Investment Highlights	<ul style="list-style-type: none">• 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

Important information: Bell Asset Management Limited (BAM) ABN 84 092 278 647, AFSL 231091 is the responsible entity for the Bell Global Equities Fund (the Fund). This report has been prepared by BAM for information purposes only and does not take into consideration the investment objectives, financial circumstances or needs of any particular recipient - it contains general information only. Before making any decision in relation to the Fund, you should consider your needs and objectives, consult with a licensed financial adviser and obtain a copy of the product disclosure statement, which is available by calling BAM on 1300 305 476 or visiting www.bellasset.com.au. No representation or warranty, express or implied, is made as to the accuracy, completeness or reasonableness of any assumption contained in this report. Past performance is not necessarily indicative of expected future performance.