

Bell Global Equities Fund

Wholesale Class Fund Summary – Period Ending 31 July 2017

Net Performance[^]

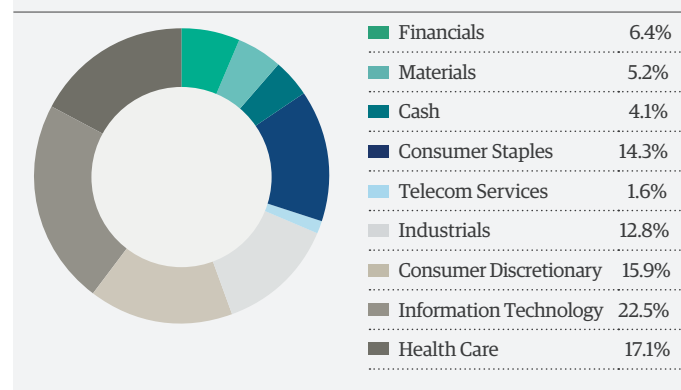
	Fund	Index*	Relative
1 Month	-2.57%	-1.67%	-0.90%
3 Months	-3.03%	-1.63%	-1.40%
6 Months	5.72%	5.24%	0.48%
1 Year	4.62%	10.61%	-5.99%
3 Years (pa)	11.94%	12.44%	-0.50%
5 Years (pa)	16.74%	18.21%	-1.47%
Inception (pa)^{^^}	4.49%	5.41%	-0.92%
Global Equities (Net) Strategy Inception - Total Return^{^^}	157.9%	131.5%	26.4%

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

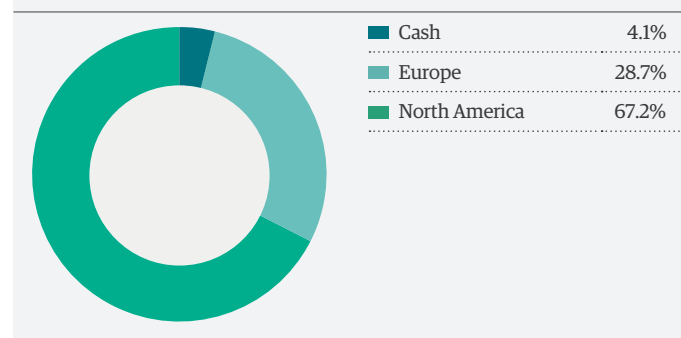
[^] Inception date of the Fund is 3 December 2007. Returns are based on the Wholesale redemption price and are net of fees.

^{^^} 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	2.8%
Apple Inc	Information Technology	US	2.2%
Johnson & Johnson	Health Care	US	1.7%
Verizon Communications	Telecom Services	US	1.6%
Roche Holding AG	Health Care	CH	1.5%
Oracle Corp	Information Technology	US	1.4%
Alimentation Couche-Tard	Consumer Staples	CA	1.4%
Visa Inc	Information Technology	US	1.3%
Nike Inc	Consumer Discretionary	US	1.3%
Publicis Groupe	Consumer Discretionary	FR	1.3%

Best & Worst Performers - Month

Top 5 – Relative Contribution		Bottom 5 – Relative Contribution	
Ingenico Group	0.08%	Starbucks Corp	-0.11%
Euronext NV	0.06%	Omnicom Group	-0.11%
Distribuidora Internacional	0.05%	O'Reilly Automotive Inc	-0.11%
Verizon Communications	0.04%	BAE Systems Plc	-0.10%
Electronic Arts Inc	0.03%	Sealed Air Corp	-0.09%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	115	110	
Number of Stocks	98	1,565	
Active Share	78.9		
Value			
P/E	17.6	16.5	107%
PEG Ratio	1.7	1.5	113%
EV/EBITDA	11.2	10.0	112%
Growth			
Sales Growth	5.9%	5.6%	105%
EPS Growth	10.6%	12.4%	85%
Quality			
Return on Equity	25.2	10.8	233%
Net Debt / Equity	0.8	1.4	57%

Bell Global Equities Fund

Commentary – Period Ending 31 July 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	\$30.0mn
Entry Unit Price	1.2140
Index	MSCI World (ex Aus) Index

Performance

Our Fund delivered a return of -2.57% during the month, lagging the broader benchmark by 0.90%. Global equity markets were actually quite strong in July as the U.S. & Asian markets pushed higher by more than 2% each - it was the very strong rally in the Australian dollar that dampened returns.

Market Activity

Global equity markets continued to push higher in July - with the exception of European equities which lagged. At a more granular sector level, it was the I.T. sector that led markets higher as some of the more traditionally defensive sectors like Health Care & Consumer Staples lagged.

Much of the market's attention was on corporate earnings come out of the U.S. and forward looking guidance.

With respect to the Fund, so far we have been very pleased with the earnings results coming out of the companies in our portfolio. More generally, we would note that management teams have adopted a slightly more cautious tone about current business conditions than was the case a few months ago.

Performance Attribution

When we break down our performance attribution for the month and beyond, we would make a few points:

- Our strong Quality bias has worked against us in July ; the MSCI Quality Index lagged by ~ 0.9%.
- In this backdrop we lagged by 0.90% during the month.
- Our relative sector weightings had minimal impact on our relative returns ; the beneficial impact of being *overweight* in IT stocks was essentially offset by the negative impact of being *overweight* in Health Care & Consumer Staples.
- Stock selection in Consumer Discretionary & Materials accounted for the bulk of our underperformance.

- Our better performers were: Ingenico, Euronext, DIA, Verizon & Electronic Arts.
- Our poorer performers were: Starbucks, O'Reilly Automotive, Omnicom, BAE Systems & Sealed Air.

We would also make the point that we suffered through a lack of exposure to some of the larger / expensive growth names like Facebook, Netflix, etc.

Research Focus

Our research focus of late has been more focused on building up our 'artillery' of small & mid cap quality ideas. In a general sense, we feel that the market as a whole was been led by a narrow group of U.S. mega cap names - predominantly in the I.T. sector. While we have exposure to some of these names, like Apple, Alphabet, Mastercard & Visa - we have also been compelled to take profits into strength which has focused our attention on rotation candidates. On a recent research trip - three members of the investment team met with over 170 companies in the U.S. & UK, with a focus on small and mid cap companies. While the valuations of these names aren't overly compelling at current levels, we do feel we are well prepared to opportunistically build positions in some very high quality businesses when market volatility picks up.

We have also been looking to ensure we have a sensible 'balance' in the Fund given we expect volatility to pick up in the latter part of 2017.

We consider the U.S. telco, Verizon, a good example of a quality stock at an attractive valuation of 12.7x P/E. Verizon is a dominant player generating a solid double digit return on capital and strong free cash flow, comfortably paying a dividend which is currently yielding 4.80%. From a valuation standpoint we believe there is limited downside and we have been adding to our position over the last couple of months. We have recently been rewarded with the stock rallying as Verizon's second quarter earnings were better than expectations as they attracted more customers to their mobile network.

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"As we look forward, we remain constructive about the state of the global economy despite the uncertainty surrounding the Trump economic agenda in the U.S."

Navigating this competitive market has been done carefully with margins in their wireless business expanding over the last few years. Management have been diligent in what is a competitive environment.

Additionally, we think their capital allocation program has been sound keeping capex to sales lower than many industry peers, plus being patient as they navigate their expansion into the media, content and PayTV segments via Fios TV and the acquisitions of AOL and Yahoo! where they are laying a foundation for growth. Verizon plays the role of a solid, dependable dividend payer which will help us preserve capital in volatile markets, while giving us a free upside option if its growth plans come to fruition.

Trade Activity

Our trade activity during the month has been relatively uneventful as we feel the Fund is extremely well positioned. The bulk of our turnover in the month consisted of trimming our winners and building our positions in names that have lagged in a relative sense. The only wholesale changes consisted of our sale of Sherwin Williams and purchase of Saputo.

Sherwin Williams is one of the leading paint manufacturers in the world, and our decision to sell was entirely based on valuation. We purchased the stock in October 2015 at \$257 / share, and decided to sell when it recently hit our price target of \$354 / share. Saputo on the other hand is a Canadian Cheese manufacturer that we have followed for some time - recent weakness in its stock price gave us a great opportunity to establish a position in a very well managed business.

Portfolio Positioning & Outlook

Over 12 months, Quality has lagged by 3.4% which we feel is meaningful given that as a style it has outperformed by ~3.4% p.a. since 1994. While we don't attribute all of our relative performance to our style bias, we do feel that this disconnect is symptomatic of a market environment where most investors are increasingly impervious to fundamental & valuation risk.

In terms of our management of the Fund in recent times, while there have been minimal sector and regional changes in the portfolio - we have incrementally 'tapped the brakes' in regard to overall portfolio risk. In practical terms we have been very diligently taking profits in our winners with a view to ensuring valuation risk doesn't creep into our portfolio. We have also dialed back our exposure to some of the higher growth names in our portfolio as they have for the most part performed very well.

As we look forward, we remain constructive about the state of the global economy despite the uncertainty surrounding the Trump economic agenda in the U.S. While equity market valuations have picked-up, we don't feel that the market valuation is excessive and we can still find reasonable value.

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

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