

Bell Global Equities Fund

Wholesale Class Fund Summary – Period Ending 31 March 2017

Net Performance[^]

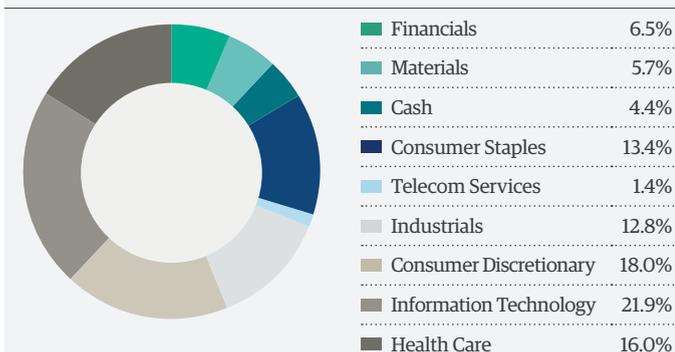
	Fund	Index*	Relative
1 Month	2.17%	1.83%	0.34%
3 Months	2.10%	0.86%	1.24%
6 Months	6.94%	8.60%	-1.66%
1 Year	8.72%	15.55%	-6.83%
3 Years (pa)	11.57%	12.76%	-1.19%
5 Years (pa)	15.21%	16.43%	-1.22%
Inception (pa)^{^^}	4.51%	5.40%	-0.89%
Global Equities (Net) Strategy Inception - Total Return^{^^}	154.6%	127.2%	27.4%

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

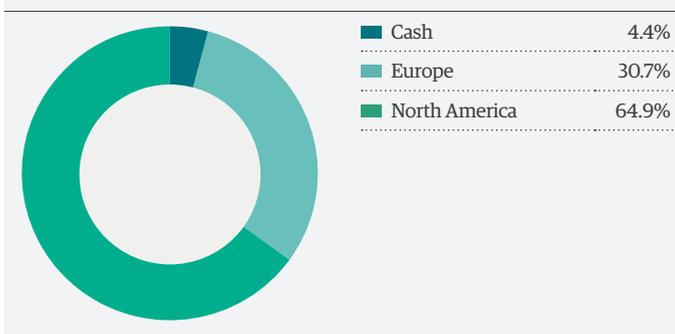
[^] Inception date of the Fund is 3 December 2007. Returns are based on the Wholesale redemption price and are net of fees.

^{^^} 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	2.6%
Apple Inc	Information Technology	US	2.5%
Johnson & Johnson	Health Care	US	1.8%
Roche Holding AG	Health Care	CH	1.7%
Oracle Corp	Information Technology	US	1.5%
Starbucks Corp	Consumer Discretionary	US	1.4%
Cognizant Tech Solutions	Information Technology	US	1.4%
Verizon Communications	Telecom Services	US	1.4%
Nike Inc	Consumer Discretionary	US	1.4%
Alimentation Couche-Tard	Consumer Staples	CA	1.3%

Best & Worst Performers

Top 5 – Relative Contribution		Bottom 5 – Relative Contribution	
Lowe's Cos Inc	0.10%	Kroger Co	-0.08%
Coloplast	0.09%	Advance Auto Parts Inc	-0.07%
Roche Holding AG	0.09%	Factset Research Systems Inc	-0.05%
Amadeus IT Group	0.07%	Dollar General Corp	-0.05%
Twenty-First Century Fox	0.07%	Icon Plc	-0.04%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	11.6	11.1	
Number of Stocks	96	1,560	
Active Share	79.5		
Value			
P/E	17.9	16.6	108%
PEG Ratio	1.8	1.6	113%
EV/EBITDA	11.1	10.1	110%
Growth			
Sales Growth	5.9%	5.8%	102%
EPS Growth	10.6%	13.5%	79%
Quality			
Return on Equity	26.2	10	262%
Net Debt / Equity	0.7	1.5	47%

Bell Global Equities Fund

Commentary – Period Ending 31 March 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	\$32.0mn
Entry Unit Price	1.2567
Index	MSCI World (ex Aus) Index

Performance

The Bell Global Equities Fund appreciated by 2.17% in March, outstripping the MSCI World ex Australia Index return of 1.83%.

Market Activity

While global equity markets have continued to rally strongly through Q1 this year, we feel that the Trump rally is starting to run out of steam. President Trump's election victory fuelled a sharp appreciation in deep cyclical stocks and financials as investors were arguably wrong footed by the result. The market rally has been diverse - at a geographic level, the MSCI North America, European and Asia Pacific indices all appreciated by more than 5.50% in USD terms. At a sector specific level, with the exception of Energy (which declined by 5.59%) all of the major GICS Sectors delivered positive returns. The relative performance marked a decent reversion to what we saw late last year, when the deep cyclicals charged higher and Health Care lagged materially

MSCI World GICS Sector Performance Q1 2017 (USD terms)	Quarterly Return
Consumer Discretionary	6.92%
Consumer Staples	6.56%
Energy	(5.59%)
Financials	4.11%
Health Care	7.83%
Industrials	6.34%
Information Tech	11.95%
Materials	6.32%
Real Estate	3.48%
Telecommunications	0.49%
Utilities	5.88%

We feel that the Trump related euphoria which has driven markets higher in recent times is losing momentum. The inability of the administration to get its health care reform through Congress indicates the difference between talking about an agenda and actually getting legislation passed. While many of the pillars of the Trump agenda are pro-growth, we feel that these policies will take time to implement and the market has gotten a little ahead of itself. Tax reform and large scale infrastructure spending are both badly needed in the U.S. but they won't happen overnight.

Performance Attribution

As mentioned earlier, the Fund outperformed the index by 0.34% for the month. At a more granular level there were also some notable contributors:

- Relative sector allocation was favourable: O/W in IT & Health Care and U/W in Energy & Financials helped.
- Our better performers were: Lowes, Roche Holding, Coloplast, Amadeus & Twenty-First.
- Our poorer performers were: Kroger, Advance Auto Parts, Factset, Dollar General & Icon.

Trade Activity

Over the course of the quarter, our trading activity remained consistent with the application of our QARP process in what has been a particularly strong market. As valuations have drifted higher, more of our holdings have reached or crept closer to their target prices. As a result we have trimmed / sold various positions and rotated into a combination of new & existing positions which we feel collectively represent better value.

At a sector level, these changes have resulted in a handful of subtle changes:

- We have reduced our Health Care exposure by 3.2%
- We have increased our Materials exposure by 1.7%

At a stock specific level, we have made several changes in accordance with our investment process.

- Introduced Positions: Ingenico, O'Reilly Automotive, Rightmove & Sealed Air
- Exited Positions: AB Inbev, Factset, Medtronic, Novartis, Parexel & Rockwell Collins.

“Our experience tells us that we should be ‘early & disciplined’ and take profits in our better performers and that is precisely what we have done”

Portfolio Positioning

The “Reasonable Price” part of QARP is arguably what has triggered the recent changes in our portfolio. In other words, we have been diligently selling / trimming positions whose valuations have become increasingly stretched with a view to protecting our clients’ capital to the best of our ability.

While we are not predicting a large prolonged correction, we would not be surprised if global equity markets went through a consolidation period for the next few months. Our experience tells us that we should be ‘early & disciplined’ and take profits in our better performers and that is precisely what we have done. By way of illustration, below we have tabled the change in the Free Cash Flow Yield of our portfolio against that of the MSCI World Index over the course of Q1. In summary, the FCF Yield of our portfolio has increased while that of the index has decreased, the implication being that we have in fact reduced overall valuation risk at a portfolio level.

The aforementioned shift in portfolio valuation is an important one that we feel will hold the portfolio in good stead throughout the course of the year.

Free Cash Flow Yield: Portfolio vs MSCI World Index

	Dec 16	Mar 17	Change
Bell Global Equities Fund	5.24%	5.52%	+0.28%
MSCI World Index	5.39%	5.04%	-0.35%
Relative	-0.15%	+0.48%	

Outlook

As we look ahead, we remain constructive about the outlook for the global economy and equity markets as a whole. Notwithstanding our suspicion that we could see a short-term pull back in equities, we feel that vast majority of global corporates are generally in a pretty healthy state. We also remain quite positive about the U.S. & European economies in particular, where we saw some incremental improvement in economic conditions throughout the course of 2017.

Our portfolio consists of a diversified array of very high quality companies that are lowly correlated to each other and collectively represent excellent value for what they are. At a portfolio level, our companies have an ROE of 26.2% and Net Debt / EBITDA ratio of 0.7, which means that our portfolio is vastly more profitable and less levered than the market as a whole. Needless to say that we feel that our portfolio is extremely well positioned to perform well.

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

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