

Bell Global Equities Fund

Platform Class

Fund Update: July 2016



Net Performance

for the period ending 31 July

| | Fund | Index* | Excess |
|---|--------|--------|--------|
| 1 month [^] | 2.6% | 2.0% | +0.6% |
| 3 months [^] | 4.3% | 4.0% | +0.3% |
| 6 months [^] | 2.0% | 3.6% | -1.6% |
| 1 Year [^] | -2.5% | -3.9% | +1.4% |
| <hr/> | | | |
| 3 Years (p.a.) ^{^^} | 13.9% | 12.8% | +1.1% |
| 5 Years (p.a.) ^{^^} | 17.3% | 16.4% | +0.9% |
| Strategy Inception (p.a.) ^{^^} | 7.0% | 5.6% | +1.4% |
| Strategy Inception - Total Return ^{^^} | 150.9% | 109.3% | 41.6% |

*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.

Top 10 Holdings

| Company | Sector | Country |
|------------------------|------------------------|---------|
| Alphabet Inc | Information Technology | |
| Apple Inc | Information Technology | |
| Johnson & Johnson | Health Care | |
| Roche Holding AG | Health Care | |
| Visa Inc | Information Technology | |
| Priceline Group Inc | Consumer Discretionary | |
| Mastercard Inc | Information Technology | |
| SAP SE | Information Technology | |
| Advance Auto Parts Inc | Consumer Discretionary | |
| Publicis Groupe | Consumer Discretionary | |

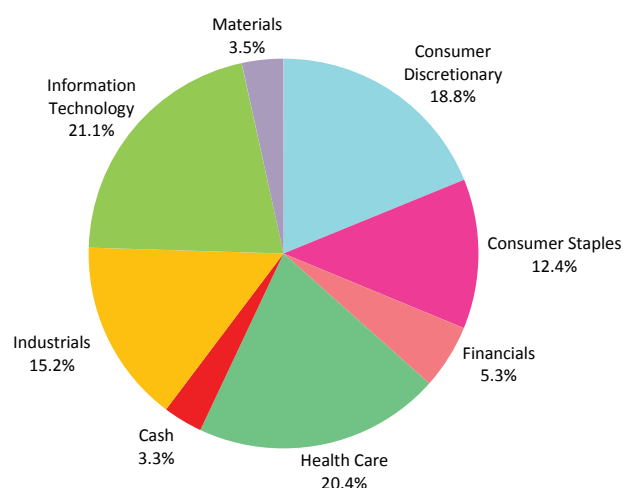
Best & Worst Performers

| Top 5 relative contribution | Bottom 5 relative contribution |
|-----------------------------|--------------------------------|
| Alliance Data Systems Corp | Stericycle Inc |
| SAP SE | Kroger Co |
| Varian Medical Systems Inc | SEI Investments Company |
| Qualcomm Inc | Check Point Software Tech |
| Alphabet Inc | Roche Holdings AG |

Trade Activity

| Buys | Weight | Sells | Weight |
|---------------------|--------|--------------------------|--------|
| Electronic Arts Inc | 0.6% | Express Scripts Holdings | 1.3% |
| Euronext NV | 0.6% | Procter & Gamble Co | 0.6% |
| Icon Plc | 0.7% | | |

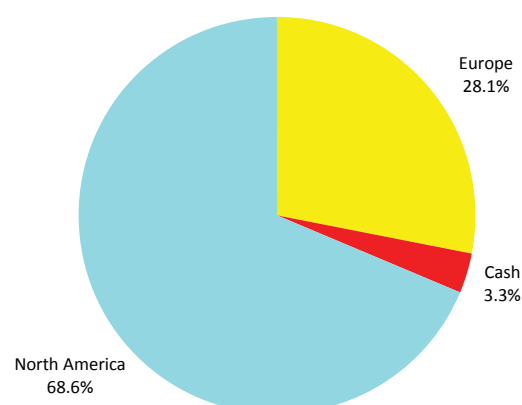
Sector Exposure



Investment Metrics

| | Fund | Index* | Relative |
|-----------------------|-------|--------|----------|
| Value | | | |
| P/E | 17.5 | 19.3 | 91% |
| PEG Ratio | 1.8 | 2.4 | 75% |
| EV/EBITDA | 11.7 | 11.0 | 106% |
| Growth | | | |
| Historic EPS growth | 12.7% | 10.7% | 119% |
| Forecast EPS growth | 5.7% | 3.9% | 146% |
| Forecast Sales growth | 5.1% | 2.6% | 196% |
| Quality | | | |
| Return on Equity | 30.0 | 17.2 | 174% |
| Net Income Margin | 15.3 | 12.0 | 128% |
| Net Debt / Equity | 42.1 | 53.3 | 79% |

Geographic Exposure



Market Commentary

Global equities had a decent rebound in July after a weaker month in June. More specifically, the MSCI World ex Australia Index appreciated by 4.0% in USD terms and 2.0% in AUD terms. The fund managed to perform a little better during the month – delivering a return of +2.6%. We would also note that our returns have materially outperformed those of the Australian equity market – further emphasizing the benefits of global equity exposure.

After a turbulent month in June, driven by the Brexit fallout, investors seemed to adopt a more optimistic stance to markets. Market reactions to the U.S. earnings season were quite positive, despite the relatively cautious commentary coming from most companies.

When we look at the underlying sector performance of the index during the month – we basically saw a decent reversal of the clear trends in June. The defensive sectors like Consumer Staples, Telecoms and Utilities all gave back ground after a strong month in June. The stronger performing sectors in July tended to be some of the more cyclical sectors like IT, Consumer Discretionary and Materials which were all up by more than 4% during the month. All geographies delivered positive returns during the month, with the MSCI Asia Pacific Index leading the way with a 4% rally.

When we look at our performance attribution during the month, we would make a couple of points:

- We added value through our relative sector positioning. Our *underweight* positions in Energy, Utilities, Telecoms, and our *overweight* positions in IT and Consumer Discretionary all helped.
- Our lack of exposure to Asian equities had a modestly negative impact on our relative returns.
- Our stronger performers during the month were: Alliance Data, SAP, Varian Medical, Qualcomm and Alphabet.
- Our laggards were: Stericycle, Kroger, SEI Investments, Check Point and Roche.

Portfolio Positioning and Outlook

The bulk of our portfolio activity during the month was centred on taking some profits in some of our holdings that had performed very well and reached our price targets. As a “Quality at a Reasonable Price” investor, we have always been diligent about taking profits in periods of market strength and we also increased our cash position by 1.5% during the month.

Our portfolio activity during the month consisted of both adding and trimming existing positions, as well as a handful of wholesale positional changes.

We sold our long held position in Proctor & Gamble for valuation reasons. We also sold our position in Express Scripts as we had lost a little confidence in the fundamental case and felt we could redeploy the capital in higher conviction ideas.

On the buy side, we opportunistically introduced three positions into the fund:

- Electronic Arts: EA is one of the largest global publishers of interactive games for all platforms. More recently, the company has streamlined their business and are now generating returns on capital in excess of 25%.
- Euronext: is a very profitable European exchange company trading on a very compelling valuation multiple.
- Icon Plc: is a leading Contract Research Organisation – servicing the biotech, pharmaceutical and medical device industries. Icon is a very profitable company with an increasingly scarce combination of a relatively attractive valuation and non-cyclical earnings.

As we look ahead, we feel that the portfolio is very well positioned. We feel that the very high magnitude of ‘quality’ metrics imbedded in the portfolio will hold us in good stead over the next 12 months. As a style, quality has lagged marginally over the last 6 months, however, we would expect this trend to reverse over the next year. Our immediate focus is to look for opportunities to build positions in great companies at attractive prices. Notwithstanding some of the excessive valuation pockets that we currently see in consumer staples for example, we are beginning to see more interesting ideas in the SMID cap space. Many of these opportunities will form the core focus of our research efforts in the coming months.

Terms

| | |
|-------------------------------------|---|
| Fund Inception date | 3 December 2007 |
| Product Structure | Wholesale Unlisted Managed Fund |
| 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 | 0.90% No performance fees, No entry or exit fees |
| 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 |

Key Features

| | |
|-------------------------------|--|
| Investment Highlights | <ul style="list-style-type: none">• Global equity portfolio• Fundamental bottom-up approach• ‘Quality’ focus - consistently high returning companies• Long-term horizon - typically 3-5 year holding periods• Benchmark agnostic• Diversified portfolio structure• Maximum cash position 5%• Unit Class inception 2015 (strategy inception 2003)• Highly experienced investment team |
| Portfolio Manager: | Ned Bell and Adrian Martuccio |
| Index: | MSCI World (ex Australia) Index |
| Asset allocation: | Long only global equities, No gearing, No derivatives |
| Investment objectives: | Outperform the index over rolling three year periods. |
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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.