

Bell Global Equities Fund

Fund Update: April 2015



Net Performance for the period ending 30 April

	Fund	Index*	Excess
1 month	-1.9%	-0.9%	-1.0%
3 months	4.4%	5.3%	-0.9%
6 months	16.7%	17.4%	-0.7%
1 Year	26.7%	26.7%	0.0%
3 Years (p.a)	23.3%	24.8%	-1.5%
5 Years (p.a)	14.8%	14.4%	+0.4%
Inception (p.a.)^	4.5%	5.2%	-0.8%

*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.

Global Equities (Net) Strategy Inception (p.a)^	7.1%	5.9%	+1.2%
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^^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.

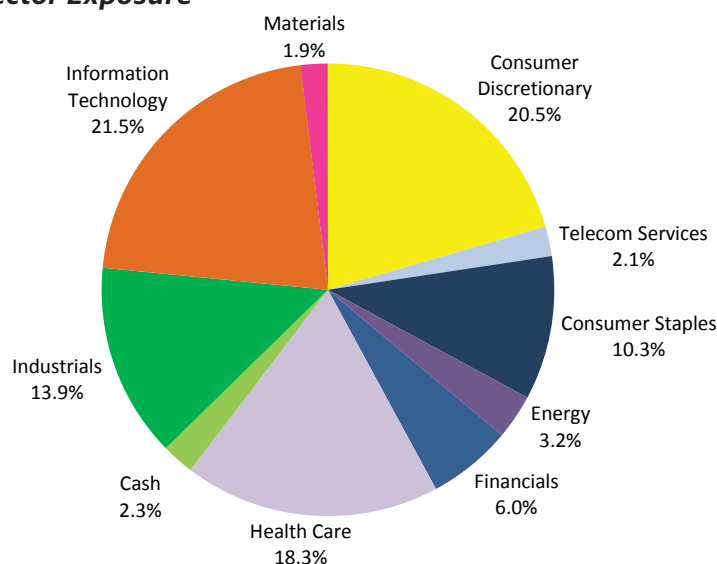
Best & Worst Performers

Top 5 > relative contribution	Bottom 5 > relative contribution
Core Laboratories	Hershey Co
Perrigo Co Plc	Cognizant Tech Solutions
FMC Technologies Inc	Biogen Inc
Hasbro Inc	Copart Inc
Schlumberger Ltd	TJX Companies Inc

Trade Activity

Buys	Weight	Sells	Weight
Becton Dickinson and Co	0.9%	Fossil Group Inc	0.5%
		Halliburton Co	0.6%
		Petrofac Ltd	0.6%

Sector Exposure



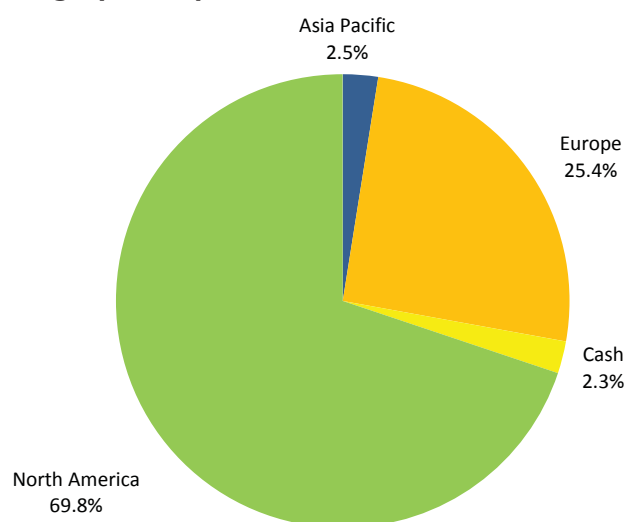
Top 10 Holdings

Company	Sector	Country
Apple Inc	Information Technology	
Google Inc	Information Technology	
Oracle Inc	Information Technology	
Ebay Inc	Information Technology	
SAP SE	Information Technology	
Johnson & Johnson	Health Care	
IBM	Information Technology	
Priceline Group Inc	Consumer Discretionary	
Express Scripts Holding Co	Health Care	
United Technologies Corp	Industrials	

Investment Metrics

	Fund	Index*	Relative
Value			
P/E	19.1	20.9	92%
PEG Ratio	1.8	2.1	86%
EV/EBITDA	12.0	12.0	100%
Growth			
Historic EPS growth	11.7%	9.0%	130%
Forecast EPS growth	10.4%	9.8%	107%
Forecast Sales growth	9.5%	6.1%	156%
Quality			
Return on Equity	32.4%	18.8%	172%
Net Margin	16.2%	13.6%	119%
Net Debt / Equity	36.0%	53.4%	67%

Geographic Exposure



Market Commentary

Performance

- The fund had a weaker month in April, declining by 1.9% and lagging the MSCI World (ex-Australia) Index return of -0.9%.
- While the underlying equities actually appreciated in value, the benefit was more than offset by the stronger Australian dollar.
- The performance has still been strong over longer periods, +16.7% over 6 months and +26.7% over 1 year.

What Helped

- Our European stocks were our better performers during the month.
- At a stock specific level - Core Labs, Perrigo, FMC Technologies, Hasbro & Schlumberger performed well.

What Hurt

- Quality stocks lagged Junk stocks by 2.55%, which worked against us.
- Our relative sector positioning also worked against us as the more cyclical sectors rallied.
- At a stock specific level, our laggards were – Hershey, Cognizant, Biogen, Copart & TJX.

Research Highlights

None of the team were travelling during April and our focus has been centred on the U.S. earnings season, which for the most part has been very encouraging for our stocks. Despite the softer economic conditions in the U.S. in Q1 and the FX headwinds effecting many U.S. corporates, overall earnings results were encouraging.

When we look at overall market activity during the month we would make a couple of observations:

- The QE driven rally in European equities appears to have run out of puff after a considerable rally.
- We feel European equities had gotten ahead of themselves, but we are prepared to selectively build our European exposure on pullbacks.
- The value differential between U.S. & European equities reached a five year high. More specifically, when compared to the MSCI World Index, U.S. equities are the cheapest they have been in five years while European equities are the most expensive they have been in 5 years. We feel from a top down perspective, this represents a meaningful disconnect between Quality & Value and a terrific opportunity for patient investors.
- The rally in Chinese equities during April was quite phenomenal, as the Shanghai Composite rallied 18.55%. We did not participate in the rally as we maintain a cautious stance to the Chinese market & economy overall. Having returned from a research trip to China in January we feel the overall earnings quality of the banking sector – which represents more than 50% of the index – is questionable and predicated on unrealistically low asset quality (NPL ratio) assumptions.

Portfolio Changes

Purchases: Becton Dickson and Co *Sales:* Fossil Group, Halliburton, Petrofac Ltd

Positioning & Outlook

Looking ahead we feel the portfolio is extremely well positioned. We maintain a very high quality bias in the portfolio – High Return on Capital & Low Leverage – which we feel will be rewarded over the next 12 months. 'Quality' as an investment characteristic has not been rewarded in recent times, and as such has become cheaper against the market as a whole.

Geography - We remain *overweight* in the U.S. equities, *Underweight* in Japanese equities and have no exposure to Emerging Markets as a whole.

Sector - *Overweight* - Consumer Discretionary, IT, Health Care & Industrials. *Underweight* - Financials, Energy & Utilities.

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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
Minimum Investment (wholesale class)	Minimum investment - \$50k. Minimum transaction - \$10k.
Fees	1.46% (inclusive of distribution fee) No performance fees, No entry or exit fees
Distribution fee	0.50% p.a.
Buy / Sell spread	+/-0.20%
Reporting	Transaction confirmations upon transacting Half yearly transaction and valuation statement Annual periodic statement, tax statement and distribution statement, Annual Financial Report
Income	Annual distribution of taxable income

Key Features

Investment Highlights

- 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%
- Fund inception 2007 (strategy inception 2003)
- Highly experienced investment team

Portfolio Managers: 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

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.