

# Bell Global Equities Fund

Fund Update: April 2016

**Bell**  
ASSET MANAGEMENT

## Net Performance

for the period ending 30 April

	Fund	Index*	Excess
1 month	1.1%	2.4%	-1.3%
3 months	-2.4%	-0.4%	-2.0%
6 months	-7.9%	-7.7%	-0.2%
1 Year	1.5%	-0.8%	+2.3%
3 Years (p.a)	19.0%	18.3%	+0.7%
5 Years (p.a)	15.1%	14.2%	+0.9%
Inception (p.a.)^	4.1%	4.5%	-0.4%

\*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.

<b>Global Equities (Net) Strategy Inception - Total Return ^^</b>	136.7%	101.3%	35.4%
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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
St Jude Medical Inc	Stericycle Inc
SEI Investments Company	Perrigo Co Plc
Assa Abloy AB	Apple Inc
Twenty-First Century Fox	Alphabet Inc
S&P Global Inc	Cognizant Tech Solutions

## Trade Activity

Buys	Weight	Sells	Weight
Deutsche Boerse AG	0.1%	Hennes & Mauritz AB	0.8%

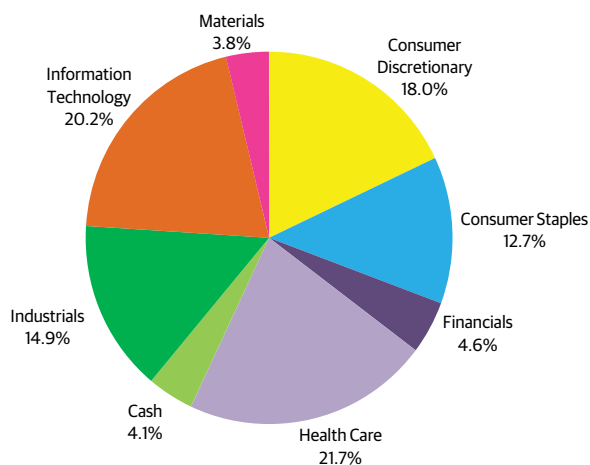
## Top 10 Holdings

Company	Sector	Country
Alphabet Inc	Information Technology	
Apple Inc	Information Technology	
Johnson & Johnson	Health Care	
Roche Holding AG	Health Care	
Bayer AG	Health Care	
Mastercard Inc	Information Technology	
Visa Inc	Information Technology	
Publicis Groupe	Consumer Discretionary	
Oracle Corp	Information Technology	
Nike Inc	Consumer Discretionary	

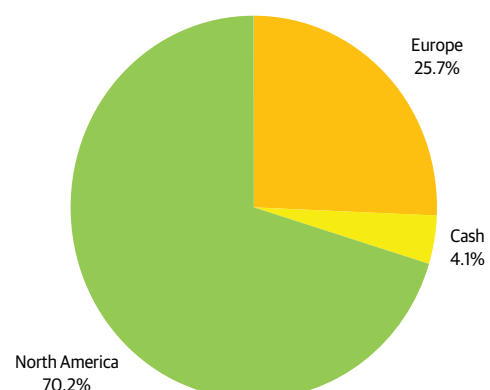
## Investment Metrics

	Fund	Index*	Relative
<b>Value</b>			
P/E	18.6	21.0	89%
PEG Ratio	1.7	2.3	74%
EV/EBITDA	11.2	10.2	110%
<b>Growth</b>			
Historic EPS growth	14.1%	11.0%	128%
Forecast EPS growth	10.7%	14.4%	74%
Forecast Sales growth	6.2%	6.4%	97%
<b>Quality</b>			
Return on Equity	28.3	17.2	165%
Net Income Margin	13.9	11.0	126%
Net Debt / Equity	41.2	51.5	80%

## Sector Exposure



## Geographic Exposure



## Market Commentary

### Performance

Global equities had another strong month in local currency terms in April, which was flattered further by the weakness in the Australian dollar. The net result was that the MSCI World Index appreciated by 2.4% during April. The fund delivered a more modest return of 1.1% during the month, underperforming by 1.3%.

### What contributed to performance

Markets as a whole were quite strong across the board, as all geographies posted strong returns, led by the Japanese, European and Canadian equity markets. At a sector level, the more cyclical stocks led markets higher as the more defensive sectors lagged the broader indices:

Consumer Discretionary	+0.89%
Consumer Staples	+0.73%
Energy	+9.48%
Financials	+4.48%
Health Care	+4.24%
Industrials	+2.76%
Information Technology	-3.34%
Materials	+9.22%
Telecommunications	+0.95%
Utilities	+0.52%

Clearly these trends represented a similar trend to what we saw in March, whereby investors adopted a far more optimistic approach to cyclical stocks.

When we take a closer look at our performance during the months, we would make a couple of key points.

Firstly, it was another difficult month for 'Quality' stocks. While its not a perfect proxy, the MSCI World Quality Index underperformed the MSCI World Index by 2.60% during the month. As a manager with a very strong quality bias in our portfolio, we unfortunately also underperformed.

Secondly, we can attribute much of our underperformance to our relative sector weightings working against us, ie. Underweight Energy, Financials & Materials and Overweight Information Technology.

Thirdly, at a stock specific level our better performers were: SEI Investments, Assa Abloy, Amadeus IT, Novozymes & Becton Dickinson.

Our poorer performers were Kroger, Alliance Data Systems, Cognizant Tech Systems, Costco & Microsoft.

### Portfolio Changes

**Sales:** Hennes & Mauritz AB (Sweden/Consumer discretionary)

**Buys:** Deutsche Boerse AG (Germany/Financials)

### Positioning & Outlook

Our portfolio activity was very limited this month. We initiated a position in Deutsche Boerse & sold our remaining position in Hennes & Mauritz. We have owned Deutsche Boerse before and feel the stock currently represents good value and has a series of catalysts that we expect will play out in the coming 12-18 months. Our decision to exit H&M has been mainly driven by the deteriorating macro environment and the subsequent impact on the company's earnings. We also decided to add to positions in Alliance Data, Dollar Tree, Foot Locker, ITV & Nike. We also trimmed Becton Dickinson, Johnson & Johnson, Publicis Groupe, SEI Investments, Toro & Zoetis.

Looking ahead, we feel the portfolio is well positioned for the current environment. While the more cyclical stocks have rallied strongly in recent months, we do not expect their outperformance to continue. We would expect that 'quality' names will outperform in coming months, as investors' expectations are tempered. At a macro level, we feel that we remain in a fairly subdued global economic environment and the value of careful stock selection remains paramount.

## Terms

<b>Fund Inception date</b>	3 December 2007
<b>Product Structure</b>	Wholesale Unlisted Managed Fund
<b>Investment Manager</b>	Bell Asset Management
<b>Responsible Entity</b>	Bell Asset Management
<b>Custodian</b>	National Australia Bank
<b>Unit Pricing &amp; Liquidity</b>	Daily Published on <a href="http://www.bellasset.com.au">www.bellasset.com.au</a> & market data services Applications using application form attached to the PDS Redemptions typically paid out within 10 days
<b>Minimum Investment (wholesale class)</b>	Minimum investment - \$50k. Minimum transaction - \$10k.
<b>Fees</b>	1.46% (inclusive of distribution fee) No performance fees, No entry or exit fees
<b>Distribution fee</b>	0.50% p.a.
<b>Buy / Sell spread</b>	+/-0.20%
<b>Reporting</b>	Transaction confirmations upon transacting, half yearly transaction and valuation statement, annual periodic statement, tax statement, distribution statement & Annual Financial Report
<b>Income</b>	Annual distribution of taxable income

## Key Features

<b>Investment Highlights</b>	<ul style="list-style-type: none"><li>Global equity portfolio</li><li>Fundamental bottom-up approach</li><li>'Quality' focus - consistently high returning companies</li><li>Long-term horizon - typically 3-5 year holding periods</li><li>Benchmark agnostic</li><li>Diversified portfolio structure</li><li>Maximum cash position 5%</li><li>Fund inception 2007 (strategy inception 2003)</li><li>Highly experienced investment team</li></ul>
<b>Portfolio Manager:</b>	Ned Bell and Adrian Martuccio
<b>Index:</b>	MSCI World (ex Australia) Index
<b>Asset allocation:</b>	Long only global equities, No gearing, No derivatives
<b>Investment objectives:</b>	Outperform the index* over rolling three year periods *Index is MSCI ex Australia
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