

Bell Global Equities Fund

Fund Update: December 2015

Bell
ASSET MANAGEMENT

Net Performance

for the period ending 31 December

	Fund	Index*	Excess
1 month	-1.4%	-2.3%	+0.9%
3 months	1.7%	1.7%	+0.0%
6 months	5.7%	2.1%	+3.6%
1 Year	14.3%	11.8%	+2.5%
3 Years (p.a)	25.0%	24.0%	+1.0%
5 Years (p.a)	17.0%	15.5%	+1.5%
Inception (p.a.)^	4.9%	5.1%	-0.2%

*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 - Total Return ^^	149.0%	108.8%	40.2%
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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.

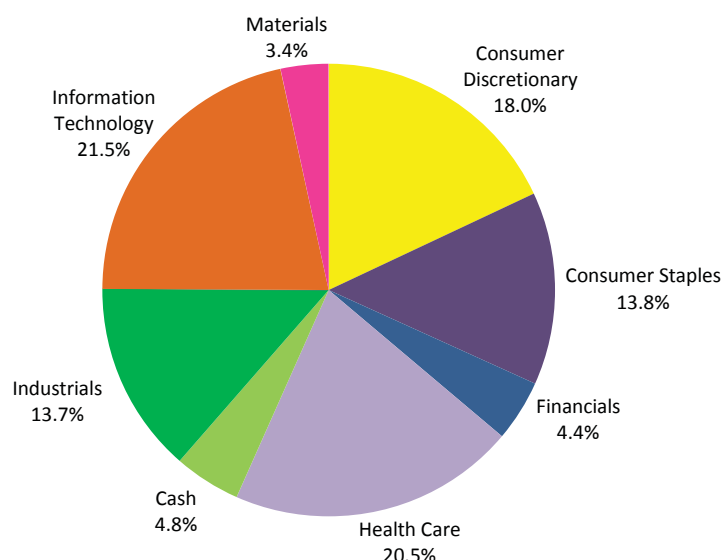
Best & Worst Performers

Top 5 > relative contribution	Bottom 5> relative contribution
Kroger Co	Polaris Industries Inc
Amadeus IT Holdings SA	Next Plc
Publicis Groupe	Cummins Inc
AmerisourceBergen Corp	Apple Inc
Baxalta Inc	Advance Auto Parts Inc

Trade Activity

Buys	Weight	Sells	Weight
Parexel International Group	0.5%	Ralph Lauren Corp	0.1%
Synchrony Financial	0.5%	Rotork Plc	0.2%
Unilever	0.5%	SGS SA	0.6%

Sector Exposure



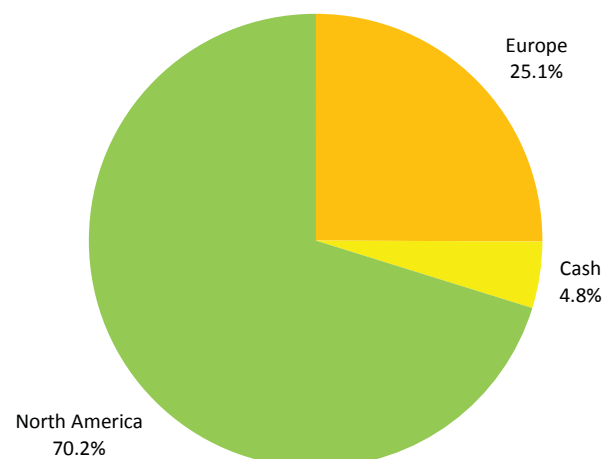
Top 10 Holdings

Company	Sector	Country
Alphabet Inc	Information Technology	
Apple Inc	Information Technology	
Johnson & Johnson	Health Care	
Roche Holding AG	Health Care	
Publicis Groupe	Consumer Discretionary	
Alliance Data Systems Corp	Information Technology	
Oracle Corp	Information Technology	
Visa Inc	Information Technology	
Priceline Group Inc	Consumer Discretionary	
Mastercard Inc	Information technology	

Investment Metrics

	Fund	Index*	Relative
Value			
P/E	18.0	21.7	83%
PEG Ratio	1.9	2.3	83%
EV/EBITDA	12.2	10.8	113%
Growth			
Historic EPS growth	17.2%	16.5%	104%
Forecast EPS growth	10.7%	8.9%	120%
Forecast Sales growth	6.8%	5.7%	119%
Quality			
Return on Equity	34.0	19.2	177%
Net Margin	14.0	13.2	106%
Net Debt / Equity	49.0	55.6	88%

Geographic Exposure



Market Commentary

Performance

- Global equity markets had another difficult month in December, as the MSCI World (ex-Australia) Index declined by 2.3%.
- Markets were led lower by commodity stocks as the Energy & Materials sectors declined by 10.2% & 4.8% respectively.
- As the year has drawn to a close, it would seem that investors are factoring in another leg down in global GDP growth which can be primarily attributed to weaker emerging market economies.
- For the month the fund declined by 1.4%, outperforming by 0.9%.
- Over longer time periods, the portfolio has still managed to deliver strong absolute returns after fees: 1 year +14.3%, 3 years +25.0% p.a., and 5 years 17.0% p.a.

What Helped

- At a sector level, our lack of Energy exposure and overweight in Health Care both helped our relative performance.
- Our better performing stocks during the month were: Kroger, Amadeus IT, Publicis Groupe, AmerisourceBergen & Baxalta

What Hurt

- In a relative sense, our lack of exposure to some traditionally defensive sectors like Utilities & Telecoms worked against us.
- Our laggards were: Polaris, Next, Cummins, Apple & Advanced Auto Parts

Research Highlights

Three members of the investment team embarked on an extensive research trip in November which resulted in us meeting with over 100 companies in 11 cities in the U.S. The emphasis of the trip was to meet with a range of companies in the IT, Consumer Discretionary, Consumer Staples & Industrials sectors. The net result was that we reaffirmed our views on 27 current holdings and will be conducting more extensive research on another 12 stocks which could easily find their way into the portfolio under the right valuation scenario.

At a macro level, we were somewhat taken aback at the degree of economic bearishness coming out of many of the corporates we met with. It seems that the combination of the strong USD, weak emerging economies and lower oil prices have collectively conspired to paint a reasonably bleak short term outlook. Having said all of this, from our perspective when corporate earnings estimates are driven lower – as they have been in recent months – we often find that we are presented with excellent entry opportunities into high quality stocks.

Portfolio Changes

Purchases: Parxel International Group (US / Health Care), Synchrony Financial (US / Financials), Unilever (Netherlands / Consumer Staples)

Sales: Ralph Lauren Corp (US / Consumer Discretionary), Rotork Plc (UK/Industrials), SGS SA (Switzerland / Industrials)

Positioning & Outlook

As we look into 2016, we feel the portfolio is extremely well positioned for what we expect will be a volatile & opportunistic 3-6 months.

We adopted a slightly more conservative portfolio approach over the last quarter by:

- a) taking profits in many of our better performers,
- b) reducing our exposure to some of the more cyclical sectors like Industrials & Consumer Discretionary, and
- c) building our cash reserves so that we can take advantage of any market pull backs. The 'quality' characteristics of the portfolio are excellent, and we strongly believe that a diversified portfolio of companies with high returns on capital, moderate leverage and solid growth will hold us in good stead.

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, 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%• Fund inception 2007 (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 *Index is MSCI ex Australia
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