

# Bell Global Equities Fund

Fund Update: February 2015



## Net Performance

for the period ending 28 February

	Fund	Index*	Excess
<b>1 month</b>	4.9%	5.3%	-0.4%
<b>3 months</b>	11.2%	11.5%	-0.3%
<b>6 months</b>	24.2%	22.5%	+1.7%
<b>1 Year</b>	23.2%	23.5%	-0.3%
<b>3 Years (p.a)</b>	25.6%	26.4%	-0.8%
<b>5 Years (p.a)</b>	15.0%	14.9%	+0.1%
<b>Inception (p.a.)^</b>	4.6%	5.3%	-0.7%

\*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 (p.a)^</b>	7.3%	6.0%	+1.3%
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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.

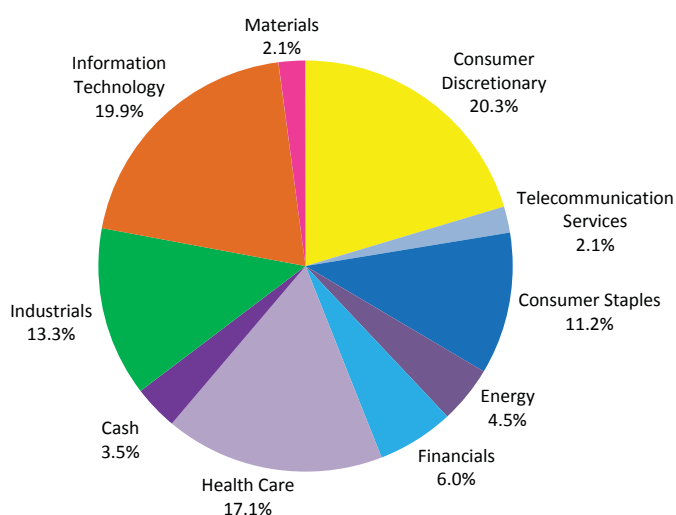
## Best & Worst Performers

Top 5 > relative contribution	Bottom 5 > relative contribution
Rightmove Plc	Ralph Lauren Corp
Priceline Group Inc	Fossil Group Inc
Petrofac Ltd	Alliance Data Systems Corp
Cognizant Tech Solutions	Alimentation Couche - Tard
Intl Flavors & Fragrances	Hermes Intl

## Trade Activity

Buys	Weight	Sells	Weight
Gartner Inc	0.4%	Hengan Intl Group Co	0.7%
McKesson Corp	0.8%	Invensense Inc	0.4%
Rockwell Automation Inc	0.5%	Kone OYJ	0.6%
Rotork Plc	0.7%	Mattel Inc	0.5%
Toro Co	0.5%		

## Sector Exposure



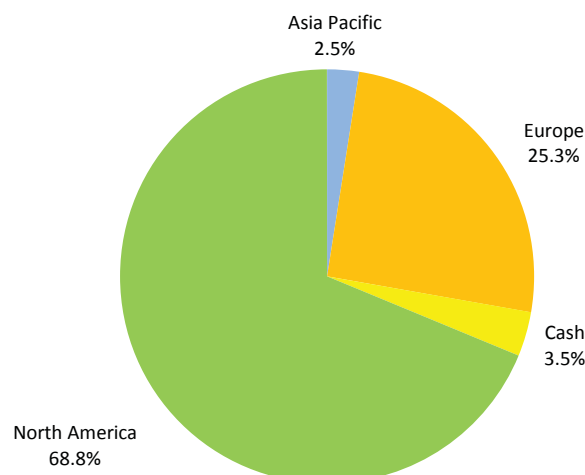
## Top 10 Holdings

Company	Sector	Country
Apple Inc	Information Technology	USA
Google Inc	Information Technology	USA
Oracle Inc	Information Technology	USA
Ebay Inc	Information Technology	USA
Johnson & Johnson	Health Care	USA
SAP SE	Information Technology	Germany
IBM	Information Technology	USA
Omnicom Group	Consumer Discretionary	USA
Priceline Group Inc	Consumer Discretionary	USA
Express Scripts Holding Co	Health Care	USA

## Investment Metrics

	Fund	Index*	Relative
<b>Value</b>			
P/E	19.2	20.8	92%
PEG Ratio	1.7	1.9	90%
EV/EBITDA	11.8	11.8	100%
<b>Growth</b>			
Historic EPS growth	13.8%	12.2%	113%
Forecast EPS growth	12.2%	8.3%	145%
Forecast Sales growth	9.6%	6.5%	147%
<b>Quality</b>			
Return on Equity	31.4%	18.5%	169%
Net Margin	15.4%	13.3%	116%
Net Debt / Equity	35.5%	52.4%	69%

## Geographic Exposure



# Market Commentary

## Performance

- The fund had another strong month in February, appreciating by 4.9% which was a touch below the overall index return of 5.3%
- The Australian dollar was relatively flat during the month and the bulk of the gains were driven by underlying stock performance
- While all geographies posted strong returns during the month, it was European equities which were the strongest

## What Helped

- At a stock level, our better performers were Rightmove, Priceline, Petrofac, Cognizant & Core Labs
- Our lack of exposure to Energy & Utility stocks
- Our U.S. portfolio made the biggest contribution to our absolute return

## What Hurt

- Our lack of exposure to Euro markets & Japan both worked against us in a relative sense
- At a stock level, our biggest laggards were primarily in the Consumer space: Ralph Lauren, Fossil Group, Alliance Data Systems, Hermes Intl, Alimentation Couche-Tard

## Research Takaways

- We currently feel that U.S. equities represent good value relative to both Japanese & European equities which have run hard in recent times
- While the strong USD will remain a headwind for most US multi-nationals, we feel this is currently factored into valuations and will be partially offset by an improving U.S. economy throughout the year
- The “Q.E. euphoria” which has driven European equities to nose-bleed levels appears unsustainable to us and as such we are taking profits

## Portfolio Changes

Purchases: Gartner, McKesson, Rotork, Rockwell Automation & Toro  
Sales: Hengan Intl, Invensense, Kone & Mattel

## Positioning & Outlook

- We have been selling out of several positions which have hit their price targets and simultaneously reinvested in several quality names with superior upside
- While our overweight to the U.S. has proven to be a little unfashionable of late, we are sticking to our guns as we continue to find the best ‘quality at a reasonable price’ opportunities in the U.S.
- We are watching Europe closely and will most likely add on any meaningful pullbacks
- We remain blissfully under exposed to emerging markets: deteriorating economic conditions and poor quality companies in general
- Looking ahead, we feel that our very strong ‘quality’ bias will be rewarded in a relative sense much more than it has been over the last few years

## Overweights

U.S. & UK Equities

Consumer Discretionary

Information Technology

Health Care

## Underweights

Japanese & EU Equities

Financials

Utilities

Energy

Materials

## Contact Details

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## 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 www.bellasset.com.au & 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 and distribution statement Annual Financial Report
<b>Income</b>	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 objective:

Outperform the index over rolling three year periods

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