

Bell Global Equities Fund

Fund Update: January 2015



Net Performance

for the period ending 31 January

	Fund	Index*	Excess
1 month	2.5%	3.1%	-0.6%
3 months	11.8%	11.5%	+0.3%
6 months	21.5%	18.3%	+3.2%
1 Year	20.7%	20.1%	+0.6%
3 Years (p.a)	25.1%	25.6%	-0.5%
5 Years (p.a)	14.1%	13.9%	+0.2%
Inception (p.a.)^	4.0%	4.7%	-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.

Global Equities (Net) Strategy Inception (p.a)^	6.9%	5.6%	+1.3%
---	------	------	-------

^^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
Hengan International Group	Core Laboratories
Biogen IDEC Inc	Qualcomm Inc
Park24 Co Ltd	Twenty-First Centry Fox
Varian Medical Systems Inc	American Express Co
Anheuser-Busch Inbev	Bank of Nova Scotia

Trade Activity

Buys	Weight	Sells	Weight
Microsoft Corp	0.5%	Cie Financiere Richemon	0.6%
		Dominos Pizza Co	0.7%
		Fast Retailing Co	0.5%
		US Silica Holdings Inc	0.2%

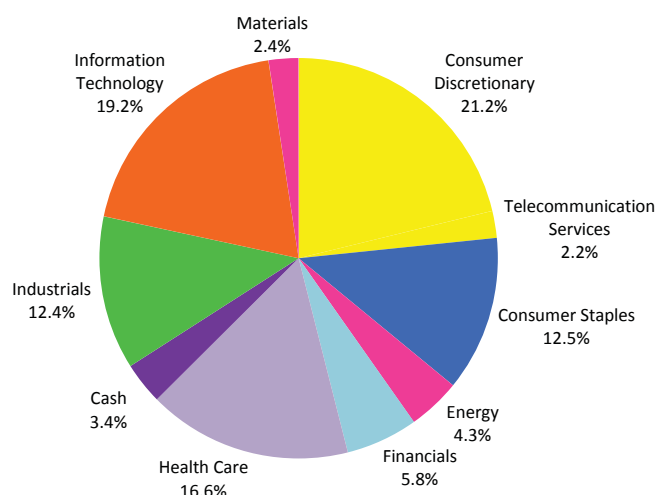
Top 10 Holdings

Company	Sector	Country
Apple Inc	Information Technology	
Oracle Corp	Information Technology	
Google Inc	Information Technology	
Ebay Inc	Information Technology	
SAP SE	Information Technology	
IBM	Information Technology	
Johnson & Johnson	Health Care	
Home Depot Inc	Consumer Discretionary	
Cognizant Tech Solutions	Information Technology	
Costco Wholesale Corp	Consumer Staples	

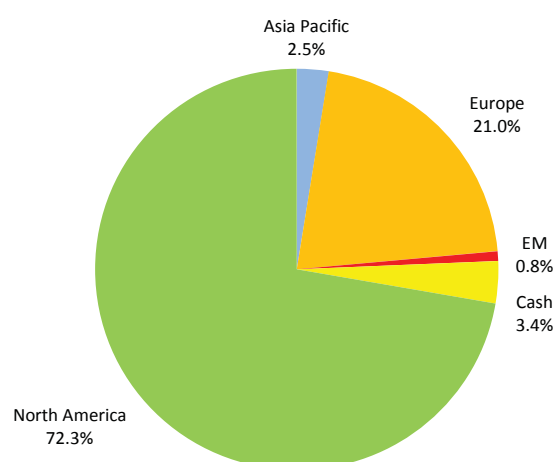
Investment Metrics

	Fund	Index*	Relative
Value			
P/E	17.3	18.0	96%
PEG Ratio	1.9	2.3	83%
EV/EBITDA	11.6	11.3	103%
Growth			
Historic EPS growth	16.6	14.5	115%
Forecast EPS growth	10.5	11.1	95%
Forecast Sales growth	6.8	5.9	115%
Quality			
Return on Equity	27.3	18.4	148%
ROC/WACC	1.8	1.2	150%
Net Debt / Equity	36.3	53.7	68%

Sector Exposure



Geographic Exposure



Market Commentary

Performance

- The fund had a strong month in January, rising by 2.5% - although it lagged the broader market return of +3.1%
- The bulk of the fund's return was driven by the weakening Australian dollar, while global equities fell slightly in local currency terms
- Over the last six months, the fund has appreciated by 21.5% vs the index return of 18.3%

What helped

- European equities posted a very strong month in January, driven by quantitative easing
- At a sector level, Health Care (O/W) & Consumer Staples (O/W) were the biggest drivers of returns
- Stocks: Park24, Hengan Intl, Biogen Idec, Varian Medical & AB InBev

What Hurt

- U.S. equities lagged in January, which worked against us in an absolute and relative sense
- Our stocks in the Energy & Financials sectors were generally quite weak, although we have considerably less exposure to those sectors than the index
- Stocks: Core Labs, Qualcomm, Twenty-First Century Fox, American Express, Bank of Nova Scotia

Research Takaways

After a research trip to China, we have come away with a pretty negative view on Chinese investment opportunities:

- Economic growth is clearly decelerating
- Corporate quality remains relatively poor in our view
- Many corporates have a dangerous combination of excess capacity and excess financial leverage
- The medium term outlook for the Chinese consumer appears pretty disappointing
- Excess property supply in tier 2 & 3 cities is clearly concerning and poses a serious risk for the banking sector

Portfolio changes

Purchases: Microsoft

Sales: Richemont, Dominos Pizza, Fast Retailing & US Silica

Positioning & Outlook

- We have been taking profits / selling a range of positions which have performed well recently
- We are happily unexposed to emerging markets which we feel will get worse before they get better
- Our overweight exposure to the U.S. market and improving fundamentals still have a way to play out
- The U.S. earnings season has so far been pretty positive; however the stronger USD and deteriorating 'ex-US' economic outlook has weighed a little on expectations

Overweights

US Equities

Consumer Discretionary

Information Technology

Health Care

Quality stocks

Underweights

Japanese Equities

EU Equities

Financials

Utilities

Energy

Junk stocks

Contact Details

Website www.bellasset.com.au

Email bellglobal@bellasset.com.au

Telephone 03 8637 6000

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 objective:

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.