

Bell Global Equities Fund

Fund Update: June 2015

Bell
ASSET MANAGEMENT

Net Performance

for the period ending 30 June

	Fund	Index*	Excess
1 month	-2.6%	-2.7%	+0.1%
3 months	-0.9%	-0.1%	-0.8%
6 months	8.1%	9.4%	-1.4%
1 Year	27.3%	25.1%	+2.2%
3 Years (p.a)	25.1%	26.1%	-1.0%
5 Years (p.a)	15.8%	15.4%	+0.4%
Inception (p.a.)^	4.5%	5.2%	-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)^	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.

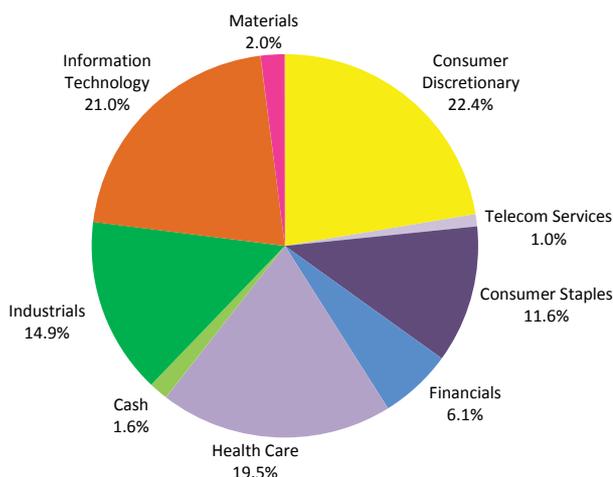
Best & Worst Performers

Top 5 > relative contribution	Bottom 5 > relative contribution
Alimentation Couche - Tard	Amadeus IT Holdings SA
Nike Inc	Oracle Corp
Foot Locker Inc	SkyCity Entertainment Group
Howden Joinery Group	Qualcomm Inc
Baxter International Inc	Coloplast

Trade Activity

Buys	Weight	Sells	Weight
Hennes & Mauritz	0.7%	Core Laboratories	0.6%
Mead Johnson Nutrition Co	0.8%	Diageo Plc	0.5%
Pepsico Inc	0.7%	FMC Technologies	0.5%
		Michael Kors Holdings Ltd	0.4%
		Park24 Co Ltd	0.4%
		Schlumberger Ltd	0.8%
		Solarwinds Inc	0.3%

Sector Exposure



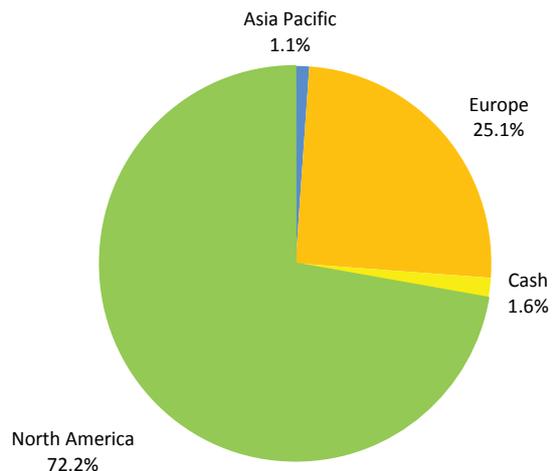
Top 10 Holdings

Company	Sector	Country
Apple Inc	Information Technology	USA
Johnson & Johnson	Health Care	USA
Google Inc	Information Technology	USA
Oracle Inc	Information Technology	USA
SAP SE	Information Technology	Germany
IBM	Information Technology	USA
Ebay Inc	Information Technology	USA
Nike Inc	Consumer Discretionary	USA
American Express Co	Financials	USA
Honeywell International Inc	Industrials	USA

Investment Metrics

	Fund	Index*	Relative
Value			
P/E	18.5	19.7	94%
PEG Ratio	1.8	2.0	86%
EV/EBITDA	11.7	11.7	100%
Growth			
Historic EPS growth	11.6%	7.6%	152%
Forecast EPS growth	13.7%	11.0%	125%
Forecast Sales growth	9.4%	6.2%	151%
Quality			
Return on Equity	30.5%	20.6%	148%
Net Margin	17.0%	13.6%	125%
Net Debt / Equity	26.2%	53.6%	49%

Geographic Exposure



Market Commentary

Performance

- The fund gave back some recent gains in June, falling by 2.6% which was marginally better than the MSCI World (ex-Australia) Index return of -2.7%.
- Equities were weaker across all sectors and geographies.
- The returns of the fund remain strong over longer time periods: +27.3% over 1 year, +25.1% p.a. over three years and + 15.8% p.a. over five years.

What Helped

- At an overall level our stock selection was a little better than the broader index.
- At a sector level, our overweight position in Consumer Discretionary and lack of exposure to Energy & Utilities collectively worked in our favour.
- Our better performers were: Alimentation Couche - Tard, Nike, Foot Locker, Howden Joinery & Baxter International.

What Hurt

- At a sector level our underweight position in Financials and overweight in Industrials both marginally worked against us.
- Our stock specific laggards were: Amadeus IT, Oracle, SkyCity, Qualcomm & IFF.

Research Highlights

In the absence of any research trips this month, much of our attention has been focused on the unravelling Chinese equity market which clearly gained momentum in the second half of the month. While the fund has no direct exposure to any Chinese or HK listed stocks, the size of the market and magnitude of the fall clearly compels us to take notice.

For some time we have taken the view that the rally in the A-share market was totally unsustainable and represented a clear disconnect between value and fundamental reality. Much of the buying in the last 12 months can be attributed to unsophisticated retail investors using margin loans and other forms of lending to build equity exposure with the encouragement of the government. As the market has pushed higher in recent months, more and more companies have listed their shares and corporate insiders have steadily sold personal positions.

While the market has pulled back recently, we are not currently of the view that an abundance of value opportunities are presenting themselves. We remain wary of the deteriorating macro conditions in China and feel the banks will eventually need to adopt a more realistic view of their asset quality. The result of higher NPL ratios will be further depression of corporate earnings in China – a potential outcome we feel the market is yet to really price in.

Portfolio Changes

Purchases: Hennes & Mauritz (Sweden / Consumer Discretionary), Mead Johnson Nutrition Co (U.S. / Consumer Staples), Pepsico Inc (U.S. / Consumer Staples)

Sales: Core Laboratories (U.S. / Energy), Diageo Plc (U.K. / Consumer Staples), FMC Technologies (U.S. / Energy), Michael Kors Holdings Ltd (U.S. / Consumer Staples), Park24 Co Ltd (Japan / Industrials), Schlumberger Ltd (U.S. / Energy), Solarwinds Inc (U.S. / Industrials)

Positioning & Outlook

We feel the portfolio is currently well positioned and the recent changes we made reflected a combination of our desire to further reduce our energy exposure as well as an opportunity to selectively introduce a couple of new positions at the expense of a handful of others.

Our sector and geographical weights remain more or less unchanged and from a top down perspective we still find the best value for money in high quality U.S. stocks. We feel the second half of the year will be a stronger period for the U.S. economy and feel there is potential for a reacceleration in earnings momentum.

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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

*Index is MSCI ex Australia

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.