

Bell Global Equities Fund

Fund Update: May 2015

Bell
ASSET MANAGEMENT

Net Performance for the period ending 31 May

	Fund	Index*	Excess
1 month	3.7%	3.5%	+0.2%
3 months	3.2%	3.5%	-0.3%
6 months	14.7%	15.4%	-0.7%
1 Year	30.1%	29.1%	+1.0%
3 Years (p.a)	25.3%	27.0%	-1.7%
5 Years (p.a)	15.7%	15.1%	+0.6%
Inception (p.a.)^	4.9%	5.6%	-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)^	7.4%	6.2%	+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.

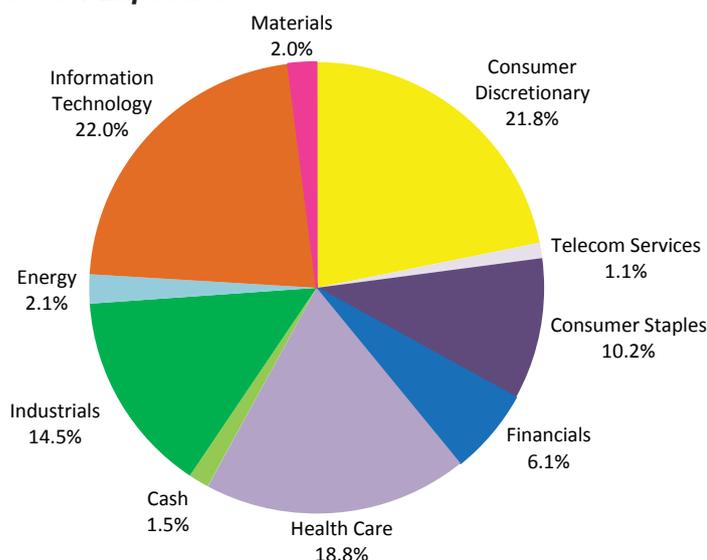
Best & Worst Performers

Top 5 > relative contribution	Bottom 5> relative contribution
Cognizant Tech Solutions	Michael Kors Holdings Ltd
Ebay Inc	Core Laboratories N.V
Howden Joinery Group Plc	Park24 Co Ltd
ITV Plc	Priceline Group Inc
Rightmove Plc	Publicis Groupe

Trade Activity

Buys	Weight	Sells	Weight
Cummins Inc	0.8%	Coca-Cola Enterprises	0.5%
Lowe's Cos Inc	0.9%	CSX Corp	0.7%
		Exxon Mobil Corp	0.7%
		Rogers Communications	0.9%

Sector Exposure



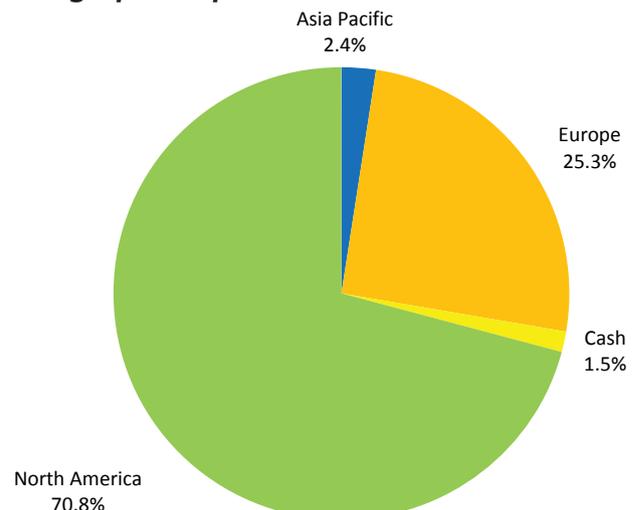
Top 10 Holdings

Company	Sector	Country
Apple Inc	Information Technology	
Google Inc	Information Technology	
Oracle Inc	Information Technology	
Ebay Inc	Information Technology	
SAP SE	Information Technology	
Johnson & Johnson	Health Care	
IBM	Information Technology	
United Technologies Corp	Industrials	
Express Scripts Holding Co	Health Care	
American Express Co	Financials	

Investment Metrics

	Fund	Index*	Relative
Value			
P/E	19.2	20.5	94%
PEG Ratio	1.8	2.1	88%
EV/EBITDA	12.1	12.0	101%
Growth			
Historic EPS growth	11.6%	7.9%	147%
Forecast EPS growth	13.6%	10.1%	136%
Forecast Sales growth	9.3%	5.9%	156%
Quality			
Return on Equity	32.1%	18.6%	172%
Net Margin	16.8%	13.5%	125%
Net Debt / Equity	27.7%	52.7%	53%

Geographic Exposure



Market Commentary

Performance

- The fund had a strong month in May, posting a return of +3.7% which was a touch better than the MSCI World (ex-Australia) Index return of 3.5%.
- We benefited from both a weaker Australian dollar and underlying strength at a stock level.
- The longer term returns of the fund remain solid: +30.1% over 1 year, +25.3% p.a. over three years and +15.7% p.a. over the last 5 years.

What Helped

- We generated strong returns in our U.S. & European holdings.
- We had positive returns across 8/10 major GICS sectors.
- Our relative returns were helped by the fact that 84% of our holdings outperformed during the month.
- Better performers: Cognizant, eBay, Howden Joinery, ITV, Estee Lauder.

What Hurt

- Our small exposure in Asian equities worked against us during May, collectively declining by 2.06%.
- The small exposure we do have to the Energy sector lagged during the month.
- Poorer performers: Michael Kors, Core Labs, Park24, Priceline & Publicis Groupe.

Research Highlights

Having recently returned from a research trip to the U.S. & UK, we have come away increasingly constructive on the second half of the year for both the US & UK markets. In the case of the U.S. market in general, we feel that while the economic conditions have been below expectations in the first half of the year, the underlying employment picture is improving and should be supportive of a stronger 2H2015 for U.S. equities.

More specifically, after attending the JP Morgan Global TMT Conference, we came away with increased confidence in several of our key positions – ADS, Visa, Mastercard & Apple to name a few. At the same time, we remain cautious as to the outlook for the major telecom companies and many of the traditional media names. One of the big shifts in the broader TMT industry is that of OTT or Over the Top Television, whereby users can access content across multiple devices. It seems that Apple is very well positioned for this shift, while the traditional telco's and media names are still trying to position themselves for what is to come.

As for the UK, we came away a little more optimistic about the medium term outlook for UK equities. The recent surprising election result seems to have been a positive for markets and consumer confidence. At a slightly more granular level, the underpinnings of the housing market remain strong and should continue to support equity markets over the medium term.

Portfolio Changes

Purchases: Cummins Inc (U.S. / Industrials), Lowe's Cos Inc (U.S. / Consumer Discretionary)

Sales: Coca-Cola Enterprises (U.S. / Consumer Staples), CSX (U.S. / Industrials), Exxon Mobil (U.S. / Energy), Rogers Communications (Canada / Telecoms)

Positioning & Outlook

As we look into the second half of the year, we feel the portfolio is very well positioned. The overall 'quality' metrics of the portfolio are considerably better than the broader market and has less valuation risk than some parts of the broader market.

The portfolio is heavily weighted towards *U.S. equities* at the moment, as we are finding much better value for money in the U.S. than other parts of the world. We remain underweight in *Japanese equities* and remain unconvinced as to the sustainability of the recent gains in their equity market. While there has been some long-awaited improvement in corporate governance in Japan, under the surface the domestic economy remains quite fragile and in need of broader structural change.

As far as *Europe* goes, with the exception of the UK, we are taking a cautious stance on broader economic recovery, as there are still several headwinds holding back growth.

We are steering clear of *Emerging Market equities* as we continue to struggle finding legitimate global leaders in the major EM economies. As far as the Chinese equity market goes, we remain unconvinced as to the sustainability of the recent rally which has been driven by retail investors.

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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

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.