

Bell Global Equities Fund

Fund Update: November 2015

Bell
ASSET MANAGEMENT

Net Performance

for the period ending 30 November

	Fund	Index*	Excess
1 month	-1.7%	-2.0%	+0.3%
3 months	1.5%	1.2%	+0.3%
6 months	4.4%	1.7%	+2.7%
1 Year	19.8%	17.4%	+2.4%
3 Years (p.a)	26.0%	25.8%	+0.2%
5 Years (p.a)	17.0%	16.1%	+0.9%
Inception (p.a.)^	5.2%	5.5%	-0.3%

*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 ^^	152.5%	113.6%	38.9%
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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
Coloplast	Advance Auto Parts Inc
Dollar Tree Inc	Priceline Group Inc
Howden Joinery Group	Williams-Sonoma Inc
Ralph Lauren	Qualcomm Inc
Anheuser -Busch InBev	Amadeus IT Holding SA

Trade Activity

Buys	Weight	Sells	Weight
Check Point Software Tech	0.6%	Macy's Inc	0.3%
Dollar Tree Inc	0.7%		

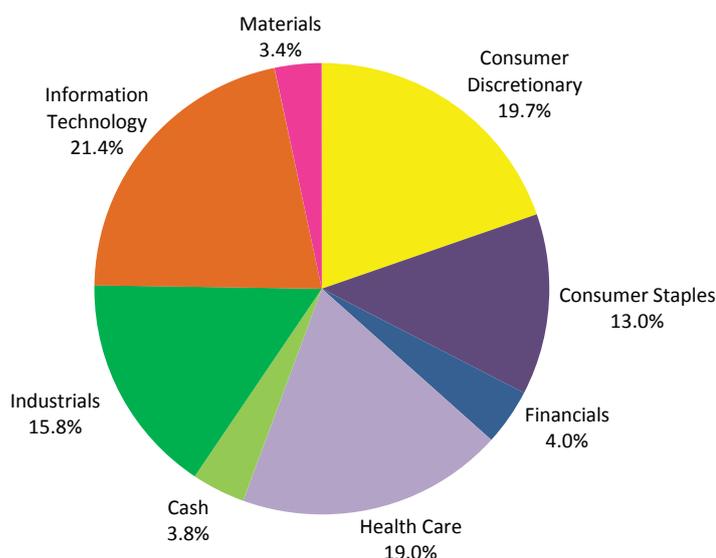
Top 10 Holdings

Company	Sector	Country
Alphabet Inc	Information Technology	
Apple Inc	Information Technology	
Johnson & Johnson	Health Care	
Home Depot Inc	Consumer Discretionary	
Oracle Corp	Information Technology	
Alliance Data Systems Corp	Information Technology	
SAP SE	Information Technology	
Visa Inc	Information Technology	
Anheuser -Busch InBev	Consumer staples	
Bayer AG	Health care	

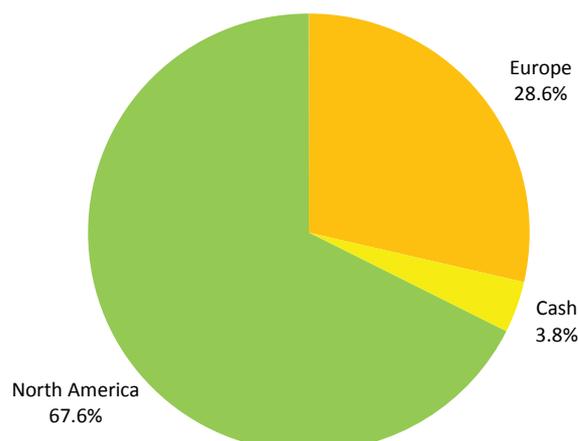
Investment Metrics

	Fund	Index*	Relative
Value			
P/E	19.2	20.2	95%
PEG Ratio	1.7	2.0	82%
EV/EBITDA	11.8	11.7	101%
Growth			
Historic EPS growth	16.1%	16.4%	98%
Forecast EPS growth	10.3%	9.4%	109%
Forecast Sales growth	5.7%	3.9%	148%
Quality			
Return on Equity	32.6%	18.6%	176%
Net Margin	15.1%	13.3%	114%
Net Debt / Equity	37.7%	53.3%	71%

Sector Exposure



Geographic Exposure



Market Commentary

Performance

- Performance of global equity markets was quite subdued in November, however a strong Australian dollar meant the benchmark MSCI World (ex-Australia) Index was a little weaker falling 2.0%.
- The portfolio declined 1.7% for an outperformance of 0.3%.

What Helped

- Our best contributors were Coloplast, Howden Joinery, Ralph Lauren, Anheuser-Busch and our new position in Dollar Tree.
- From a sector perspective, our main source of alpha was from being underweight in sectors that are generally more leveraged (Financials, Utilities and Telecommunications) and the commodity related sectors (Energy and Materials) which continued to suffer from oversupply and falling prices.

What Hurt

- Our poorer contributors were Advanced Auto Parts, Priceline, Williams-Sonoma, Qualcomm and Amadeus.
- Our overweight in the U.S. was also a drag in November, primarily due to soft results from some consumer companies.

Research Highlights

Dollar Tree was a stand out, it is a discount variety store which has demonstrated an undeniably consistent track record over the last two decades:

- The sector has undergone somewhat of a renaissance since the GFC, when consumers began flocking to the stores looking for bargains.
- This increase in traffic and addressable market has enabled Dollar Tree to leverage its strong logistics and distribution platform and expand its footprint to roll out new stores and actually improve margins and profitability through this expansionary period.
- Management recently embarked on a transformational, but friendly acquisition of industry peer Family Dollar.
- We expect EPS growth above 20% p.a. for the next few years as management realise the identified synergies and also improve practices at the newly acquired Family Dollar stores to increase margins towards the level of Dollar Tree.
- At quarterly results in late November, management seemed increasingly positive and reiterated their confidence around the integration of the two companies.
- Dollar Tree currently looks to be one of the few exciting stories in the retail sector and we expect it to be a solid contributor to the portfolio as the story plays out.

Portfolio Changes

After actively trimming many positions post the strong rally in October, portfolio activity in November was quite low.

Purchases: Check Point Software Tech (U.S./ Information Technology) Dollar Tree (U.S. / Consumer Discretionary)

Sales: Macy's (U.S. / Consumer Discretionary)

Positioning & Outlook

Market sentiment continues to be driven by central bank policy expectations. The ECB is expected to loosen policy further which has pushed yields across the European region to all-time lows, with the German Government recently selling two-year debt at negative 0.4%.

On the other side of the Atlantic, the U.S. Federal Reserve looks poised to increase rates at its December meeting and this is being reflected in the bond market where Treasury bond yields have risen around 20 basis points over the last few weeks. We don't believe changes to monetary policy will have any direct, meaningful effect on the portfolio. However, we do acknowledge that equity markets can react quite unpredictably as investor sentiment adjusts to the new direction of policy. The portfolio has far lower levels of leverage than the benchmark, which gives us confidence it should be resilient through what might be an unusually volatile end to 2015.

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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