

# Bell Global Equities Fund

Wholesale Class Fund Summary – Period Ending 30 November 2016

## Net Performance<sup>^</sup>

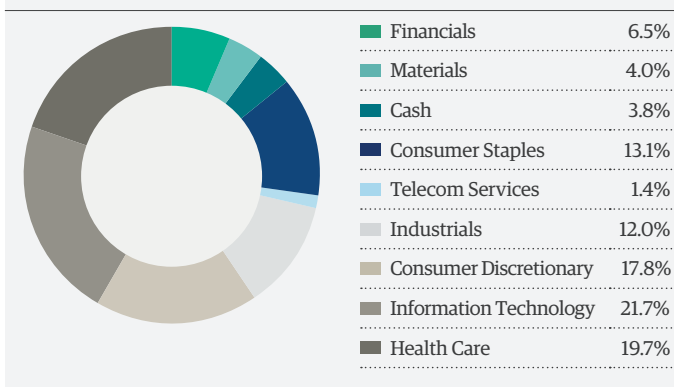
	Fund	Index*	Excess
<b>1 Month</b>	4.31%	4.52%	-0.21%
<b>3 Months</b>	-2.16%	1.70%	-3.86%
<b>6 Months</b>	-4.45%	1.06%	-5.51%
<b>1 Year</b>	-4.61%	0.95%	-5.56%
<b>3 Years (pa)</b>	10.37%	11.52%	-1.15%
<b>5 Years (pa)</b>	16.41%	17.59%	-1.18%
<b>Inception (pa)<sup>^</sup></b>	4.04%	4.99%	-0.95%
<b>Global Equities (Net) Strategy Inception - Total Return<sup>^^</sup></b>	140.9%	115.7%	25.2%

\* Index is the MSCI World ex Australia in \$A Unhedged with net dividends reinvested.

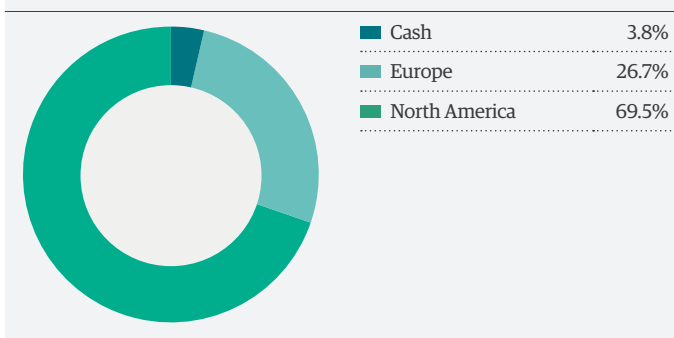
<sup>^</sup> Inception date of the Fund is 3 December 2007. Returns are based on the Wholesale redemption price and are net of fees.

<sup>^^</sup> 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.

## Sector Exposure



## Geographic Exposure



## Top 10 Holdings

Company	Sector	Geography	Weight
Alphabet Inc	Information Technology	US	2.7%
Apple Inc	Information Technology	US	2.6%
Johnson & Johnson	Health Care	US	1.9%
Starbucks Corp	Consumer Discretionary	US	1.6%
Roche Holding AG	Health Care	CH	1.6%
Oracle Corp	Information Technology	US	1.5%
Nike Inc	Consumer Discretionary	US	1.5%
Mastercard Inc	Information Technology	US	1.4%
Verizon Communications Inc	Telecom Services	US	1.4%
Visa Inc	Information Technology	US	1.4%

## Best & Worst Performers

Top 5 – Relative Contribution		Bottom 5 – Relative Contribution	
Advance Auto Parts Inc	0.25%	Distribuidora Internacional	-0.12%
Tractor Supply Company	0.20%	Stericycle Inc	-0.09%
Gartner Inc	0.17%	Alimentation Couche-Tard	-0.09%
Dollar Tree Inc	0.16%	Estee Lauder Companies	-0.09%
Synchrony Financial	0.15%	ProsiebenSat.1 Media SE	-0.08%

## Investment Metrics

	Portfolio	Index	Relative
<b>Risk</b>			
Total Risk	12.06	11.33	
Beta	1.02	1.00	
Number of Stocks	94	1,545	
Active Share	79.31		
<b>Value</b>			
P/E Next	16.6	20.3	82%
PEG Ratio	1.8	2.4	75%
EV/EBITDA	11.1	10.6	105%
<b>Growth</b>			
Sales Growth - 1 yr	6.0%	2.0%	300%
EPS Growth - 1 yr	4.1%	4.1%	100%
<b>Quality</b>			
Return on Equity	33.3	18.4	181%
Net Debt / Equity	49.1	59.1	83%

# Bell Global Equities Fund

Commentary – Period Ending 30 November 2016



**Ned Bell** CIO / Portfolio Manager



**Adrian Martuccio** Portfolio Manager

## Fund Overview

<b>Asset Allocation</b>	Long Only Global Equities
<b>Inception Date</b>	3 December 2007
<b>Fund Size</b>	\$28.0m
<b>Entry Unit Price</b>	1.1887
<b>Index</b>	MSCI World (ex Aus) Index

## Performance

November was a strong month with the Fund rallying 4.31%. The U.S. had a strong post-election rally, pushing up the global benchmark MSCI World ex Australia Index by 4.52%, resulting in a small underperformance of the Fund of 0.21%.

## What Helped

We have had some very good stock specific performance from names that are more exposed to the U.S. consumer, these included Advanced Auto (+24%), Tractor Supply (+23%), Dollar Tree (+20%) and Synchrony Financial (+25%). The U.S. (where we are overweight), overall contributed 0.15% of outperformance (alpha) to the Fund.

Consumer Discretionary (we are overweight) was our best performing sector up 10.2% beating the Consumer Discretionary index return of +5.1% and contributed 1.0% positive alpha. Information Technology (we are overweight) was also a good contributor with 0.29% of alpha.

## What Hurt

The post-Trump rally in financials was a drag of 1.3% (since we are underweight) and was mostly due to our non-holdings of major index constituents like Bank of America and JP Morgan. However, we are still confident in our underweight position due to the industry's increased regulation and low profitability which we don't see reversing, plus we see far more attractive opportunities in other sectors.

Energy was also a drag on performance costing 0.43% (we are u/w) due to the recent OPEC output cuts which caused the oil price bounce. Again, there are very few stocks we would consider quality in this sector and we won't make portfolio bets on uncertain oil price moves such as this, so we expect to maintain this underweight position.

Our poorer performing stocks for the month were DIA (-12%), Stericycle (-6%) and Couche-Tard (-5%).

## Research Highlights

We trimmed Couche-Tard early in November, although it remains a core position. This Canadian convenience store operator co-founded by the chairman Mr. Bouchard, has a long history of successful and accretive acquisitions.

It is now led by the CEO Mr Hannasch and CFO Mr Tessier who we have met on various occasions. The strong cash flow generation and increasing profitability of stores has helped them reduce debt quickly after each acquisition.

A new company we added to the Fund in November was Huhtamaki, a global packaging company supplying products such as coffee cups and ice-cream wrappers to major food and beverage companies. We view it as a stable, consistently growing "Consumer Staples" type exposure, but at a more attractive valuation than the broader Consumer Staples sector. After completing our initial review, we visited the company at their Helsinki headquarters in September to meet management and continue fleshing out the thesis. We like the combination of management's track record of good mid-single digit organic growth through innovation, aided by tuck-in acquisitions, while keeping leverage low and ROI in the mid-teens which really highlighted the conviction in their business model which we feel is very attractive as a shareholder.

Continued engagement with companies and meeting management is something we continued to do in November with two investment team members visiting Singapore, the U.S., U.K. and France wrapping up a year of over 400 meetings. Monitoring portfolio holdings and building more conviction in companies we are watching, helps us keep perspective on our investment universe and implement our investment process in a consistent manner.

## Portfolio Changes

**Purchases:** Huhtamaki OYJ (*Finland, Materials*)

**Sales:** Copart Inc (*U.S, Industrials*), ProseibenSat.1 Media (*Germany, Consumer Discretionary*)

## Positioning and Outlook

In addition to ongoing qualitative monitoring of companies, we believe that the Fund's superior profitability characteristics along with lower leverage and rigid valuation targets are key skews which we believe will be rewarded going in to 2017.

## Key Features

<b>Investment Objectives</b>	Outperform the index* over rolling three year periods <i>*Index is MSCI ex Australia</i>
<b>Asset Allocation</b>	Long only global equities, no gearing, no derivatives
<b>Investment Style</b>	Fundamental bottom up approach 'quality at a reasonable price'
<b>Investment Highlights</b>	<ul style="list-style-type: none"><li>• Global equity portfolio</li><li>• 'Quality' focus - consistently high returning companies</li><li>• Long-term horizon - typically 3-5 year holding periods</li><li>• Benchmark agnostic</li><li>• Diversified portfolio structure</li><li>• Maximum cash position 5%</li><li>• Fund inception 2007 (strategy inception 2003)</li><li>• Highly experienced investment team</li></ul>
<b>Benchmark</b>	MSCI World (ex Australia) Index
<b>Currency Exposure</b>	Unhedged
<b>Investment Timeframe</b>	At least 5 years
<b>Number of Holdings</b>	90-110

## Fund Terms

<b>Fund Inception Date</b>	December 2007
<b>Product Structure</b>	Wholesale Registered Managed Investment Scheme
<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 <a href="http://www.bellasset.com.au">www.bellasset.com.au</a> & market data services Applications using application form attached to the PDS Redemptions typically paid out within 10 days
<b>Indirect Cost Ratio</b>	1.46% 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, distribution statement & Annual Financial Report
<b>Income</b>	Annual distribution of taxable income

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