

Bell Global Equities Fund

Fund Update: October 2015

Bell
ASSET MANAGEMENT

Net Performance

for the period ending 31 October

	Fund	Index*	Excess
1 month	4.9%	6.3%	-1.4%
3 months	1.1%	0.1%	+1.0%
6 months	10.2%	7.5%	+2.7%
1 Year	28.6%	26.2%	+2.4%
3 Years (p.a)	27.3%	27.0%	+0.3%
5 Years (p.a)	17.4%	16.6%	+0.8%
Inception (p.a.)^	5.5%	5.9%	-0.4%

*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 ^^	157.0%	118.1%	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
SAP SE	Stericycle Inc
Priceline Group Inc	Publicis Groupe
Sherwin-Williams Co	Alimentation Couche-Tard
Alphabet Inc	Polaris Industries Inc
Alliance Data Systems Inc	Foot Locker Inc

Trade Activity

Buys	Weight	Sells	Weight
		Franklin Resources Inc	0.3%

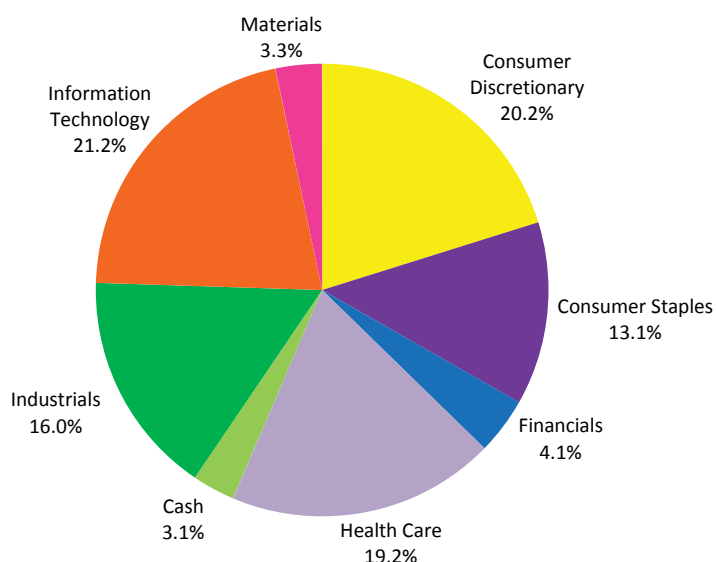
Top 10 Holdings

Company	Sector	Country
Apple Inc	Information Technology	
Alphabet Inc	Information Technology	
Johnson & Johnson	Health Care	
Alliance Data Systems Corp	Information Technology	
Oracle Corp	Information Technology	
SAP SE	Information Technology	
Priceline Group Inc	Consumer Discretionary	
Home Depot Inc	Consumer Discretionary	
Publicis Groupe	Consumer Discretionary	
Visa Inc	Information Technology	

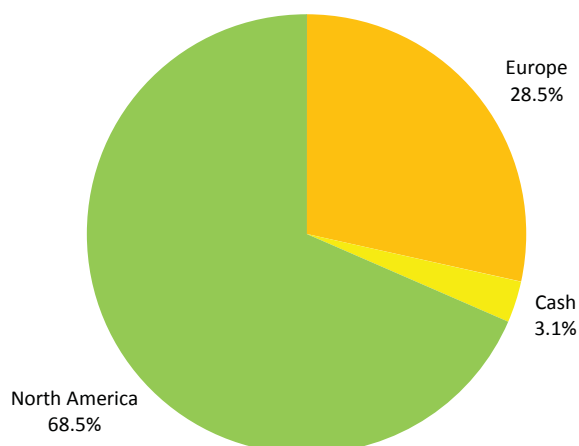
Investment Metrics

	Fund	Index*	Relative
Value			
P/E	18.0	18.6	96%
PEG Ratio	1.6	1.9	84%
EV/EBITDA	11.1	10.9	102%
Growth			
Historic EPS growth	12.6%	8.2%	153%
Forecast EPS growth	10.7%	10.2%	105%
Forecast Sales growth	5.2%	4.3%	123%
Quality			
Return on Equity	32.6%	18.6%	176%
Net Margin	15.2%	13.3%	114%
Net Debt / Equity	44.3%	55.3%	80%

Sector Exposure



Geographic Exposure



Market Commentary

Performance

- Equity markets were strong in October with the portfolio rallying 4.9% during the month.
- After two months of market declines in August and September, the rebound in October was quite broad with indices rallying in all major markets and across all sectors.
- The best performing sectors were the more cyclical areas of Materials and Energy, both bouncing over 9% in October. We are underweight these sectors due to their inherent earnings volatility and poor outlook.
- Market sentiment was also buoyed with news that the U.S. Fed had once again delayed increasing interest rates and both the ECB and Bank of Japan commented that they would remain supportive in the current environment.
- The other factor was investor confidence as we headed into the quarterly earnings period.
- The benchmark MSCI World (ex-Australia) Index rose 6.3%, with the portfolio underperforming by 1.4%. However, the portfolio has produced 2.4% of alpha over the last twelve months.

What Helped

- Our best contributors to performance were SAP, Priceline, Sherwin-Williams, Alphabet (Google) and Alliance Data Systems. We prudently trimmed SAP, Priceline and Alphabet which were all up over 15% in the month.
- We generated outperformance from our overweight in the Information Technology sector and our underweight in Financials and Utilities. Our overweight in Germany was also a positive.

What Hurt

- Our poorer contributors were Stericycle, Publicis, Alimentation Couche-Tard, Polaris and Foot Locker. We took advantage of this near term underperformance by adding to Publicis and Foot Locker.
- Other drags on the portfolio were our overweight in the Industrial and Consumer Discretionary sectors and our overweight in the U.S.

Research Highlights

Our investment team continues their search for new ideas. Last month we had two members of the investment team in the U.K. and Europe and we currently have three others in North America. Their primary agenda is to meet with management teams of companies we would like to own, plus they will be attending conferences and meeting with sell-side analysts.

Portfolio Changes

- In terms of other trading activity, the strong rally in October was a great environment for selling in to. We took some profits by trimming a small amount from 16 portfolio holdings.
- We added only modestly across 8 existing holdings. We didn't buy any new companies this month, however we exited a tail position in Franklin Resources.

Positioning & Outlook

- With the quarterly earnings season now coming to a close, there have been far fewer positive surprises and many companies were quite cautious on their guidance leading up to the end of the year. This paints a somewhat uncertain picture for 2016 which we believe will favour quality companies with consistent earnings and low leverage.
- As we head toward the end of the year, our primary focus will remain taking advantage of market volatility to add and trim existing portfolio positions. Furthermore, with the conclusion of our research trips, we will be spending time prioritising the team's ideas and looking for opportunities to build new positions.

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 portfolioFundamental bottom-up approach'Quality' focus - consistently high returning companiesLong-term horizon - typically 3-5 year holding periodsBenchmark agnosticDiversified portfolio structureMaximum 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
Contact Details	www.bellasset.com.au Tel: +613 8637 6000 info@bellasset.com.au

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