

Bell Global Equities Fund

Wholesale Class Fund Summary – Period Ending 31 October 2016

Net Performance[^]

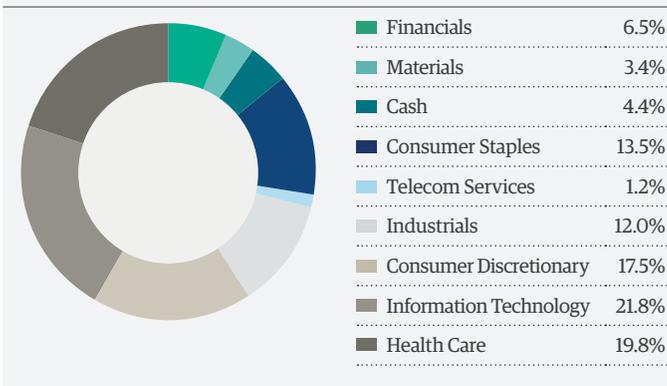
	Fund	Index*	Excess
1 Month	-3.0%	-1.4%	-1.6%
3 Months	-6.3%	-1.4%	-4.9%
6 Months	-2.4%	2.5%	-4.9%
1 Year	-10.1%	-5.4%	-4.7%
3 Years (pa)	10.7%	11.9%	-1.2%
5 Years (pa)	15.7%	16.8%	-1.1%
Inception (pa)[^]	3.6%	4.5%	-0.9%
Global Equities (Net) Strategy Inception - Total Return^{^^}	130.9%	106.3%	24.6%

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

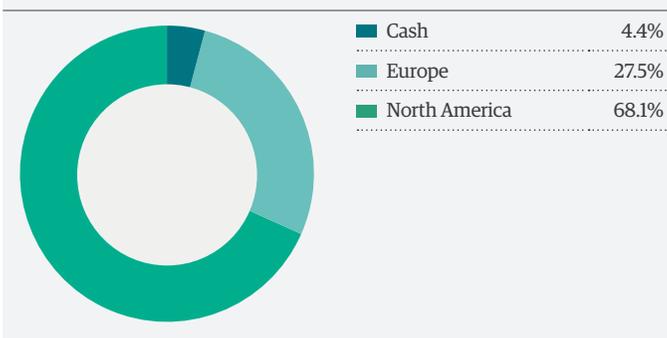
[^] Inception date of the Fund is 3 December 2007. Returns are based on the Wholesale redemption price and are net of fees.

^{^^} 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	2.8%
Apple Inc	Information Technology	US	2.7%
Johnson & Johnson	Health Care	US	2.0%
Roche Holding AG	Health Care	CH	1.7%
Mastercard Inc	Information Technology	US	1.5%
Nike Inc	Consumer Discretionary	US	1.5%
Visa Inc	Information Technology	US	1.5%
Oracle Corp	Information Technology	US	1.4%
Alimentation Couche-Tard	Consumer Staples	CN	1.4%
Nestle SA	Consumer Staples	CH	1.4%

Best & Worst Performers

Top 5 – Relative Contribution

Check Point Software Tech	0.11%
Twenty-First Century Fox	0.10%
Cognizant Tech Solutions	0.09%
Mastercard Inc	0.07%
Alimentation Couche-Tard	0.06%

Bottom 5 – Relative Contribution

McKesson Corp	-0.21%
Parexel International Corp	-0.16%
Novozymes A/S	-0.14%
Howden Joinery Group	-0.14%
AmerisourceBergen Corp	-0.11%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	12.39	11.17	
Beta	1.07	1.00	
Number of Stocks	95	1,546	
Active Share	80.84		
Value			
P/E Next	16.6	18.4	90%
PEG Ratio	1.9	2.3	83%
EV/EBITDA	11.2	10.4	108%
Growth			
Sales Growth - 1 yr	5.2%	1.9%	274%
EPS Growth - 1 yr	4.5%	3.7%	122%
Quality			
Return on Equity	32.2	17.8	181%
Net Debt / Equity	48.9	58	84%

Bell Global Equities Fund

Commentary – Period Ending 31 October 2016



Ned Bell CIO / Portfolio Manager



Adrian Martuccio Portfolio Manager

Fund Overview

Asset Allocation	Long Only Global Equities
Inception Date	3 December 2007
Fund Size	\$27.3mn
Entry Unit Price	1.1397
Index	MSCI World (ex Aus) Index

Performance

Global equity markets were generally softer in October, with the MSCI World (ex Australia) Index declining by 1.4% in AUD terms. On a regional basis (all in AUD terms), European markets were the weakest, especially Switzerland which declined -4.9%. The UK market also fell 4.1% as the Australian dollar rallied to its highest level versus the British pound since June 2013. The U.S. market was down modestly (-1.1%) during October, while Japan outperformed materially, posting a positive 3.1% return.

The Health Care sector was particularly weak, declining by 6% (AUD terms) in the month of October alone. Much of this weakness has been driven by the intense focus on drug pricing in the lead up to the U.S. election. Other sectors such as Real Estate, Telecoms and Consumer Staples were also weak during the month, as a rise in bond yields weighed on the traditionally more 'defensive' sectors.

The fund fell 3.0%, underperforming the benchmark by -1.6%.

What Helped

At a sector level, positive contribution came from Information Technology (overweight), Real Estate (underweight) and Telecoms (underweight).

At a stock specific level, our better performing stocks during the month included Check Point Software, Twenty First Century Fox, Cognizant Technology Solutions, MasterCard and Alimentation Couche Tard.

What Hurt

With regards to performance attribution, our overweight in Health Care and underweight in Financials collectively accounted for approx. 60% of the negative relative performance. Our underweight in Asia Pacific also contributed negatively. 'Quality' as a style also had a poor month as referenced by the MSCI World Quality Index, which lagged the broader market index by 1.3%.

The main laggards in our portfolio during October were McKesson, Parexel, Howden Joinery, Novozymes and AmerisourceBergen.

Research Highlights

In terms of our research agenda, we have been focused on conducting in-depth research on a number of new ideas uncovered during our September research trip, as well as spending the latter part of the month focused on analysing the results being posted during the September quarter reporting season. During November, two members of our investment team are headed overseas to meet with a range of companies across Asia, Europe and the U.S. We look forward to sharing our findings with you in the coming weeks.

Alimentation Couch Tard - A name that has made regular appearances in our top performers list has been a Canadian listed convenience store and fuel retail operator called Alimentation Couche Tard. Despite the strong performance to date we continue to expect solid investment returns going forward. Couche Tard is one of the world's leading operators in a highly fragmented convenience store and fuel retail market. They have taken advantage of the decision by many of the large integrated oil companies to divest their often poorly run fuel retail operations, by acquiring these assets and implementing a range of initiatives to extract sizeable synergies and greatly improve returns. Their increasing scale with respect to fuel, food and merchandise procurement is a significant competitive advantage. We met with Couche Tard's top class management team earlier this year which reiterated our confidence in their ability to continue to execute their strategy and deliver double digit shareholder returns moving forward. Given the quality of the company, the valuation is very reasonable - trading on a forward P/E ratio of 17.5x.

Continued Overleaf

Portfolio Changes

We didn't introduce any new names to the portfolio during October and also didn't exit any names. However, we trimmed a range of existing portfolio positions to take profits in stocks that have performed well and added to a number of existing holdings that have underperformed more recently. Stocks added to during the month included Icon Plc, Roche, Henry Schein, The Walt Disney Co, Dollar Tree, Honeywell and Starbucks. We took profits in a range of holdings including Alphabet, Croda International and MasterCard.

Positioning and Outlook

The U.S. election has dominated world headlines in recent months. Subsequent to month end, Donald Trump has been elected as the 45th President of the United States, in what was a surprise victory to many. While it is difficult to predict the impact that this election result will have on global financial markets, we continue to believe that our portfolio is very well positioned and we feel our portfolio is likely to perform well in what is likely to be a volatile environment over the next few months. Contributing to near term volatility is uncertainty surrounding the US policy agenda post the Trump election victory, potential for a December rate rise in the U.S., and increased instability in the EU now that UK Prime Minister, Theresa May, has announced that article 50 will be triggered by March 2017, enabling the complex negotiations to leave the EU to begin.

As with all investment managers, it is not unusual to experience short term periods of weak relative performance as has been the case for our portfolio in the past few months. While we are disappointed with our short term performance numbers we remain confident in our ability to continue to outperform over the long term and we believe we can deliver excellent returns for our clients. Our experienced investment team has not deviated from our robust investment process that has served us very well for the past 14 years and we continue to believe that holding a portfolio of high quality companies trading at a reasonable price is the optimal way to generate alpha for our clients over the long term.

We expect stock market volatility will keep providing us with good opportunities to add value through adding and trimming existing positions, as well as establishing new investments in companies where we see a disconnect between quality and value.

Key Features

Investment Objectives	Outperform the index* over rolling three year periods <i>*Index is MSCI ex Australia</i>
Asset Allocation	Long only global equities, no gearing, no derivatives
Investment Style	Fundamental bottom up approach 'quality at a reasonable rate'
Investment Highlights	<ul style="list-style-type: none">• Global equity portfolio• '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
Benchmark	MSCI World (ex Australia) Index
Currency Exposure	Unhedged
Investment Timeframe	At least 5 years
Number of Holdings	90-110

Fund Terms

Fund Inception Date	December 2007
Product Structure	Wholesale Registered Managed Investment Scheme
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
Indirect Cost Ratio	1.46% 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

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