Bell Global Equities Fund

Wholesale Class Fund Summary — Period Ending 30 September 2016

Bell
ASSET MANAGEMENT

Net Performance

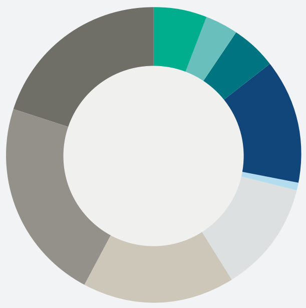
	Fund	Index*	Excess
1 Month	-3.3%	-1.3%	-2.0%
3 Months	-1.0%	2.0%	-3.0%
6 Months	1.7%	6.4%	-4.7%
1 Year	-2.8%	2.0%	-4.8%
3 Years (pa)	12.7%	13.4%	-0.7%
5 Years (pa)	16.9%	17.3%	-0.1%
Inception (pa)^	4.0%	4.7%	-0.8%
Global Equities (Net) Strategy Inception - Total Return^^	138.1%	109.2%	28.9%

* 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.

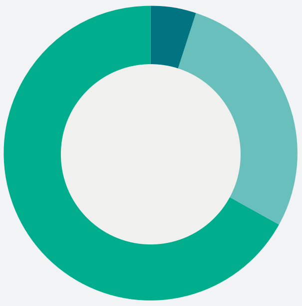
^^ The Bell Global Equities Fund has been operating since December 2007. To give a longer term view of our performance in the asset class, we have shown longer term returns for a representative global equities strategy managed by Bell Asset Management with an inception date of 1 Jan 2003. We have adjusted the returns to reflect fees representative of the Bell Global Equities Fund.

Sector Exposure



Financials	6.1%
Materials	3.4%
Cash	5.2%
Consumer Staples	13.4%
Telecom Services	1.1%
Industrials	12.1%
Consumer Discretionary	16.8%
Information Technology	22.2%
Health Care	19.8%

Geographic Exposure



Cash	5.2%
Europe	28.1%
North America	66.7%

Top 10 Holdings

Company	Sector	Geography	Weight
Alphabet Inc	Information Technology	US	3.0%
Apple Inc	Information Technology	US	2.7%
Johnson & Johnson	Health Care	US	2.0%
Visa Inc	Information Technology	US	1.6%
Roche Holding AG	Health Care	CH	1.6%
Mastercard Inc	Information Technology	US	1.5%
Oracle Corp	Information Technology	US	1.4%
Nestle SA	Consumer Staples	CH	1.4%
SAP SE	Information Technology	DE	1.4%
Unilever NV	Consumer Staples	NA	1.3%

Best & Worst Performers

Top 5 — Relative Contribution	
Amadeus IT Group SA	0.07%
Partners Group Holding	0.06%
Mastercard Inc	0.04%
Anhesuer-Busch Inbev	0.03%
Qualcomm Inc	0.03%

Bottom 5 — Relative Contribution	
Cognizant Tech Solutions	-0.23%
Tractor Supply Company	-0.23%
Nike Inc	-0.12%
McKesson Corp	-0.10%
Alimentation Couche-Tard	-0.10%

Investment Metrics

	Portfolio	Index	Relative
Risk			
Total Risk	12.41	11.06	
Beta	1.08	1	
Number of Stocks	96	1,637	
Active Share	81.13		
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	5.20%	1.90%	274%
EPS Growth - 1 yr	4.50%	3.70%	122%
Quality			
Return on Equity	32.2	17.8	181%
Net Debt / Equity	48.9	58	84%

Bell Global Equities Fund

Bell ASSET MANAGEMENT

Commentary — Period Ending 30 September 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	$24.4mn
Entry Unit Price	$1.1751
Index	MSCI World (ex Aus) Index

Performance

Global equity markets were mixed in September, posting modest positive gains in USD terms but a decline of 1.32% in AUD terms due to strength in the Australian dollar. The more cyclical sectors like Energy, Industrials & Materials were the strongest performers while the defensive sectors - Health Care, Telecoms, Real Estate & Consumer Staples were laggards. The biggest laggard however was the financial sector which declined by 3% in AUD terms during the month as a multitude of concerns about Deutsche Bank, Wells Fargo & the Italian banks collectively weighed on markets.

The Fund had a somewhat disappointing month in September, lagging the broader index by 1.95%.

What Helped

Our relative sector positioning had a net neutral impact on our relative performance, i.e. while we benefitted from having a meaningful underweight in financials, we suffered by being underweight in Energy. Our relative regional weightings also had a negligible impact on our relative returns.

Our better performers for the month were Amadeus, Partners Group, Mastercard, Anheuser and Qualcomm.

What Hurt

The main contributing factor to our underperformance during the month was a relatively poor batting average - i.e. the percentage of our holdings that outperformed was below 50%. Having a slightly more defensive portfolio positioning was that primary factor that worked against us. At a stock specific level, while we have had some laggards in the portfolio during the month, there have been no material concerns at a stock specific level. In most cases we would be inclined to further build these positions as their valuations have become more compelling.

Our poorer performers were Cognizant, Tractor Supply, Nike, McKesson & Alimentation-Couche Tard.

Research Highlights

Our research agenda has been a little more focused on Europe of late, as three members of the investment team embarked on a very comprehensive research trip in September. Between the three of them, they met with more than 75 companies across multiple geographies and sectors.

While the primary objective of the trip was to test & re-test investment theses on a wide range of companies, they had a couple of key takeaways:

a) **Brexit impact:** from an economic perspective, most of the UK companies met with stated they had seen very little economic softness post the Brexit vote.

b) **Economic fragility:** while the collective economic picture across Europe seems OK, it is by no means robust.

c) **Strong Ownership:** one of the really interesting observations from the many meetings they had related to the importance of ownership structure. Many of the Danish & German companies in particular have large family and/or charitable trust owners. The relevance being that these majority shareholders have demonstrated a history of encouraging management teams to invest in their businesses while simultaneously protecting them from activist shareholders who tend to discourage investment and demand that capital be returned to shareholders. As long term investors with a strong emphasis on sustainable franchise strength and growth, this type of structure is particularly comforting. It is also in stark contrast to the more recent concerning trend in the U.S. whereby activist investors are encouraging capital returns & effectively discouraging long term investments by companies.

d) **Weak French Economy:** one message which came across from many French companies in particular was how weak the economy has been post the recent terrorist attacks. The airlines and luxury companies in particular highlighted a material drop off in U.S. & Asian tourists.

e) **European banks:** while we have no exposure at all to banks anywhere, we remain interested onlookers. Our overall takeaway is essentially that the European banks face ongoing pressures which will drive returns lower in time. None of the major European banks pass our profitability hurdles and we don't see this changing anytime soon.

The most important outcome from the research trip was to come away with some great individual stock ideas for our client portfolios. Some are in our portfolios already; some we need to be patient with from a valuation perspective and some that need a little more work.

The companies of particular interest were: Ambu, Brembo, Christian Hansen, DIA, Hexpol, Howden Joinery, Huhtamaki, Moncler, Norma, Rightmove, Symrise & Thales.

Portfolio Changes

Purchases: Verizon Communications *(US, Telecom Services)*, Coca-Cola *(US, Consumer Staples)*, Distribuidora Internacional *(Spain, Consumer Staples)*

Sales: Williams-Sonoma *(US, Consumer Discretionary)*, 3M *(US, Industrials)*

We have introduced three new positions to the portfolio; Coca Cola, DIA & Verizon. We have owned Coke before and ultimately decided to reinvest as the stock has been quite weak in recent months and represented a good opportunity to re-establish a position in what is ultimately a very defensive, high returning business. DIA is an interesting Small and Mid cap name that we have followed for some time. They are a niche Spanish food retailer with an excellent track record. We have met with management several times over the last 18 months and have recently formed the view that the underlying business drivers should improve in the next 12 months. Verizon is one of the largest U.S. telecom operators and has been introduced the portfolio to play a relatively defensive role. The stock currently trades on a P/E of 12.7 and has a forecast dividend yield of 4.6%, which we feel represents excellent relative value.

We also recently sold down our positions in 3M & Williams Sonoma. We have been long term shareholders in 3M and we ultimately decided to sell the position as its valuation had reached unsustainable levels. The decision to sell down our position in Williams Sonoma was essentially driven by our view that the underlying business drivers were going to deteriorate into year end.

Positioning and Outlook

We have adopted a slightly more defensive stance in the portfolio in recent months as markets have traded higher. We have been diligently taking profits across a range of stocks that have rallied strongly. As cyclicals have continued to rally we have arguably been a touch early.

Specifically, we have reduced our exposure to Industrials & Consumer Discretionary and increased our exposure to Consumer Staples, Telecoms & Health Care.

While our high quality bias hasn't necessarily been rewarded by the market in the last few months, we feel this is an aberration and we remain confident that our focus on high quality companies will be rewarded with solid results over the longer term. We feel that we have actually improved the overall quality bias of the portfolio in the last few months by selectively and patiently introducing some very high quality businesses to the portfolio.

Key Features

Investment Objectives	Outperform the index* over rolling three year periods **Index is MSCI ex Australia*
Asset Allocation	Long only global equities, no gearing, no derivatives
Investment Style	Fundamental bottom up approach 'quality at a reasonable rate'
Investment Highlights	• 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

Contact Details

Xanthe Virtue Head of Wholesale
Telephone: +61 2 9255 7281
Email: xvirtue@bellasset.com.au
www.bellasset.com.au