Wednesday, 25 January 2012

MARKET ANNOUNCEMENT

FSP Fund December 2011 Quarterly Report

The December 2011 Quarterly Report from FSP Equities Management Limited (**FSP**) on the performance of its FSP Equities Leaders Fund (**FSP Fund**) is attached.

As at 31 December 2011, Bentley had 28.7% (~$5.56 million) of its net assets invested in the FSP Equities Leaders Fund (**FSP Fund**) (previous quarter 30 September: ~23.9% (~$5.56 million)).

About The FSP Equities Leaders Fund (FSP Fund) [1]

The FSP Fund is a wholesale fund not open to retail investors. The objective of the fund is to outperform the S&P/ASX 200 Accumulation Index over the medium term. The Investment Manager is "style neutral" and invests in growth stocks, value stocks, stocks with maintainable dividend yields and special situations.

FSP Fund details as at 31 December 2011:

- The equity weighting was 91.43% (30 September: 92.25%);
- 85.58% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 September: 74.64%) with the balance of 14.42% invested in companies outside of the S&P/ASX 200 Index (30 September: 25.36%); and
- The equity portfolio contained 47 holdings (30 September: 50 holdings).

FSP Equities Leaders Fund - Performance

Returns To: 31 December 2011	1mth (%)	3mths (%)	6mths (%)	1yr (%)	2yrs (% p.a.)	3yrs (% p.a.)	Since Inception (% p.a.)
FSP Fund	-3.6%	0.1%	-15.2%	-17.3%	-6.2%	7.8%	7.8%
ASX/S&P 200 Accumulation Index	-1.4%	2.1%	-9.7%	-10.5%	-4.7%	7.6%	6.4%

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1 Based on information provided by FSP Equities Management Limited.

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FSP Equities Management
A brighter future.

The FSP Equities Leaders Fund
December Quarter 2011

25 January 2012

The Directors of Bentley Capital Limited
Suite 202, 30-36 Bay Street
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Dear Client,

In the December quarter of 2011 the FSP Equities Leaders Fund returned a net 0.1%. 2011 was a turbulent year for equity markets, with swings in investor confidence as European sovereign debt concerns came to the fore, in addition to political upheaval in parts of the Middle East and North Africa and a number of natural disasters.

Mining and infrastructure investment was the strong point of the domestic economy, while consumer and business caution and the high Australian dollar held back earnings growth for businesses operating in other parts of the economy.

Monetary policy easing was a feature of the December quarter, with the Reserve Bank of Australia reducing the official cash rate by 0.5% as inflationary pressures eased. China also shifted from its tightening stance of the past two years, cutting its reserve requirement ratio, and in Europe the ECB reduced interest rates by 0.5% and offered unlimited liquidity to support banks in the region.

At the time of writing the Fund has returned approximately 5% in the month of January.

Notwithstanding Euro area weakness, the US is currently forecast to grow GDP by 2.0% in 2012 and China's GDP is forecast to expand by 8.2%[1]. Downside risks remain present as policy makers work to address Euro area sovereign risks, while equity market valuations look to be attractive from a medium term perspective.

Performance history (%)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year total
FY2012	-0.9	-3.7	-11.2	7.8	-3.6	-3.6							**-15.2%**
FY2011	7.5	-1.3	7.4	1.9	-1.0	5.2	0.6	3.1	1.3	-1.2	-2.5	-3.7	**17.8%**
FY2010	7.3	6.7	7.0	0.4	1.7	4.2	-5.7	1.6	7.6	-0.4	-11.4	-3.2	**14.8%**
FY2009	-5.7	1.7	-16.3	-17.7	-5.0	2.7	-3.1	-0.7	4.9	2.8	2.2	2.9	**-29.7%**
FY2008	-0.2	-3.2	8.7	5.0	-3.7	-3.6	-12.3	0.2	-5.4	4.1	0.8	-7.8	**-17.6%**
FY2007	-0.3	2.9	4.8	6.1	3.3	4.6	3.6	0.2	3.9	4.5	2.7	2.3	**46.0%**
FY2006	5.5	2.1	4.7	-3.4	2.2	2.2	1.2	3.2	3.9	4.4	-2.9	0.0	**25.1%**
FY2005	2.1	2.3	3.9	6.3	5.4	1.5	0.8	0.7	-0.9	-3.8	2.5	1.9	**24.8%**
FY2004	7.5	11.2	6.7	6.9	-1.4	5.4	0.9	2.3	2.7	-2.8	0.6	2.6	**50.4%**
FY2003	-4.0	2.6	-4.4	1.1	-0.6	-0.9	-2.2	-6.9	0.4	4.6	-1.8	4.0	**-8.4%**
FY2002										0.7	1.2	-2.2	**-0.3%**

[1] The Economist, 21 January 2012

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FSP Equities Management

A brighter future.

The FSP Equities Leaders Fund

Performance relative to the benchmark (net of fees)

	Fund %	Index %	Outperformance %
3 months	0.1	2.1	-2.0
1 year	-17.3	-10.5	-6.8
3 years annualised	7.8	7.6	0.2
Since inception annualised	7.8	6.4	1.4
Since inception total return	108.2	83.1	25.1

Inception date: 9 April 2002

Fund commentary

Stocks which produced notable positive results in the December quarter included Regis Resources, which gained 29.5%. Regis is a gold mining company with a market capitalisation of $1.7 billion. Production is expected to increase significantly over the next twelve months as production comes on stream from a second open pit mine in Western Australia.

Graincorp also contributed positively to performance, returning 14.2% as expectations for the eastern states wheat harvest were upgraded. Combined with significant carry over grain from last year's harvest, the company's grain handling business is expected to record another very strong year.

InvoCare, Australia's leading cemetery and crematorium provider, returned 11.6% as investors rewarded the company for a defensive earnings profile. The company also provided an update on the acquisition of New Zealand based Bledisloe, which is performing slightly ahead of expectations. This acquisition cemented Invocare's position as the clear market leader in the Asia Pacific region, with dominant positions in both Australia and New Zealand.

Stocks which detracted from performance in the quarter included Aston Resources, which fell 9.5%. Aston announced a re-organisation of the board and senior management in the period and the Fund reduced its position in the stock given less certainty as to the future business strategy. In December Aston also announced its intention to merge with Whitehaven Coal. These two companies have complementary assets in New South Wales, with the merged entity to have a portfolio of five high quality, low cost coking and thermal coal mines in production.

Flight Centre also produced a negative return, falling 5.2%. This reflected negative sentiment towards the consumer discretionary sector following earnings guidance downgrades from a number of retailers. The Fund expects Flight Centre's earnings to be supported by continued strength in overseas travel from Australia, assisted by the strong currency. Management provided guidance at the AGM for pre-tax profit in the 2012 financial year to be up 10% on the prior year at the mid-point of the guidance range.

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The FSP Equities Leaders Fund

Top 15 holdings as at 31 December 2011

	ASX Code	Stock Name	Fund Weight	ASX200 Weight
1	WBC	WESTPAC	9.6%	5.8%
2	CBA	COMMONWEALTH BANK	9.0%	7.3%
3	BHP	BHP BILLITON	7.3%	11.0%
4	ANZ	ANZ BANKING GROUP	6.8%	5.1%
5	TCL	TRANSURBAN	3.1%	0.7%
6	OSH	OIL SEARCH	3.0%	0.8%
7	MIN	MINERAL RESOURCES	3.0%	0.2%
8	FLT	FLIGHT CENTRE	3.0%	0.2%
9	UGL	UGL	2.9%	0.2%
10	RIO	RIO TINTO	2.4%	2.7%
11	NWH	NRW HOLDINGS	2.2%	0.1%
12	MMS	MCMILLAN SHAKESPEARE	2.2%	-
13	CPA	COMMONWEALTH PROPERTY OFFICE	2.1%	0.2%
14	IVC	INVOCARE	1.8%	0.1%
15	GCS	GLOBAL CONSTRUCTION SERVICES	1.7%	-
		Total	60.0%	34.3%

Market commentary

Investors are currently awaiting the February reporting season, covering earnings for the period to 31 December 2011 together with outlook statements for the period ahead. A number of earnings downgrades for domestic retailers towards the end of the year have a set a cautious tone prior to reporting.

The shift in monetary policy expectations from anticipation of further interest rate rises in mid 2011 to current expectations of further easing is likely to be supportive for consumer and business activity. This is more likely to benefit earnings in the 2012 calendar year than the December half year to be reported.

Global macro-economic developments are also likely to be a key driver of the local sharemarket in 2012, in particular the level of growth in China and the success of European policy makers in addressing sovereign debt concerns. 10 year government bond yields provide one measure of how investors currently perceive the credit risk of these sovereigns. The recent trend for the largest at risk economies of Italy and Spain has been positive, with Italian 10 year bonds currently yielding 6.1% compared to a November 2011 high of 7.5%, and Spanish bonds are yielding 5.5% compared to a high of 6.7%. Investors are closely watching current negotiations between Greece and its private creditors. These negotiations are hoped to secure a voluntary write down of Greek debt, which will also determine the level of funding support that Greece receives from European governments and the IMF.

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The FSP Equities Leaders Fund

The Fund's portfolio currently has an average forecast dividend yield of 4.6%. This includes 25.9% of the portfolio which is invested in lower yielding resources companies, with the average dividend yield ex-resources at 6.2%. This has positioned the portfolio to generate attractive returns in a continued falling interest rate environment.

Yours sincerely,

Ronni Chalmers
Investment Director

Important information and disclaimer:

Performance is influenced by market volatility over time. Past performance is not necessarily indicative of future performance. Neither FSP Equities Management Pty Limited nor any related corporation guarantees the repayment of capital or the performance of the FSP Equities Leaders Fund.

The contents of this report have been prepared without taking into account your individual objectives, financial situation or needs. Because of that, before acting you should consider the appropriateness of what is included here, having regard to your own objectives, financial situation and needs and see your qualified financial adviser before making any investment decision.

This report may include statements (including opinions) about particular financial products or classes of financial products in which the FSP Equities Leaders Fund is or has invested – these statements are not intended to influence any person in making a decision in relation to these financial products or classes of financial products and hence do not constitute financial product advice.

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