

# MARKET ANNOUNCEMENT

## CBG Fund September 2014 Quarterly Report

The September 2014 Quarterly Report from CBG Asset Management Limited (**CBG**) on the performance of its CBG Australian Equities Fund (Wholesale) (**CBG Fund**) is attached.

As at 30 September 2014, Bentley had ~\$6.03 million (37.72% of its net assets) invested in the CBG Fund (30 June 2014: ~\$6.36 million (36.66%)).

### About the CBG Fund <sup>1</sup>

The CBG 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.

CBG Fund details as at 30 September 2014:

- The equity weighting was 92.58% (30 June 2014: 93.61%);
- 92.63% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 June 2014: 92.22%) with the balance of 7.37% invested in companies outside of the S&P/ASX 200 Index (30 June 2014: 7.78%); and
- The equity portfolio contained 43 holdings (30 June 2014: 41 holdings).

### CBG Australian Equities Fund - Performance

| Returns To:                     | 1mth  | 3mths | 6mths | 1yr  | 2yrs     | 3yrs     | Since Inception |
|---------------------------------|-------|-------|-------|------|----------|----------|-----------------|
| 30 September 2014               | (%)   | (%)   | (%)   | (%)  | (% p.a.) | (% p.a.) | (% p.a.)        |
| CBG Fund                        | -5.1% | -0.7% | -1.1% | 8.7% | 19.9%    | 16.5%    | 10.0%           |
| ASX/ S&P 200 Accumulation Index | -5.4% | -0.6% | 0.3%  | 5.9% | 14.8%    | 14.8%    | 8.3%            |

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<sup>1</sup> Based on information provided by CBG Asset Management Limited.

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BENTLEY CAPITAL LIMITED

A.B.N. 87 008 108 218



## The CBG Australian Equities Fund (Wholesale) September quarter 2014

24 October 2014

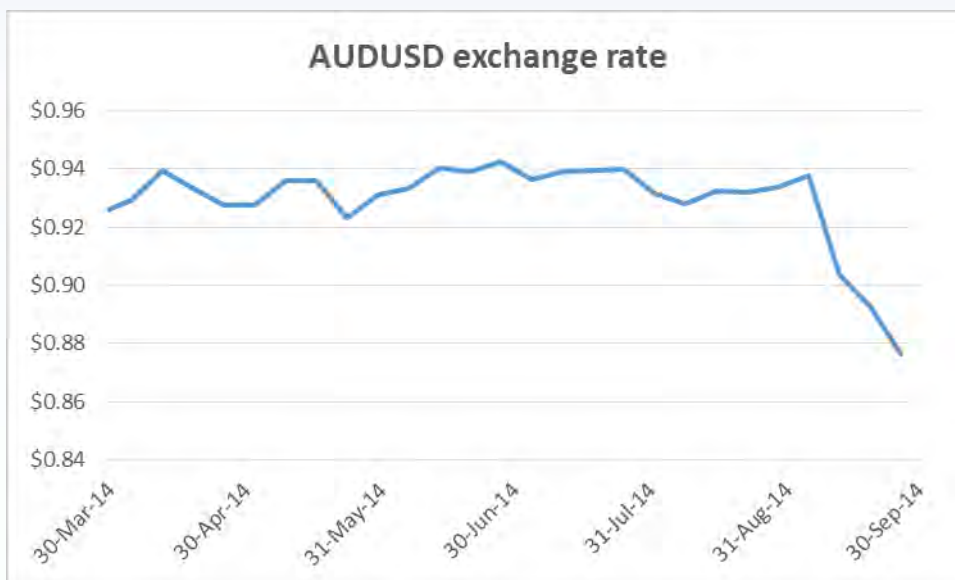
The Directors of Bentley Capital Limited  
Suite 202, 30-36 Bay Street  
Double Bay NSW 2028

In the September quarter, the CBG Australian Equities Fund (Wholesale) returned -0.7%, which compares to the benchmark return of -0.6%.

For the twelve months to 30 September, the Fund returned 8.7%, which compares favourably to the benchmark return of 5.9%.

International equity markets broadly recorded negative returns in the month of September. Such periods of adjustment are expected in the long run progression of the market and in the context of the strong gains recorded over the past two years. As at 30 September, the broad market is trading on an estimated forward PE of 14.3x, approximately in line with the long run average.

One positive feature of the quarter was a depreciation of the Australian dollar from \$0.94 to \$0.88 against the US dollar. With approximately 25% of the earnings of the portfolio generated ex Australia and New Zealand, the Fund stands to benefit from a weakening Australian dollar.





## The CBG Australian Equities Fund (Wholesale)

### Performance history

|             | Jan   | Feb  | Mar  | Apr  | May   | Jun  | Jul  | Aug  | Sep   | Oct   | Nov  | Dec  | Year total |
|-------------|-------|------|------|------|-------|------|------|------|-------|-------|------|------|------------|
| <b>2014</b> | -2.3  | 5.8  | 1.8  | 0.8  | 0.2   | -1.5 | 3.6  | 1.0  | -5.1  |       |      |      | 4.1%       |
| <b>2013</b> | 4.9   | 5.6  | -1.3 | 5.6  | -3.5  | -2.6 | 5.6  | 1.9  | 3.7   | 4.2   | -1.1 | 1.3  | 26.6%      |
| <b>2012</b> | 6.2   | 3.5  | 1.6  | 1.2  | -8.6  | 0.5  | 3.5  | 1.6  | 1.0   | 4.3   | 0.8  | 3.8  | 20.1%      |
| <b>2011</b> | 0.6   | 3.1  | 1.3  | -1.2 | -2.5  | -3.7 | -0.9 | -3.7 | -11.2 | 7.8   | -3.6 | -3.6 | -17.3%     |
| <b>2010</b> | -5.7  | 1.6  | 7.6  | -0.4 | -11.4 | -3.2 | 7.5  | -1.3 | 7.4   | 1.9   | -1.0 | 5.2  | 6.4%       |
| <b>2009</b> | -3.1  | -0.7 | 4.9  | 2.8  | 2.2   | 2.9  | 7.3  | 6.7  | 7.0   | 0.4   | 1.7  | 4.2  | 42.3%      |
| <b>2008</b> | -12.3 | 0.2  | -5.4 | 4.1  | 0.8   | -7.8 | -5.7 | 1.7  | -16.3 | -17.7 | -5.0 | 2.7  | -48.2%     |
| <b>2007</b> | 3.6   | 0.2  | 3.9  | 4.5  | 2.7   | 2.3  | -0.2 | -3.2 | 8.7   | 5.0   | -3.7 | -3.6 | 21.4%      |
| <b>2006</b> | 1.2   | 3.2  | 3.9  | 4.4  | -2.9  | 0.0  | -0.3 | 2.9  | 4.8   | 6.1   | 3.3  | 4.6  | 35.5%      |
| <b>2005</b> | 0.8   | 0.7  | -0.9 | -3.8 | 2.5   | 1.9  | 5.5  | 2.1  | 4.7   | -3.4  | 2.2  | 2.2  | 15.1%      |
| <b>2004</b> | 0.9   | 2.3  | 2.7  | -2.8 | 0.6   | 2.6  | 2.1  | 2.3  | 3.9   | 6.3   | 5.4  | 1.5  | 31.2%      |
| <b>2003</b> | -2.2  | -6.9 | 0.4  | 4.6  | -1.8  | 4.0  | 7.5  | 11.2 | 6.7   | 6.9   | -1.4 | 5.4  | 38.3%      |
| <b>2002</b> |       |      |      | 0.7  | 1.2   | -2.2 | -4.0 | 2.6  | -4.4  | 1.1   | -0.6 | -0.9 | -6.5%      |

### Performance relative to the benchmark (net of fees)

|                              | Fund (%) | Index (%) | Outperformance (%) |
|------------------------------|----------|-----------|--------------------|
| 3 months                     | -0.7     | -0.6      | -0.1               |
| 6 months                     | -1.1     | -0.6      | -0.5               |
| 1 year                       | 8.7      | 5.9       | 2.8                |
| 3 years                      | 16.5     | 14.8      | 1.7                |
| 5 years annualised           | 8.2      | 6.8       | 1.4                |
| Since inception annualised   | 10.0     | 8.3       | 1.7                |
| Since inception total return | 229.3    | 171.0     | 58.3               |

Inception date: 9 April 2002

The benchmark is the S&P/ASX 200 Accumulation Index.

### Fund commentary

Stocks which produced notable positive returns in the quarter included Sirtex Medical (SRX), which gained 30%. SRX reported net profit for FY2014 of \$24m, up 31% on the prior year. Investor interest in the company has also increased as they are approaching the results of their key clinical trial. This trial is designed to increase the target market for Sir-Spheres treatment and is on schedule for results to be reported in March 2015.

Magellan Financial Group (MFG) returned 18% in the quarter after reporting 66% growth in net profit for FY2014, adjusted for asset sale gains in the prior period. Net inflows for the year were \$7.1 billion, bringing total funds under management to \$23.5 billion. MFG's Global Fund has underperformed its benchmark over one year, but has an impressive track record over longer time periods and this continues to attract investors to the manager.



## The CBG Australian Equities Fund (Wholesale)

Steadfast (SDF) returned 17% in the quarter after reporting net profit for FY2014 which was 9% ahead of the prospectus forecast as the company executed on its acquisition strategy. Management provided guidance for FY2015 earnings per share growth of 10-13%, which includes the benefit of acquisitions announced to date.

Stocks which detracted from performance included Breville Group (BRG), which returned -12%. BRG delivered a result in line with guidance, but management indicated that business conditions are expected to remain challenging in FY2015.

Ozforex (OFX) returned -12% after the company reported new dealing clients for the June quarter which were below expectations, notwithstanding that active clients increased by 32% over the prior corresponding period. OFX is due to report earnings for the half year to September 2014 in late November.

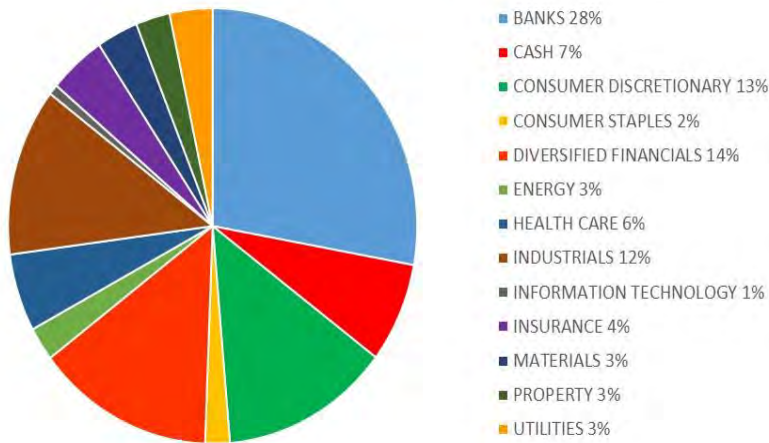
### Top 15 Holdings as at 30 September 2014

|       | ASX Code | Stock Name                         | Fund weight | ASX200 weight |
|-------|----------|------------------------------------|-------------|---------------|
| 1     | ANZ      | ANZ BANKING GROUP LIMITED          | 8.5%        | 6.1%          |
| 2     | WBC      | WESTPAC BANKING CORPORATION        | 8.0%        | 7.1%          |
| 3     | CBA      | COMMONWEALTH BANK OF AUSTRALIA     | 7.5%        | 8.7%          |
| 4     | NAB      | NATIONAL AUSTRALIA BANK LIMITED    | 3.8%        | 5.5%          |
| 5     | HGG      | HENDERSON GROUP                    | 3.8%        | 0.2%          |
| 6     | TCL      | TRANSURBAN GROUP                   | 3.6%        | 1.0%          |
| 7     | GEM      | G8 EDUCATION LIMITED               | 3.4%        | 0.1%          |
| 8     | BHP      | BHP BILLITON LIMITED               | 3.3%        | 7.7%          |
| 9     | SUN      | SUNCORP GROUP LIMITED              | 3.0%        | 1.3%          |
| 10    | FLT      | FLIGHT CENTRE TRAVEL GROUP LIMITED | 3.0%        | 0.3%          |
| 11    | MQA      | MACQUARIE ATLAS ROAD GROUP         | 2.7%        | 0.1%          |
| 12    | LLC      | LEND LEASE LIMITED                 | 2.7%        | 0.6%          |
| 13    | DUE      | DUET GROUP                         | 2.5%        | 0.2%          |
| 14    | BTT      | BT INVESTMENT MANAGEMENT LTD       | 2.4%        | -             |
| 15    | OSH      | OIL SEARCH LIMITED                 | 2.3%        | 1.0%          |
| Total |          |                                    | 60.6%       | 39.8%         |



## The CBG Australian Equities Fund (Wholesale)

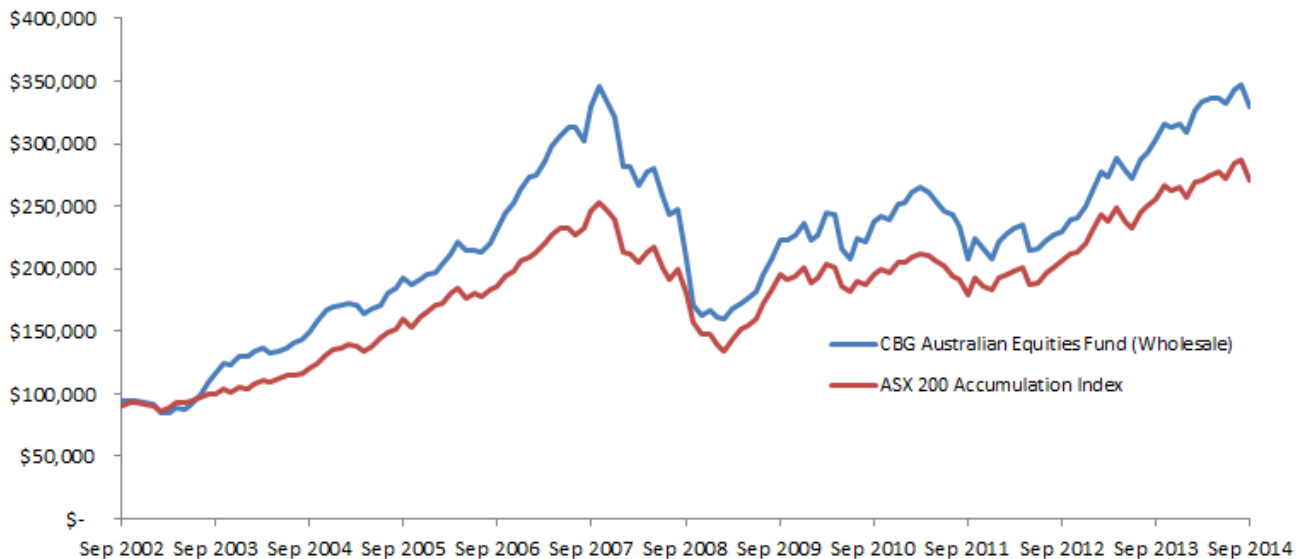
Portfolio sector allocations



Portfolio fundamentals (FY15e)

|                     |       |
|---------------------|-------|
| P/E                 | 16.3x |
| Dividend yield      | 4.6%  |
| Forecast EPS growth | 11.6% |

Growth of \$100,000 since inception (net of fees)



Inception date: 9 April 2002



## The CBG Australian Equities Fund (Wholesale)

### Market commentary

The majority of listed Australian corporates reported earnings results in the month of August. Aggregate earnings per share growth for the 2014 financial year was approximately 12.0%, which included a recovery in mining sector earnings.

The market ex-resources recorded earnings per share growth of 5.6%. While still modest, this represented a slight improvement on the 4.9% recorded in the prior year. Current expectations are for 8.2% growth in FY2015 and the recent fall in the Australian dollar may provide additional support.

Top line growth remained difficult to achieve in FY2014, with cost control and lower debt costs driving improving margins. Strong dividend growth was a recurring theme of the reporting season. The market responded positively to dividend surprises and other forms of capital management, with companies such as Suncorp (special dividend), Telstra (off-market buyback) and Wesfarmers (special dividend and capital return) all rewarded.

The RBA continued to hold the cash rate at 2.5% through the quarter. With inflation well contained, there does not appear to be any imperative for higher rates in the very short term. In the August Statement on Monetary Policy, the RBA noted that GDP growth excluding resources exports remains below its longer term average. Dwelling investment is increasing and there has been some pick-up in consumption growth, while business investment and government spending remain subdued.

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 CBG Asset Management Limited nor any related corporation guarantees the repayment of capital or the performance of the CBG Australian Equities Fund (Wholesale).

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.

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