

# **BENTLEY EQUITIES LIMITED**

ABN 87 008 108 227

TO: COMPANY ANNOUNCEMENTS OFFICE  
COMPANY: AUSTRALIAN STOCK EXCHANGE LIMITED  
FROM: BENTLEY EQUITIES LIMITED  
DATE: 28<sup>TH</sup> OCTOBER 2003

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I attach a copy of the Chairmans Address to be presented to Shareholders at the Annual General Meeting to be held on Tuesday 28<sup>th</sup> October 2003 commencing at 9:00am at History House, 133 Macquarie Street, Sydney NSW.

**P. Roberts**  
Company Secretary

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On behalf of my fellow Directors let me welcome you to this AGM. Following my address the Resolutions to (1) re-elect Clive Powell; (2) Change the investment mandate; (3) defer the winding up provision; and (4) elect Mr Brendon Foley as a director will be put to the shareholders vote.

The last financial year saw a number of significant changes in the Company's operations, including severing ties with BT Funds Management (BTFM) in December 2002, the company's founding manager, and the change of company name at the Extraordinary General Meeting in April 2003.

## **1. Administration**

From 1 January 2003, the administration, accounting and company secretarial function that had been carried out by BTFM was transferred to White Funds Management Pty Ltd ("White Funds"). The share registrar also changed to Registries Limited in June 2003. These changes in administration have led to worthwhile cost savings and is expected to reduce the operating costs of the company for future financial years.

## **2. Fund Manager**

In the latter part of 2002, the global investment portfolio was realised and the liquidity of the portfolio increased to 20% with the remaining 80% invested in an MSCI Index Fund, the Vanguard International Shares Index Fund. The latter seeks to mirror the MSCI World ex-Australia Index on an unhedged basis and provides shareholders with an on-going but passive exposure to international equities.

Since December 2002, the Board has sought opportunities for the Company that would enable asset growth and the utilization of the Company's franking credits and tax losses. The Board has preferred to provide shareholders with a valued investment proposal, which we put before you today, rather than wind up the Company. As noted at the EGM, this process has proved time consuming as tax opinions have been sought in relation to the various proposals put forward.

## **3. Performance and Outlook**

The performance of the Company for the 2002-3 financial year should be considered in two distinct periods. The first six months, as the international investment portfolio was liquidated under BTFM's management, and the remaining six months, invested 80% in Vanguard and 20% in cash. This company

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has an intentional, largely unhedged, exposure to world equity markets. Its performance must be assessed in that light.

In summary, at the end of September 2003, for the nine months:

- The Vanguard unit price had declined –3.23%
- The Net Tangible asset backing declined – 2.30%; and
- The MSCI world ex-Australia index declined – 3.27%.

However, economic indicators continued to improve in the last quarter and recent market data, suggests that the US and global economy are on an improving trend. Analysts have noted that solid consumer spending has increased support by improving corporate profitability which has increased business investment. The job market has remained weak but is showing signs of an emerging improvement.

## **4. Fund Manager**

After evaluating seven submissions and approaches with regard to appointing a Fund Manager, the Board favours a proposal from Select Asset Management Limited which we ask shareholders to vote in favour of today. The details of this proposal are outlined in the Notice of Meeting and Explanatory Memorandum that was sent to shareholders with the 2003 Annual Report. As noted in the Annual Report, the Board favour this proposal, because:

- 1) It offers sophisticated exposure to international markets;
- 2) Management and its associates have a proven track record;
- 3) Its focus is on positive absolute returns in both rising and falling markets; and
- 4) If successful, over time, the proposal should utilise the franking credits and foreign tax losses of the company, issues which were incidental to the final decision but still very relevant.

Prior to putting the change in investment mandate resolution to shareholders, Mr Brendon Foley and Mr Dominick McCormick from SAM, will provide a brief overview of their proposal & an opportunity for shareholders to raise any questions following this address.

***{Presentation by Mr Brendon Foley & Mr Dominick McCormick and questions }***