BENTLEY EQUITIES LIMITED

ABN 87 008 108 218

Thursday, 12 February 2004

MARKET ANNOUNCEMENT

Company Update and the Constellation HomeGlobal™ Strategy

At the Company's General Meeting held on 5 February 2004, shareholders voted overwhelmingly in support of the appointment of the new Board and the proposed strategy to appoint Constellation Capital Management Limited (**"Constellation"**) as new fund manager.

The Company's aim now is to finalise the terms under which Constellation will be appointed and effect an orderly transition of responsibilities to the new fund manager as quickly as possible.

Constellation is an experienced fund manager, 50% owned by Qantas Superannuation Limited and 50% by interests associated with Constellation's management. Constellation's management team has collectively many years experience in financial services and is well regarded in the industry. Further information about Constellation may be obtained from: www.constellation.com.au. An outline of the Constellation HomeGlobal™ investment strategy is also attached.

The Company also notes that ASX has recently published a document that contains a detailed consideration of Constellation's HomeGlobal™ investment strategy and the ASX's view that it represents a positive investment opportunity for Australian Listed Investment Company's. An extract of the document is attached with the full document available over the Internet at the following address: http://www.asx.com.au/about/pdf/TakingStockFeb04.pdf

The Company believes this article by the ASX lends further weight to the decision made by the new Board to seek the appointment of Constellation as new fund manager to implement the international component of the HomeGlobal™ investment strategy. The Board now looks forward to Constellation implementing their HomeGlobal™ investment strategy for the benefit of the Company.

As outlined in the Company's recent Notice of Meeting documentation, the new Board is also pursuing the creation of a new LIC for IPO – such company is proposed to be managed also by Constellation to implement the Australian or domestic component of the HomeGlobal™ investment strategy.

Among other initiatives, the Company is currently developing a website to facilitate the efficient dissemination of information to shareholders and to the market in general. This website will be posted to www.bentleyequities.com soon.

The Company would also like to keep shareholders and potential investors updated where possible with company news and announcements via email. Accordingly, the Company encourages investors to register their email address by forwarding details to: shareholders@bentleyequities.com

The Company also advises that it will not proceed with the registration of a change of name to "Bentley International Limited".

Victor Ho
Co-Company Secretary   Tel: (08) 9214 9767   Email: vho@bentleyequities.com

STRATEGY

Challenging current domestic vs international investment strategies

Investor dilemma – Home Country Bias and the Impact of Globalisation

Whatever country they live in, most investors have a significant home country bias in their portfolios. The familiarity of local stocks and other factors such as costs, regulatory regime and domicile of investor's liabilities are amongst the reasons leading to the home country bias.

Over recent years however, many investors have also become aware of the merits of increasing their exposure to international assets, for example to gain exposure to industries not available in the domestic equity market. This can be a dilemma as investors are torn between a home country bias, and the benefits of international exposures.

Over recent years, research shows that equity returns are being increasingly influenced by industry factors; indeed these are now of similar importance as country factors in the pricing of stocks. The increased allocation to international equities has occurred in a period when globalisation in many industries is possibly reducing the diversification benefits of international equities.

This apparent contradiction presents a challenge for investors who implement the current domestic-international paradigm where the domestic stocks are benchmarked against, for example, the ASX/S&P 300 and international stocks against the MSCI ex Australia.

A new paradigm: HomeGlobal™ strategy

Australian fund manager Constellation Capital Management has developed an alternative approach to the current domestic/international investment strategies.

Constellation's HomeGlobal approach looks at the whole world as one opportunity set, and only invests internationally when there is inadequate exposure to an industry from investing in the shares listed on the ASX. For example, the Australian share market offers more than adequate opportunity to invest in banks and mining shares, so there is no net portfolio diversification benefit from investing internationally in banks and mining shares, as this would concentrate risk exposures.

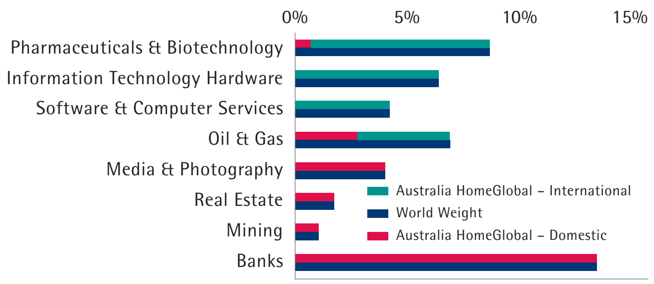
Conversely since the Australian share market does not yet offer globally comparable exposure to IT or pharmaceutical shares, the HomeGlobal approach will invest internationally to secure that exposure. In this way Australian investors can achieve a more balanced exposure to investments in industries and companies not available in Australia whilst maintaining the benefits of country diversification.

ASX and the HomeGlobal strategy

The emergence of investor interest in Listed Investment Companies ("LICs") presents an opportunity for the launch of ASX listed investment vehicles that adopt the HomeGlobal strategy. Such ASX listed LICs could provide a convenient vehicle for large and small Australian investors to obtain a balanced exposure to shares from the major industries and countries via ASX listed vehicles whilst retaining a relevant home country bias to Australian shares. At present the Australian HomeGlobal strategy would invest approximately half the portfolio in Australian securities and the balance in international securities. The country and industry exposures are shown in the tables below.

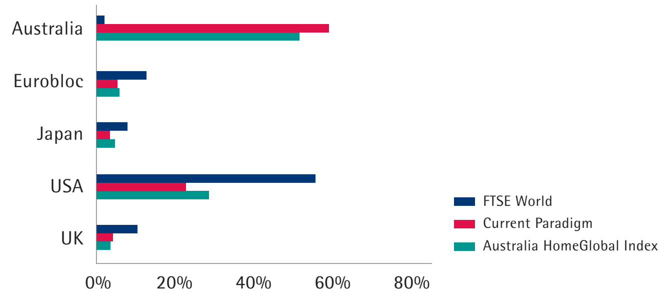
For more information, contact Doug Little or Dr Peter Vann at Constellation Capital Management, on (02) 9231 2833 or visit www.constellation.com.au

Sample Industry Diversification



Source: FTSE Global Equity Index June 2003, Constellation

Sample Country Diversification



Australia *HomeGlobal*™ equities

Key Features

- **addresses impact of globalisation**
- **provides a relevant home country bias**
- **resolves domestic stock/sector concentration**

Investor dilemma – Home Country Bias

Investors in most, if not all, countries have a significant home country bias in their portfolios. The familiarity of local stocks and other factors such as costs, regulatory regime and domicile of investors' liabilities are amongst the reasons leading to the home country bias.

Over recent years, there has been a trend to increase the portion of funds allocated to international assets, particularly to international equities which provide

- risk diversification and control,
- exposure to industries not available in the domestic equity market, and
- create further opportunities for adding value through active management.

Investors are torn between a home country bias and the benefits of international exposures.

Investor dilemma – Impact of Globalisation

Over recent years, research shows that equity returns are being increasingly influenced by industry factors and they have become of similar importance to country factors in the pricing of stocks (even after the TMT boom/bust is excluded from the analysis). This change is mainly attributed to the influence of globalisation.

Thus it is interesting to note that the increased allocation to international equities has occurred in a period when globalisation in many industries is possibly reducing the diversification benefits of international equities.

This apparent contradiction presents a challenge for investors who implement the current domestic-international paradigm where the domestic stocks are benchmarked against, for example, the ASX/S&P 300 and international stocks against the MSCI ex Australia.

Investor dilemma – Stock-Industry Concentration

Numerous countries have dominant stocks or industries. Australia is dominant in banking and mining industries. For example, when a fund allocates equities in approximately a 60:40 ratio to domestic and international markets, the domestic banks represent 19% (31%*60%) of total equities, well above global weights, and this high exposure is further added to by an international weight in banks of 5% (approx 13%*40%). One may well ask why add to the already high domestic exposure in banks.

Conversely, the low exposure to domestic pharmaceuticals and biotechnology stocks needs to be supplemented with exposure to international stocks. But the current domestic-international paradigm only results in a total exposure of 4% to pharmaceuticals and biotechnology, which is well below its global weight. The table below shows the imbalances of some industry exposures when using the current paradigm.

We hear many pension fund trustees ask "is the domestic benchmark appropriate for our members?"

Industry	Global	Domestic	Current Paradigm	Imbalance
Banks	13.4%	31.2%	24.0%	+10.5%
Mining	1.0%	10.9%	6.9%	+5.9%
IT Hardware	6.4%	0.0%	2.6%	-3.8%
Pharm & Biotech	8.7%	0.7%	4.0%	-4.7%

What are the current choices?

- Traditional domestic-international paradigm; does not address impact of globalisation, stock-industry concentration or home bias
- Multinational-local country paradigm; eg FTSE Multinational/ FTSE Local indexes; there are numerous arbitrary parameters which need to be determined including the level of home country bias
- One world paradigm – eg FTSE Global Index; imagine an Australian superannuation fund with only 1.9% of equities invested domestically!

A new paradigm is needed.

Constellation has developed a simple, robust and easy to implement approach referred to as the

***HomeGlobal*™ method**

which is applicable in all countries/regions and provides the following benefits

- introduces new and relevant country specific global benchmarks with relevant home bias
- resolves home country stock-industry imbalances
- responds to increased correlation of economies & markets
- facilitates global investment management
- provides an investment strategy more aligned with investor objectives, and
- addresses potential domestic political concerns.

Australia ***HomeGlobal***™ Portfolio

Constellation's ***HomeGlobal***™ approach applies a test of adequacy at the industry level. The test of adequacy simply asks:

- "Is the domestic weight of an industry at least its global weight?".
- If the answer is yes, eg banks, then the ***HomeGlobal***™ method will allocate its exposure to banks in the domestic market at the global weight of banks.
- If the answer is no, pharmaceuticals and biotechnology, then the ***HomeGlobal***™ method will allocate its exposure to the available weight of Australian pharmaceuticals and biotechnology, 0.7%, and fill the *shortfall* via international pharmaceuticals and biotechnology, 8%, to provide a total exposure pharmaceuticals and biotechnology of 8.7%, the global weight.

Applying the *test of adequacy* across all industries results in a portfolio (see table below) where the domestic allocation is a consequence of the test of adequacy; the domestic weight in the Australia ***HomeGlobal***™ Index is approximately 52%.

The ***HomeGlobal***™ approach:

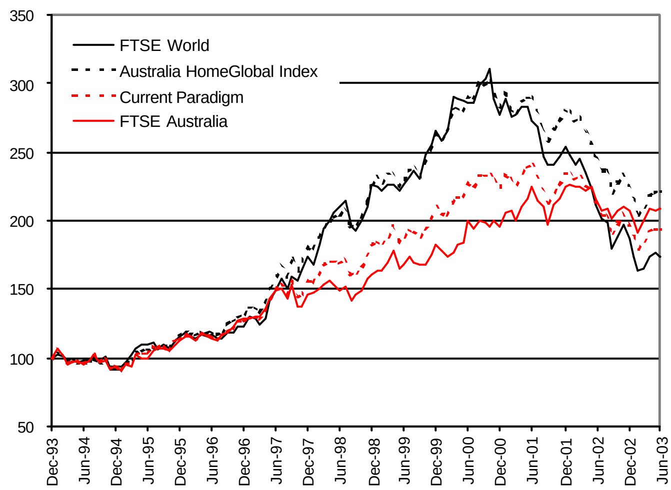
- provides a relevant home country bias;
  it takes from the domestic market what is needed, not what the market has to offer
- resolves domestic industry or stock concentration
- provides a portfolio with more balanced industry weights and a spread of country exposures, thus benefiting from the diversification benefits of both these factors
- provides a portfolio more aligned with investment strategy, not what local market "dictates"

A complete list of industry allocations is provided below, together with estimated performance over recent years using the FTSE classification system.

Weigh globally – Invest locally

Industry	Market weights		HomeGlobal™ Weights	
	Global	Domestic	Domestic	International
Aerospace & Defence	1.1%	0.0%	0.0%	1.1%
Automobiles & Parts	2.2%	0.3%	0.3%	1.9%
Banks	13.4%	31.2%	13.4%	0.0%
Beverages	2.0%	3.1%	2.0%	0.0%
Construction & Building Materials	1.5%	3.2%	1.5%	0.0%
Chemicals	2.1%	0.8%	0.8%	1.3%
Diversified Industrials	2.7%	2.6%	2.6%	0.1%
Electronic & Electrical Equipment	2.4%	0.1%	0.1%	2.3%
Electricity	2.6%	0.2%	0.2%	2.3%
Engineering & Machinery	1.5%	0.3%	0.3%	1.3%
Food & Drug Retailers	1.2%	3.0%	1.2%	0.0%
Food Producers & Processors	2.2%	1.0%	1.0%	1.2%
Forestry & Paper	0.6%	0.5%	0.5%	0.1%
General Retailers	4.2%	2.4%	2.4%	1.8%
Household Goods & Textiles	1.3%	0.4%	0.4%	0.9%
Health	3.0%	1.6%	1.6%	1.4%
Investment Companies	0.4%	0.6%	0.4%	0.0%
Information Technology Hardware	6.4%	0.0%	0.0%	6.4%
Insurance	3.5%	2.2%	2.2%	1.3%
Life Assurance	1.0%	2.0%	1.0%	0.0%
Leisure, Entertainment & Hotels	1.4%	1.9%	1.4%	0.0%
Mining	1.0%	10.9%	1.0%	0.0%
Media & Photography	4.0%	8.7%	4.0%	0.0%
Oil & Gas	6.9%	2.7%	2.7%	4.2%
Personal Care & Household Products	1.7%	0.0%	0.0%	1.7%
Pharmaceuticals & Biotechnology	8.7%	0.7%	0.7%	8.0%
Real Estate	1.7%	7.4%	1.7%	0.0%
Software & Computer Services	4.2%	0.0%	0.0%	4.2%
Speciality & Other Finance	3.8%	1.9%	1.9%	1.9%
Steel & Other Materials	0.7%	1.0%	0.7%	0.0%
Support Services	1.9%	2.6%	1.9%	0.0%
Tobacco	0.9%	0.0%	0.0%	0.9%
Transport	1.5%	3.6%	1.5%	0.0%
Telecommunication Services	5.3%	1.9%	1.9%	3.4%
Utilities, Other	1.3%	1.2%	1.2%	0.1%
Total	100.0%	100.0%	52.4%	47.6%

Source:FTSE Global Equity Index June 2003, Constellation



Source:FTSE World Index, Mercer, Constellation

Dec 93 to Jun 03	Return * (pa)	Vol (pa)
FTSE World	6.0%	13.6%
FTSE Australia HomeGlobal™ Index	8.7%	11.3%
Current Paradigm	7.2%	11.3%
FTSE Australia Index	8.1%	12.3%

Source:FTSE World Index, Mercer, Constellation
** assuming index returns for all exposures*

Contact Details
Doug Little dlittle@constellation.com.au
Dr Peter Vann pvann@constellation.com.au
Level 19
60 Castlereagh St
Sydney, Australia 2000
www.constellation.com.au
Phone: 61 2 9231 2833