

Tuesday, 20 October 2009

# MARKET ANNOUNCEMENT

## FSP Fund September 2009 Quarterly Report

The September 2009 Quarterly Report from FSP Equities Management Limited (**FSP**) on the performance of its FSP Equities Leaders Fund (**FSP Fund**) is attached.

As at 30 September 2009, the Company had a total of \$28.76 million (approximately 91% of the Company's net assets) invested in the FSP Fund.

### About The FSP Equities Leaders Fund (FSP Fund) <sup>1</sup>

The 12 month net performance of the FSP Fund to 30 September 2009 was 7.4% (12 months to 31 August: -16%). The benchmark performance (S&P/ASX 200 Accumulation Index) was 8.3% over the same period (12 months to 31 August: -8.1%).

FSP Fund details as at 30 September 2009:

- The equity weighting was 99.2% (31 August: 97.4%);
- 84.8% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (31 August: 92.3%) with the balance of 15.2% invested in companies outside of the S&P/ASX 200 Index (31 August: 7.7%); and
- The equity portfolio contained 54 holdings (31 August: 53 holdings).

### FSP Equities Leaders Fund - Performance

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Since Inception
30/09/2009	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
<b>FSP Fund</b>	7.0%	22.5%	32.4%	7.4%	-17.7%	-1.2%	11.3%
<b>ASX/ S&amp;P 200 Accumulation Index</b>	6.2%	21.5%	35.2%	8.3%	-10.9%	1.7%	9.3%

<sup>1</sup> Based on information provided by FSP Equities Management Limited.

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## FSP Equities Leaders Fund Top 20 Holdings and Sector Weights

Top 20 Holdings		Fund Weight		Sector Weights	Fund Weight	
ASX Code	Asset Name	30-Sep	31-Aug		30-Sep	31-Aug
BHP	BHP BILLITON LIMITED	12.1%	14.2%	Materials	27.1%	29.8%
WBC	WESTPAC BANKING CORPORATION	9.9%	10.2%	Financials(ex-Property)	22.8%	23.9%
CBA	COMMONWEALTH BANK OF AUSTRALIA	8.0%	8.1%	Industrials	11.8%	9.3%
NCM	NEWCREST MINING LIMITED	4.0%	4.0%	Energy	14.7%	15.9%
JBH	JB HI-FI LIMITED	3.7%	2.9%	Consumer Staples	1.4%	0.8%
FLT	FLIGHT CENTRE LTD	3.6%	3.6%	Consumer Discretionary	14.9%	13.3%
WOR	WORLEY PARSONS LIMITED	2.9%	3.0%	Health Care	1.6%	1.6%
SMX	SMS MANAGEMENT & TECHNOLOGY LTD	2.8%	1.4%	Utilities	0.0%	0.0%
STO	SANTOS LTD	2.7%	3.0%	Telecommunication Services	0.6%	0.2%
OST	ONESTEEL LTD	2.4%	2.7%	Information Technology	4.4%	2.5%
OSH	OIL SEARCH LIMITED	2.3%	2.4%	Property Trusts	0.0%	0.0%
WPL	WOODSIDE PETROLEUM LIMITED	2.2%	2.2%	Cash/Hybrids/Fixed Interest	0.8%	2.6%
UGL	UNITED GROUP LIMITED	2.2%	2.3%			
HST	HASTIE GROUP LIMITED	2.0%	1.3%			
NWH	NRW HOLDINGS LIMITED	1.9%	1.1%			
BTT	BT INV MANAGEMENT LTD	1.8%	1.4%			
AAX	AUSENCO LTD	1.8%	1.6%			
DJS	DAVID JONES LIMITED	1.6%	1.5%			
OKN	OAKTON LIMITED	1.6%	1.2%			
REA	REA GROUP LIMITED	1.6%	1.6%			

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# The FSP Equities Leaders Fund

15 October 2009

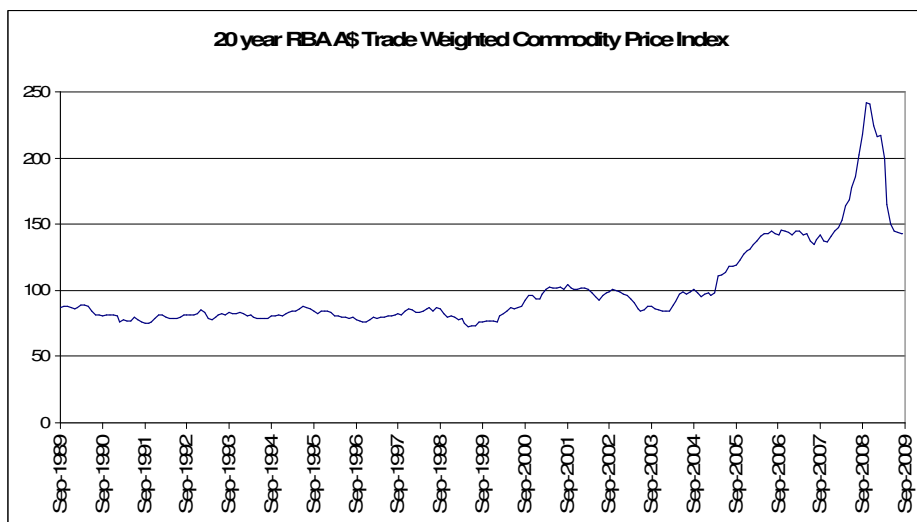
The Directors of Bentley Capital Limited  
Suite 202, 30-36 Bay Street  
Double Bay NSW 2028

We are pleased to report that over the three months to 30 September 2009, the FSP Equities Leaders Fund produced a net return of 22.5%. This exceeded the return of the S&P/ASX 200 Accumulation Index of 21.5% over the same period.

For the calendar year to date (nine months to 30 September) the Fund has returned a net 33.7%, which compares favourably with a return for the S&P/ASX 200 Accumulation Index of 32.5%.

The Australian equity market rallied strongly in the September quarter as investors began to look through recently depressed earnings to price companies on the basis of longer term earnings expectations. The catalyst for this has been improving global economic data, in which the relative strength of the Asia Pacific region has stood out. In its October World Economic Outlook, the IMF again upgraded its forecast for 2010 global GDP growth. The IMF is now forecasting global growth of 3.1% in 2010, up from a July forecast of 2.5%. The forecast for 2010 for China was upgraded from 8.5% to 9.0%, and this follows a resilient 2009 year in which China is expected to record 8.5% growth.

In October the Reserve Bank of Australia raised the official cash rate by 0.25% to 3.25%. The RBA Governor, Glenn Stevens, commented that relative to the major economies "prospects for Australia's Asian trading partners appear to be noticeably better. Growth in China has been very strong, which is having a significant impact on other economies in the region and on commodity markets". Australia's close trading relationship with the fast growing Asian economies was highlighted as a key reason in the RBA's decision to raise interest rates. Current commodity prices are very supportive for the Australian resources sector as highlighted by the chart below, with Australian dollar prices at the end of September 68% above the 15 year average to March 2004.

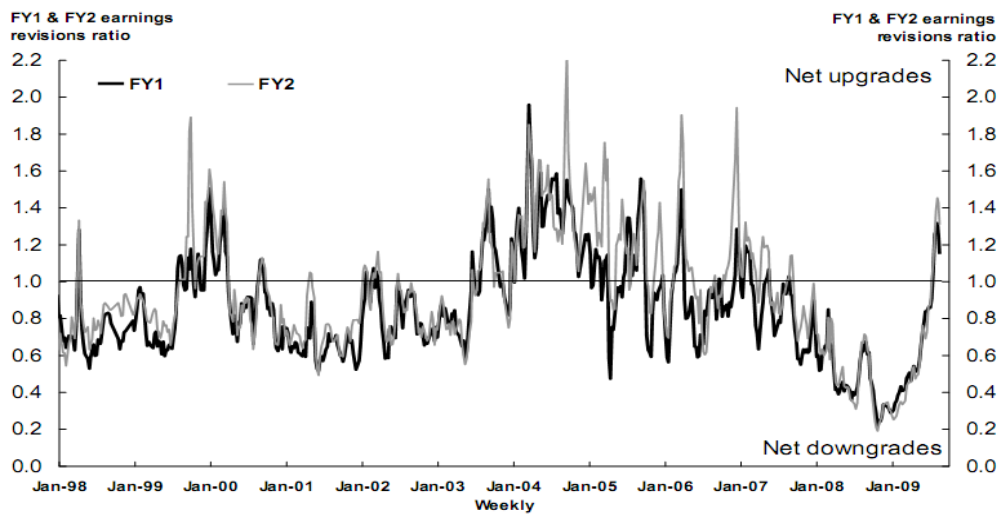


Source: Reserve Bank of Australia

The IMF comments that short term global growth will continue to benefit from stimulatory monetary and fiscal policies and from a restocking phase, while tight credit conditions are expected to continue to restrain the pace of recovery in the US, Europe and the UK. Banks in these regions have benefited from capital raisings, while the loan loss cycle continues to put pressure on balance sheets. This contrasts with the position of the Australian banks, where analysts have begun to focus on the potential deployment of excess capital. For example, UBS and Credit Suisse analysts are now forecasting share buy backs in FY2011.

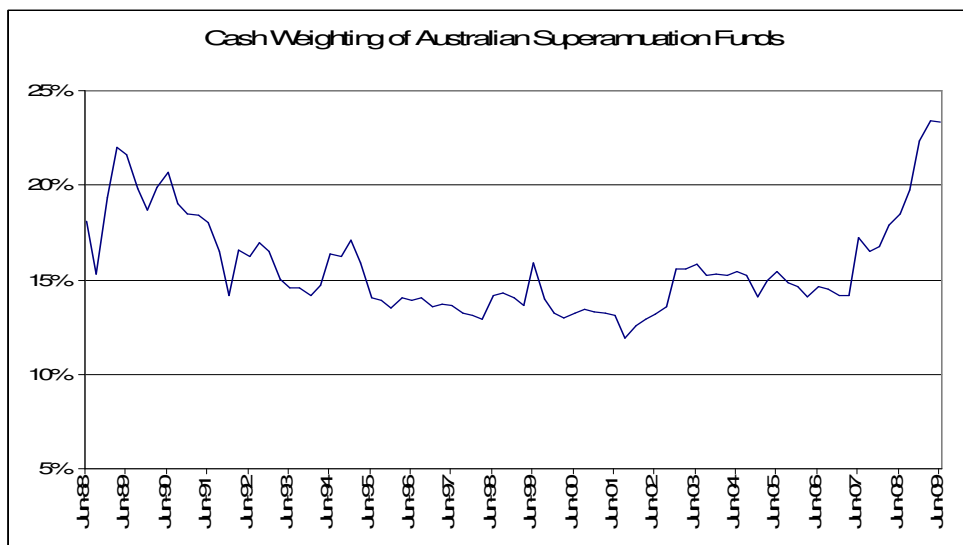
In Australia, a focus of investors over the quarter was the August reporting season, and in particular the outlook comments for this financial year. Positively in August, consensus analyst earnings forecasts returned to upgrades after more than one year of negative revisions. The strength of the earnings upgrade cycle is expected to be a key driver of share prices going forward.

**Market revisions ratio (above 1.0 indicates upgrades exceeding downgrades)**



Source: IBES, Macquarie Research, September 2009

A positive for the Australian market is the latent demand for equities from the current very high cash weighting of Australian superannuation funds. This weighting has increased from an average of 15.3% in the 20 years to March 2008 to 23.3% as at the end of June 2009, as shown in the chart below.



Source: Australian Bureau of Statistics

## Portfolio

The Fund continues to invest where high quality companies are trading at prices which we consider to represent long term value. This is reflected in the performances of a number of the Fund's largest holdings over the quarter.

Flight Centre (3.6% of the portfolio as at 30 September) gained 73% in the three months to 30 September. The company reported a notable turnaround in sales for the Australian business in the fourth quarter and a much improved result from the US business. Flight Centre will benefit from its operating leverage if these trends continue, and management guided to 25% - 35% growth in trading profit for FY2010.

Hastie Group (2.0% of the Fund) returned 80% in the three months to 30 September. Hastie is the leading provider in Australia of essential building services, in particular the design, installation and maintenance of heating, ventilation and air-conditioning systems. Hastie has been able to capitalise on its leading position to win market share and maintain a strong order book, while a high weighting to government expenditure has supported its UK business. Hastie grew earnings per share by 9% over FY2009.

NRW Holdings (1.9% of the portfolio at 30 September) gained 72% in the quarter. The company produced a strong result for the 2009 financial year in difficult conditions, growing earnings per share by 13%. NRW is well placed to benefit from a positive outlook for Western Australian iron ore capital expenditure in particular, and has guided to 20% revenue growth for the coming year.

SMS Management (2.8% weight) and Oakton (1.6% weight) returned 41% and 53% respectively in the three months to 30 September. SMS and Oakton are IT services companies which have benefited from a resumption of growth in business IT spending. A number of customers had deferred work over the period of low business confidence that persisted throughout 2008, while much of this work eventually becomes necessary.

The Fund has benefited from a zero weight in Telstra, which underperformed as the government announced reforms to existing telecommunications regulations. As a result Telstra will be encouraged to "voluntarily" structurally separate its retail and wholesale arms, or the government will impose legislation to functionally separate the company. The Fund also has no exposure to the listed property trust or infrastructure sectors.

## Top 15 holdings as at 30 September 2009

	ASX code	Stock name	Fund weight - 30 June 2009
1	BHP	BHP BILLITON	12.1%
2	WBC	WESTPAC	9.9%
3	CBA	COMMONWEALTH BANK	8.0%
4	NCM	NEWCREST MINING	4.0%
5	JBH	JB HI-FI	3.7%
6	FLT	FLIGHT CENTRE	3.6%
7	WOR	WORLEY PARSONS	2.9%
8	SMX	SMS MANAGEMENT	2.8%
9	STO	SANTOS	2.7%
10	OST	ONE STEEL	2.4%
11	OSH	OIL SEARCH	2.3%
12	WPL	WOODSIDE PETROLEUM	2.2%
13	UGL	UNITED GROUP	2.2%
14	HST	HASTIE GROUP	2.0%
15	NWH	NRW HOLDINGS	1.9%
Total			62.6%



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## Performance history

	Fund net return*
1 year to 30 September 2009	7.4%
1 year to 30 September 2008	-37.0%
1 year to 30 September 2007	42.6%
1 year to 30 September 2006	19.2%
1 year to 30 September 2005	29.7%
1 year to 30 September 2004	28.1%
1 year to 30 September 2003	24.0%
Since inception (9 April 2002) cumulative	122.5%
Since inception (9 April 2002) annualised	11.3%

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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\* Performance calculations provided by White Outsourcing, a subsidiary of Moore Stephens Sydney, which is a member firm of Moore Stephens International Limited. The returns are net of all fees, pre-tax and assume DRP.

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