

# MARKET ANNOUNCEMENT

## FSP Fund March 2010 Quarterly Report

The March 2010 Quarterly Report from FSP Equities Management Limited (**FSP**) on the performance of its FSP Equities Leaders Fund (**FSP Fund**) is attached.

As at 31 March 2010, Bentley had a total of \$31.53 million (approximately 96% of its net assets) invested in the FSP Fund.

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

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 March 2010:

- The equity weighting was 99% (31 December 2009: 99.2%);
- 78.3% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (31 December 2009: 78.9%) with the balance of 21.7% invested in companies outside of the S&P/ASX 200 Index (31 December 2009: 21.1%); and
- The equity portfolio contained 52 holdings (31 December 2009: 60 holdings).

### FSP Equities Leaders Fund - Performance

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Since Inception
31/03/2010	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
<b>FSP Fund</b>	7.6%	3.1%	9.7%	45.3%	-4.4%	-5.1%	11.8%
<b>ASX / S&amp;P 200 Accumulation Index</b>	5.7%	1.4%	4.8%	41.7%	-0.1%	-2.4%	9.4%

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

[www.bel.com.au](http://www.bel.com.au)

**Registered Office:**  
Suite 202, Angela House  
30-36 Bay Street  
Double Bay New South Wales 2028

**ASX Code: BEL**  
A.B.N. 87 008 108 218



T | (02) 9363 5088  
F | (02) 9363 5488

**Company Secretarial Office:**  
Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth Western Australia 6000  
**Local T** | 1300 762 678  
T | (08) 9214 9757  
F | (08) 9322 1515  
E | [info@bel.com.au](mailto:info@bel.com.au)

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

Top 20 Holdings			Fund Weight	
ASX Code	Asset Name	31-Mar	Sector Weights	31-Mar
BHP	BHP BILLITON LIMITED	10.3%	Materials	29.7%
WBC	WESTPAC BANKING CORPORATION	9.3%	Financials(ex-Property)	23.9%
CBA	COMMONWEALTH BANK OF AUST.	8.2%	Consumer Discretionary	17.0%
FLT	FLIGHT CENTRE LTD	4.5%	Industrials	12.3%
SMX	SMS MANAGEMENT & TECH.	4.3%	Information Technology	6.6%
JBH	JB HI-FI LIMITED	3.4%	Energy	5.0%
OST	ONESTEEL LTD	2.8%	Telecommunication Services	2.7%
MIN	MINERAL RESOURCES LIMITED	2.4%	Consumer Staples	1.7%
BSL	BLUESCOPE STEEL LIMITED	2.3%	Cash/Hybrids/Fixed Interest	0.7%
TPM	TPG TELECOM LIMITED	2.3%	Health Care	0.4%
NWH	NRW HOLDINGS LIMITED	2.3%		
REA	REA GROUP LIMITED	2.2%		
DJS	DAVID JONES LIMITED	2.2%		
OSH	OIL SEARCH LIMITED	2.2%		
AGO	ATLAS IRON LIMITED	2.1%		
CEY	CENTENNIAL COAL COMPANY	2.1%		
UGL	UGL LIMITED	2.0%		
AAX	AUSENCO LTD	2.0%		
OKN	OAKTON LIMITED	2.0%		
HST	HASTIE GROUP LIMITED	2.0%		

---

**For further information:**

Farooq Khan  
 Chairman  
 T | 1300 762 678  
 E | info@bel.com.au

Victor Ho  
 Company Secretary  
 T | (08) 9214 9757  
 E | vho@bel.com.au

# The FSP Equities Leaders Fund

## March Quarter 2010

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

19 April 2010

The FSP Equities Leaders Fund ("Fund") produced a net return of 3.1% over the quarter to 31 March 2010, which compared to the return from the S&P/ASX 200 Accumulation Index of 1.8%.

The focus of investor attention in the quarter was the February company reporting season, which saw a return to growth in net profits for most sectors<sup>1</sup>, while indicators for domestic economic growth continued to be encouraging. Both consumer and business confidence have recovered from the lows in the first half of 2009 to above average levels. The chart of Business Confidence from National Australia Bank's monthly business survey is shown overleaf.

For the 12 months to 31 March 2010, the Fund produced a net return of 45.3%, which compared to the benchmark return of 41.7%.

### Performance history

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year total
Figures Shown in %													
2010	-5.7	1.6	7.6										3.1%
2009	-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%
2008	-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%
2007	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%
2006	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%
2005	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%
2004	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%
2003	-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%
2002				0.7	1.2	-2.2	-4	2.6	-4.4	1.1	-0.6	-0.9	-6.5%

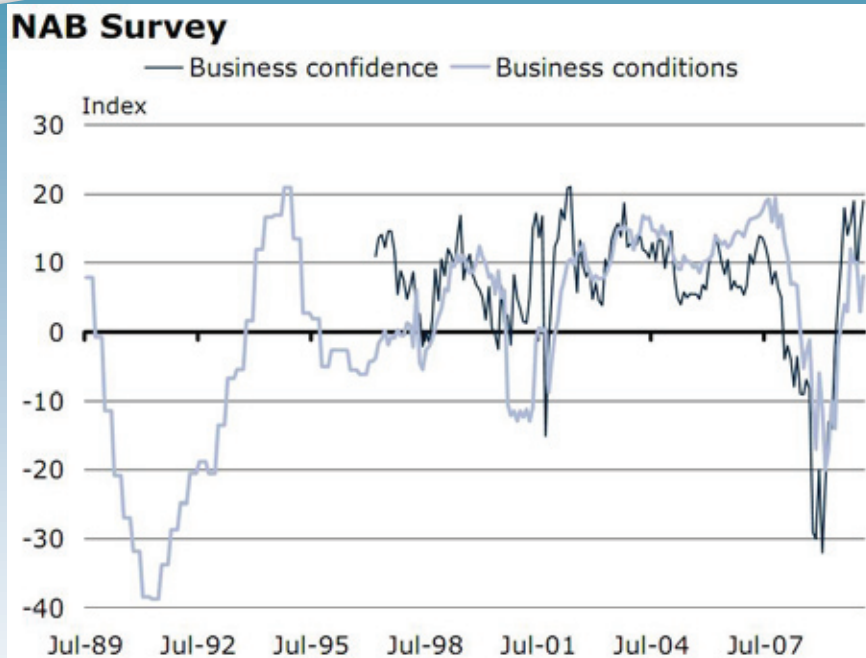
### Return since inception

	Fund	S&P/ASX 200 Accumulation Index
Net return (annualised)	11.8%	9.4%

Inception date: 9 April 2002

1. Macquarie Strategy Research, March 2010.

## The FSP Equities Leaders Fund



Source: Goldman Sachs JBWere

### Market commentary

Forecasts of aggregate market earnings over the next 12 months are for strong growth. Macquarie Research, which has the broadest coverage of listed companies, forecasts 16% earnings per share growth over this period<sup>2</sup>. This is underpinned by a consensus expectation for trend Gross Domestic Product (GDP) growth of 3.1%<sup>2</sup> in 2010, supporting a recovery in corporate earnings from depressed levels.

Australia is well placed from a macroeconomic perspective, with low unemployment, low levels of corporate and government debt, and with the outlook closely tied to the strong pace of growth in industrialising Asia. The International Monetary Fund (IMF) is currently forecasting 8.4% growth for this region in 2010, including 10.0% growth in China<sup>4</sup>.

This is not to downplay the importance of a slower expected pace of growth in Europe, the United Kingdom (UK) and the United States (US). These regions face the challenge of reducing unemployment from elevated levels, while credit conditions remain tight with financial systems not yet fully-healed. The IMF also comments that as private demand recovers, public debt issuance “could crowd out private sector credit growth, gradually raising interest rates for private borrowers and putting a drag on the economic recovery”<sup>3</sup>. Despite these headwinds, an economic recovery looks to be underway, with the most recent IMF forecasts for 2.7% GDP growth in the US in 2010, just 1.0% growth in the euro area and 1.3% growth in the UK<sup>4</sup>.

2. Macquarie Strategy Research, March 2010.

3. IMF, Global Financial Stability Report, January 2010.

4. IMF, World Economic Outlook Update, January 2010.

# The FSP Equities Leaders Fund

## Australian listed companies reporting season

In February, Australian listed companies reported their earnings for the 6 months to December 31 2009, which saw a return to net profit growth for the market excluding resources<sup>6</sup>.

Industrial companies, including all sectors outside the financials and resources, reported net profits up 11% on the prior corresponding period. This was almost entirely the result of cost cutting through the downturn<sup>5</sup>, with growth in revenues not yet a driver of earnings. With a market consensus forecast for trend GDP growth of 3.1% in 2010<sup>6</sup>, top line growth is expected to emerge as a driver of earnings growth, which will be enhanced by operating leverage. Macquarie Research currently forecasts 15% earnings per share growth for industrials in the financial year to June 2011.

Bank earnings recovered sharply, up 27 %, as much lower bad debt expenses were recorded, given high levels of existing provisioning and an improving economic outlook. Taking into account the dilution of capital raised through the year, earnings per share for the bank sector were up 12% on the same half in 2008. Robust earnings growth is expected to continue for the major banks<sup>7</sup>, with continued normalisation of bad debt charges and strong underlying profitability.

Resource companies' net profits were down 17% due to lower commodity prices, while spot commodity prices imply that the resources sector will have the strongest earnings growth over the next 12 months. Macquarie Research currently forecasts 42% earnings per share growth for the resources sector in the financial year to June 2011.

## Fund commentary

In the March quarter, several stocks in the Fund produced notable performances. TPG Group (2.4% of the Fund) is an emerging telecommunications company, principally as a provider of consumer broadband. The company has a strategy based on investment in its own infrastructure and a focus on low costs, which enables the business to offer attractive prices while earning industry leading margins ex-Telstra. In March, TPG secured the purchase of PIPE Networks and reported a strong first half result, which saw the shares gain 37% over the quarter. TPG upgraded their 2010 financial year earnings guidance at the result, with the company now forecasting EBITDA of \$152-158 million, excluding the contribution from PIPE. This compares to EBITDA in the 2009 financial year of \$118 million.

---

5. Goldman Sachs JBWere Research, March 2010

6. Macquarie Strategy Research, March 2010.

7. Based on the consensus of broker forecasts

8. Metal Bulletin, China Iron Ore Fines

## The FSP Equities Leaders Fund

Atlas Iron (AGO) -shares (2.2% of the Fund) rose 30% due to continued appreciation of the spot iron ore price<sup>8</sup>, which rose 43% in the quarter. Atlas also announced the takeover of Aurox Resources, which was favourably viewed by the market. The deal will substantially increase AGO's port capacity at the Utah Point port in Western Australia.

Macarthur Coal shares (2.1% of the Fund) rose 26% in the quarter due to a combination of the strengthening outlook for coking coal prices and Macarthur being the subject of a takeover bid from US-based coal company, Peabody Energy. Macarthur Coal's share price closed the quarter at \$14.05 and has risen further in April, with Peabody lifting its current bid to \$16 cash per share.

The Fund added to its position in Bluescope Steel during the quarter due to its attractive valuation metrics and the improving outlook for steel demand and prices in Asia. At the time of writing, Bluescope is trading at a 10% discount to its book value of \$3.07 per share, which compares to an historical average multiple of 1.5x book value. As at 31 March, Bluescope represented 2.3% of the Fund.

Hastie Group (2.0% of the Fund) detracted from performance in the March quarter, with the share price declining 17% following a first half result which showed that conditions remain challenging for businesses providing services to the non-residential construction sector. The Fund considers this stock to offer long-term value, given its market leading competitive position and creditable performance in a difficult environment.

During the quarter, the Fund exited its position in Newcrest Mining (1.9% of the Fund at December 31). Newcrest is viewed as a well managed company and has large, long-life deposits. The stock has outperformed the benchmark since it was purchased, but was sold on valuation grounds, with better opportunities available.

## Top 15 Holdings as at 31 March 2010

	ASX Code	Stock Name	Fund Weight
1	BHP	BHP BILLITON	10.3%
2	WBC	WESTPAC	9.3%
3	CBA	COMMONWEALTH BANK	8.2%
4	FLT	FLIGHT CENTRE	4.5%
5	SMX	SMS MANAGEMENT	4.3%
6	JBH	JB-HIFI	3.4%
7	OST	ONESTEEL	2.8%
8	MIN	MINERAL RESOURCES	2.4%
9	BSL	BLUESCOPE STEEL	2.3%
10	TPM	TPG GROUP	2.3%
11	NWH	NRW HOLDINGS	2.3%
12	REA	REA GROUP	2.2%
13	DJS	DAVID JONES	2.2%
14	OSH	OIL SEARCH	2.2%
15	AGO	ATLAS IRON	2.1%
Total			60.8%

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.