Bentley Capital Limited

Friday, 1 May 2009

MARKET ANNOUNCEMENT

FSP Fund March 2009 Quarterly Report

The March 2009 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 2009, the Company had a total of $11.8 million (approximately 44% of the Company's net assets) invested in the FSP Fund.

About The FSP Equities Leaders Fund (FSP Fund) [1]

The 12 month net performance of the FSP Fund to 31 March 2009 was -37% (12 months to 28 February: -43.2%). The benchmark performance (S&P/ASX 200 Accumulation Index) was -29.5% over the same period (12 months to 28 February: --36.9%).

FSP Fund details as at 31 March 2009:

- The equity weighting was 88.40% (28 February: 74.83%);
- 98.20% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (28 February: 98.30%) with the balance of 1.80% invested in companies outside of the S&P/ASX 200 Index (28 February: 1.70%); and
- The equity portfolio contained 37 holdings (28 February: 36 holdings).

FSP Equities Leaders Fund - Performance

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Since Inception
28/02/2009	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
FSP Fund	4.9%	1.0%	-18.9%	-37.0%	-23.2%	-7.4%	7.7%
ASX / S&P 200 Accumulation Index	8.0%	-2.0%	-19.9%	-29.5%	-19.0%	-7.2%	5.4%

1 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	
ASX Code	Asset Name	31 Mar	28 Feb
BHP	BHP BILLITON LIMITED	14.9%	13.0%
WBC	WESTPAC BANKING CORPORATION	9.4%	8.2%
CBA	COMMONWEALTH BANK OF AUSTRALIA	7.0%	1.7%
WOW	WOOLWORTHS LIMITED	6.2%	6.3%
WPL	WOODSIDE PETROLEUM LIMITED	5.9%	5.8%
LGL	LIHIR GOLD LIMITED	5.4%	5.7%
NCM	NEWCREST MINING LIMITED	5.0%	4.7%
ORG	ORIGIN ENERGY LIMITED	4.2%	3.3%
QBE	QBE INSURANCE GROUP LIMITED	2.8%	2.7%
CCL	COCA-COLA AMATIL LIMITED	2.8%	2.8%
STO	SANTOS LTD	2.7%	2.6%
JBH	JB HI-FI LIMITED	2.5%	2.2%
MTS	METCASH LIMITED	2.4%	2.5%
WOR	WORLEY PARSONS LIMITED	2.0%	0.8%
OSH	OIL SEARCH LIMITED	1.8%	1.7%
SGX	SINO GOLD LIMITED	1.5%	1.6%
HSP	HEALTHSCOPE LIMITED	1.3%	1.2%
UGL	UNITED GROUP LIMITED	1.3%	0.5%
TOL	TOLL HOLDINGS LIMITED	1.1%	0.7%
AXA	AXA ASIA PACIFIC HOLDINGS LIMITED	1.1%	0.9%

	Fund Weight	
Sector Weights	31 Mar	28 Feb
Materials	27.4%	25.3%
Financials(ex-Property)	21.2%	14.3%
Industrials	3.4%	1.6%
Energy	17.9%	15.3%
Consumer Staples	12.7%	12.9%
Consumer Discretionary	4.1%	3.5%
Health Care	1.4%	1.5%
Utilities	0.0%	0.0%
Telecommunication Services	0.3%	0.6%
Information Technology	0.0%	0.0%
Property Trusts	0.0%	0.0%
Cash/Hybrids/Fixed Interest	11.6%	25.2%
Total	**100%**	**100%**

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FSP Equities Management

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The FSP Equities Leaders Fund

March Quarter 2009

27th April 2009

The Directors of Scarborough Equities Limited
Suite 202, 30-36 Bay Street
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The Australian equity market [1] recorded losses through January and February of this year, but rallied from a low of 3121 on the 10th of March to finish the quarter at 3582, having risen 14.8% from its low. For the March quarter the S&P/ASX 200 Accumulation Index recorded a return of negative 2.0%.

We are pleased to report that the FSP Equities Leaders Fund was able to outperform the index over this period, and recorded a positive return of 1.0%.

Catalysts for the equity market rally were the statements in early March by the Chief Executives of Citigroup and Bank of America that these companies were profitable in the first two months of the year, and the announcement of substantive plans by the US Treasury and Federal Reserve to support the financial system. The Federal Reserve announced on the 18th of March that it would spend an additional US$1 trillion to stimulate lending in the US by purchasing mortgage backed securities and long term government bonds, and the US Treasury announced on the 23rd of March details of its Public Private Investment Program, designed to take troubled assets off financial institution balance sheets. The investment partnership will combine private and TARP co-investment with FDIC guaranteed debt to provide at least US$500 billion of purchasing power, with the potential to expand this to US$1 trillion [2]. These developments were supported by some tentative improvements in economic news. US retail sales were surprisingly solid in January, up a seasonally adjusted 1.8% from December [3], although March was again negative. In China, policy-directed lending growth has seen domestic credit expand by 29.8% as at the end of March from a year earlier [4].

Performance History [5]

	Fund Net Return
1 year to 31 March 2009	-37.0%
1 year to 31 March 2008	-6.4%
1 year to 31 March 2007	34.7%
1 year to 31 March 2006	24.2%
1 year to 31 March 2005	24.6%
1 year to 31 March 2004	60.2%
1 year to 31 March 2003	-14.5%
Since Inception (9 April 2002) cumulative	68.0%
Since Inception (9 April 2002) annualised	7.7%

1 As measured by the S&P/ASX 200 Index
2 http://www.treas.gov/press/releases/tg65.htm
3 U.S. Department of Commerce, http://www.census.gov/marts/www/retail.html
4 http://www.forbes.com/2009/04/13/china-exports-credit-markets-economy-growth.html
5 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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Market commentary

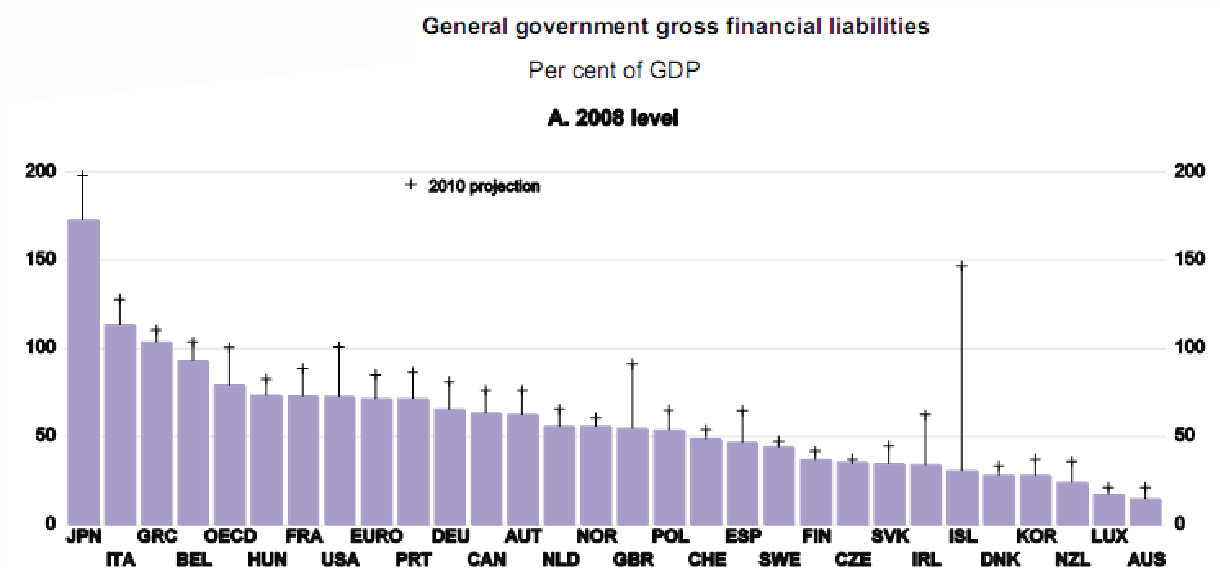
As the IMF reported to the Group of 20 summit in London in March, advanced economies are now reporting their sharpest declines in output in the post-war era, leading to expectations of negative world economic growth in 2009. The IMF comments that turning around global growth will depend critically on policy actions to stabilise financial conditions, in particular to restore confidence in the financial sector. In this regard the announcement on the U.S. Public Private Investment Program and reports of profitability of some northern hemisphere banks are supportive.

Against this backdrop the Australian equity market, as measured by the S&P/ASX 200 Index, recorded a 54.5% fall from its high on 1 November 2007 to the low on 10 March 2009, and is 45.5% below its high at the time of writing. This compares to an average bear market fall for Australian equities of 33.6% and makes this the second largest fall since 1929 (the market fell 60.4% in the early 1970s) [6].

Valuations for Australian shares, as measured by the forward PE ratio, recently reached their lowest level since 1991 at just 8.9x, and at the 31 March level of around 12.1x remain at a significant discount to the long term average of 14.8x [7].

Positively for the Australian economy and Australian corporates, the government's fiscal stimulus measures are expected to have the largest effect on GDP of the measures of OECD governments. The OECD Economic Outlook, published in March, forecast the effect in Australia at around 1.6% of GDP in 2009 and 1.5% in 2010, which led the effect of the US measures of 1.3% in 2009 and 1.5% in 2010, and compared to the OECD average of around 0.5% in both years.

Reflecting on the manageability of the stimulus measures in Australia, Australia's gross general government debt (including state and local governments) was forecast in the March OECD report to be 7.9% of GDP at the end of 2009, which is the lowest of the OECD economies.



Source: OECD Economic Outlook, March 2009

Portfolio

A number of the Fund's key holdings supported the positive performance over the March quarter. Westpac and Commowealth Bank gained 12% and 24% respectively in the period as Commonwealth Bank's first half FY09 result and Westpac's trading update highlighted the strong underlying profitability of these businesses and their improved competitive position. Commonwealth Bank reported an improvement in its net interest margin, from 1.98% in the first half to 2.04% in the second half, which was a marked change from an average margin decline of 10 - 15 basis points per annum over the past 15 years [8]. Both Commonwealth Bank and Westpac continue to report robust profitability even after the impact of bad debts, with analysts forecasting a return on equity this financial year for the banks of 15.2% and 15.0% respectively [9]. This also compares favourably with the expected return on equity of ANZ and National Bank, which the Fund does not hold, of 10.8% and 13.2% respectively. During the quarter the Fund took advantage of the low share price to increase its weighting in Commonwealth Bank from 1.6% at December 31 to 7.0% at March 31.

BHP, the Fund's largest holding at 14.9% of the portfolio on 31 March, gained 7% over the first quarter as the Index dropped 2.0%. This was supported by record half year production of iron ore and copper cathode and strength in US$ commodity prices, as Copper in particular gained 31.6% and Oil rose 26.5%. The settlement of the 2009 coking coal contract at US$129 per tonne was also viewed positively. One of the reasons we like BHP is its very strong financial position. This was highlighted by recent bond issues by both BHP and RIO, the result of which was that BHP will pay between 2.5% and 3.5% per annum less than RIO on comparable maturities, a saving of US$95.5m per annum.

JB Hi-Fi has also been a strong performer in the Fund, returning 20% over the quarter and reporting first half FY09 earnings per share up 42% on the first half of FY08. The company reported robust comparable store sales growth of 11% in spite of the slowing consumer spending environment and has benefited from the ability to expand on a still relatively modest network of stores. During the quarter the Fund increased its weighting in JB Hi-Fi from 1.3% at December 31 to 2.5% at March 31.

The Fund's cash weighting at 31 March 2009 was 11.6%, down from 23.8% at December 31. Following one on one meetings with company management, the Fund has increased its holdings in several companies which we view as having strong long term outlooks. We purchased shares in Worley Parsons and United Group, which have proved to be sound investments to date, with the stocks returning 30.1% and 14.8% respectively in the quarter.

[6] UBS Research
[7] Based on UBS estimates over the period from 31 January 1992
[8] UBS Investment Research, *Revenue diversity numbing the bad boys*, 11 February 2009
[9] Based on the average of the forecasts of UBS, Macquarie and Goldman Sachs JBWere

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Table 2. Top 15 Holdings (as at 31 March 2009)

	ASX Code	Stock Name	Fund Weight 31 Mar 09	Fund Weight 31 Dec 08
1	BHP	BHP BILLITON	14.9%	13.1%
2		CASH	11.6%	23.8%
3	WBC	WESTPAC	9.4%	8.4%
4	CBA	COMMONWEALTH BANK	7.0%	1.6%
5	WOW	WOOLWORTHS	6.2%	5.8%
6	WPL	WOODSIDE PETROLEUM	5.9%	5.7%
7	LGL	LIHIR GOLD	5.4%	4.4%
8	NCM	NEWCREST MINING	5.0%	4.5%
9	ORG	ORIGIN ENERGY	4.2%	3.7%
10	QBE	QBE INSURANCE	2.8%	3.3%
11	CCL	COCA-COLA AMATIL	2.8%	2.3%
12	STO	SANTOS LTD	2.7%	2.4%
13	JBH	JB HI-FI	2.5%	1.3%
14	MTS	METCASH	2.4%	2.5%
15	WOR	WORLEY PARSONS	2.0%	0.6%
TOTAL			**84.7%**	**83.4%**

Yours sincerely,

Ronni Chalmers

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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.

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