

Friday, 19 November 2010

# MARKET ANNOUNCEMENT

## Presentation at Annual General Meeting

The Company encloses a copy of a presentation to be delivered by Mr Ronni Chalmers of FSP Equities Management Limited (**FSP**), investment manager of the FSP Equities Leaders Fund (**FSP Fund**), at today's Annual General Meeting.

Bentley has approximately 66% (\$20.49 million) of its net assets invested in the FSP Fund as at 31 October 2010.

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.

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Bentley  
Capital Limited

# FSP Equities Management

FSP Equities Management Presentation  
To Bentley Capital AGM  
19<sup>th</sup> November 2010

**Presented by Ronni Chalmers**

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AFSL 246 790

[rchalmers@fspgroup.com.au](mailto:rchalmers@fspgroup.com.au)

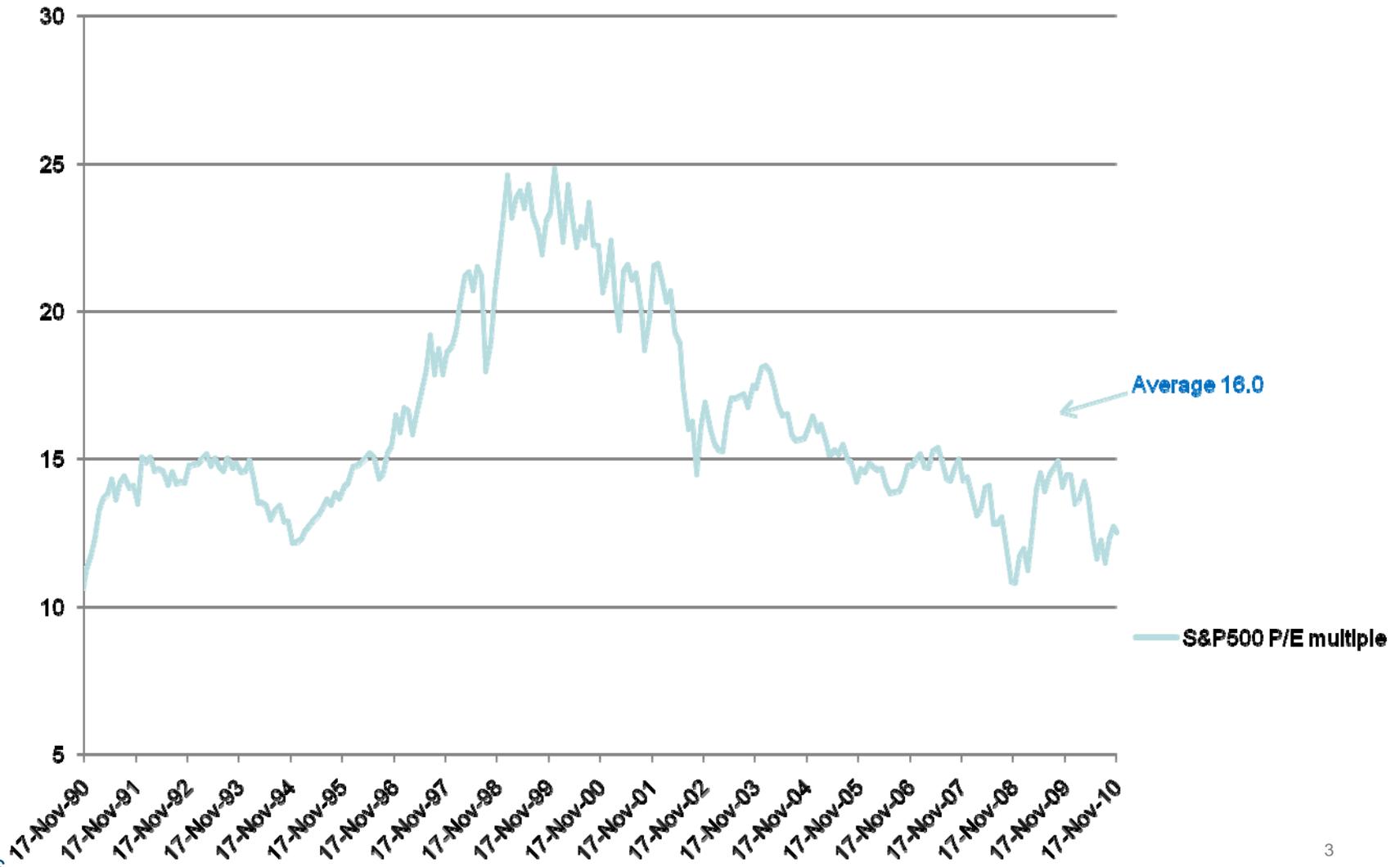
## Latest and OECD projections

Source OECD

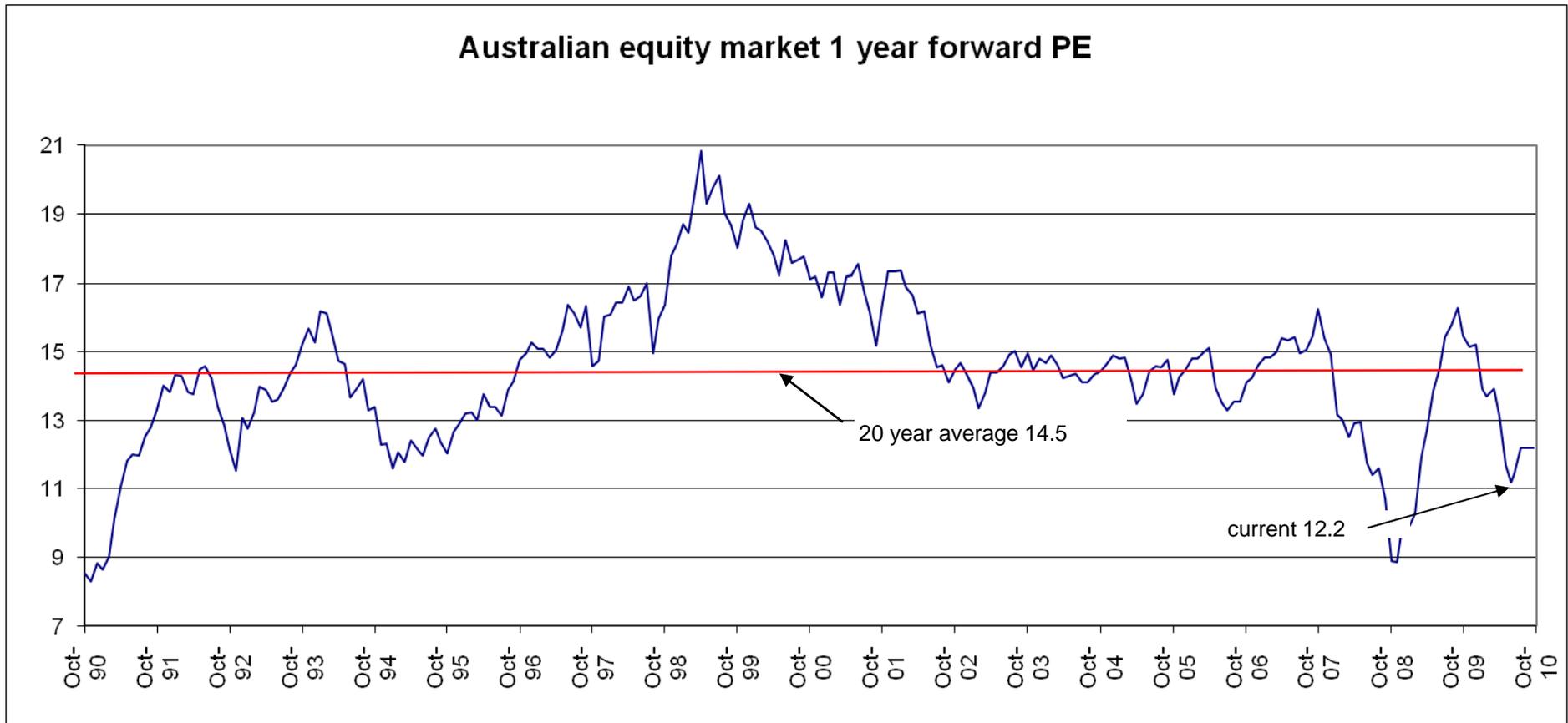
	November 2008 projections OECD		January 2009 projections OECD		March 2009 average of IMG and OECD		July 2009 projections IMF	October 2009 projections IMF	April 2010	October 2010
	2009	2010	2009	2010	2009	2010	2010	2010	2010	2010
<b>World output</b>	2.2	3.8	0.5	3	-0.8	2	2.5	3.1	4.2	4.8
<b>Advanced economies</b>	-0.3	1.6	-2	1.1	-3.3	0.3	0.6	1.3	2.3	2.7
<b>United States</b>	-0.7	1.7	-1.6	1.6	-3.3	0.1	0.8	1.5	3.1	2.6
<b>Germany</b>	-0.8	0.5	-2.5	0.1	-5.3	0.2	-0.6	0.3	1.2	3.3
<b>France</b>	-0.5	1.5	-1.9	0.7	-3.3	-0.1	0.4	0.9	1.5	1.6
<b>United Kingdom</b>	-1.3	1.1	-2.8	0.2	-3.7	-0.2	0.2	0.9	1.3	1.7
<b>Japan</b>	-0.2	1.1	-2.6	0.6	-6.2	-0.2	1.7	1.7	1.9	2.8
<b>China</b>	8.5	9.5	6.7	8	6.3	8.5	8.5	9	10.0	10.5
<b>India</b>	6.3	6.8	5.1	6.5	4.3	5.8	6.5	6.4	8.8	9.7 <sup>2</sup>

# PE US

## S&P500 P/E multiple



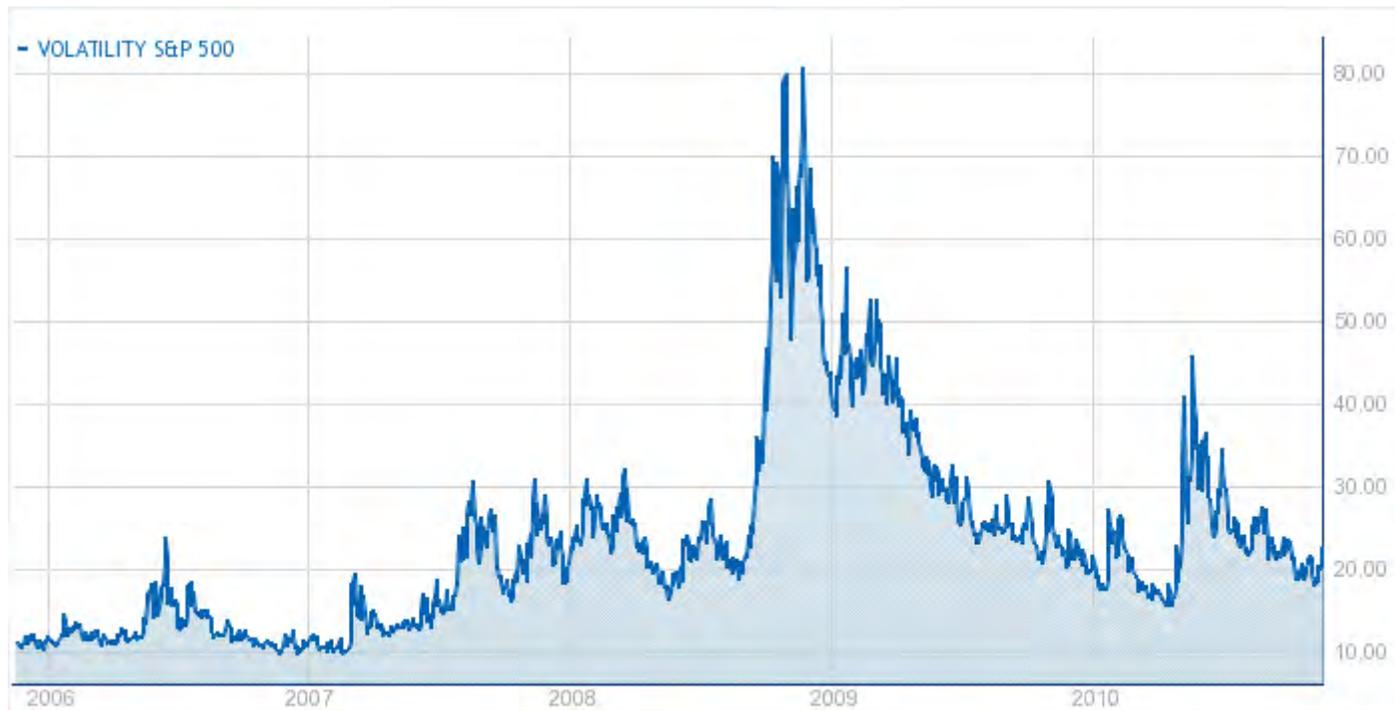
# PE Australia



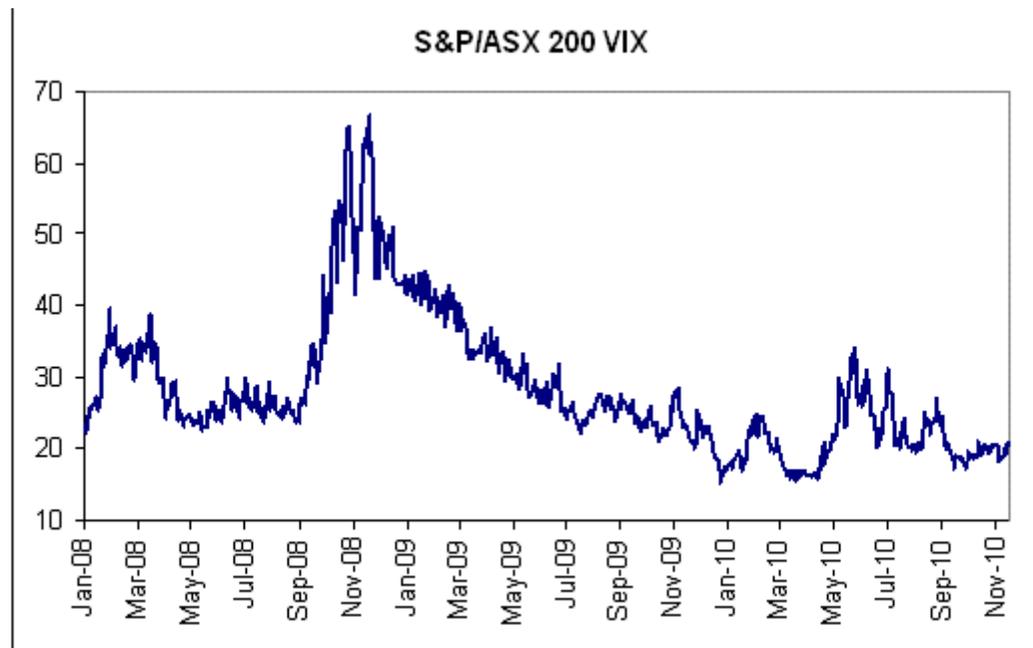
# Australian Banks 5 year CDS



## US Equity Volatility is falling



## Australian Equity Volatility is falling



# Dow Jones Daily Volatility

	Days over 2% moves	Trading Days in Month	% of Days
Jan-08	3	23	13
Feb-08	2	21	10
Mar-08	4	21	19
Apr-08	3	22	14
May-08	0	22	0
Jun-08	2	21	10
Jul-08	5	23	22
Aug-08	3	21	14
Sep-08	10	22	46
Oct-08	16	23	70
Nov-08	13	20	65
Dec-08	11	23	48
Jan-09	7	20	33
Feb-09	5	20	25
Mar-09	9	22	41
Apr-09	6	21	29
May-09	5	21	25
Jun-09	4	22	18
Jul-09	4	23	17
Aug-09	0	21	0
Sep-09	0	22	0
Oct-09	3	22	14
Nov-09	2	21	10
Dec-09	0	20	0
Jan-10	2	19	11
Feb-10	1	20	5
Mar-10	0	23	0
Apr-10	0	22	0
May-10	5	21	25
Jun-10	5	22	23
Jul-10	3	22	14
Aug-10	2	22	9
Sep-10	1	22	5
Oct-10	0	21	0

# ASX 200 Daily Volatility

	Days over 2% moves	Trading Days in Month	% of Days
<b>2008</b>	68	262	26
<b>2009</b>	33	255	13
<b>2010</b>	13	215	6
Jan-08	8	23	35
Feb-08	6	21	29
Mar-08	8	21	38
Apr-08	2	22	9
May-08	1	22	5
Jun-08	2	21	10
Jul-08	3	23	13
Aug-08	3	21	14
Sep-08	6	22	27
Oct-08	13	23	57
Nov-08	12	20	60
Dec-08	4	23	17
Jan-09	5	20	25
Feb-09	1	20	5
Mar-09	4	22	18
Apr-09	6	20	30
May-09	3	21	14
Jun-09	4	22	18
Jul-09	2	23	9
Aug-09	2	21	10
Sep-09	1	22	5
Oct-09	3	22	14
Nov-09	3	21	14
Dec-09	0	21	0
Jan-10	1	19	5
Feb-10	2	20	10
Mar-10	0	23	0
Apr-10	0	22	0
May-10	6	21	29
Jun-10	2	22	9
Jul-10	1	23	4
Aug-10	0	22	0
Sep-10	1	22	5
Oct-10	0	21	0

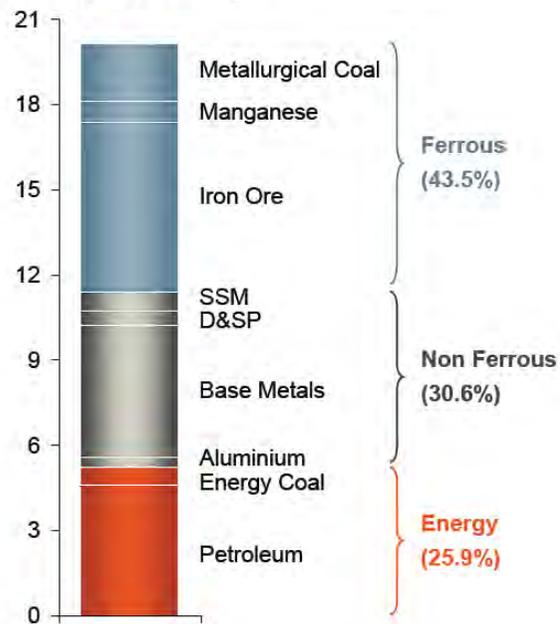
## Top 20

		FSP Weight	Market Weight
1	BHP Billiton	8.7%	11.8%
2	Westpac Bank	7.4%	5.7%
3	Commonwealth Bank	7.0%	6.3%
4	Cash	5.4%	-
5	SMS Management and Technology	4.8%	0.1%
6	Flight Centre	4.7%	0.2%
7	Rio Tinto	4.4%	3.0%
8	Mineral Resources	4.2%	0.1%
9	Oil Search	2.5%	0.7%
10	Atlas Iron	2.4%	0.1%
11	UGL Group	2.4%	0.2%
12	OneSteel	2.2%	0.3%
13	Hastie	2.1%	0.1%
14	Medusa Mining	2.0%	0.1%
15	David Jones	2.0%	0.2%
16	BlueScope Steel	2.0%	0.3%
17	Adelaide Brighton	1.9%	0.2%
18	Sedgman	1.9%	-
19	NRW Holdings	1.9%	-
20	Henderson Group	1.8%	0.1%

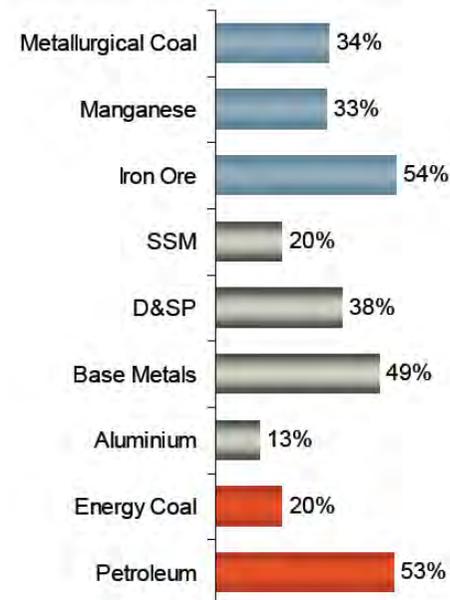
## A uniquely diversified portfolio



**Underlying EBIT<sup>(a)</sup>**  
(FY10, US\$ billion)



**Underlying EBIT margin<sup>(a)</sup>**  
(FY10, %)

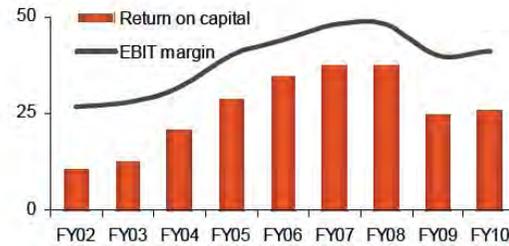


(a) Excludes third party trading.

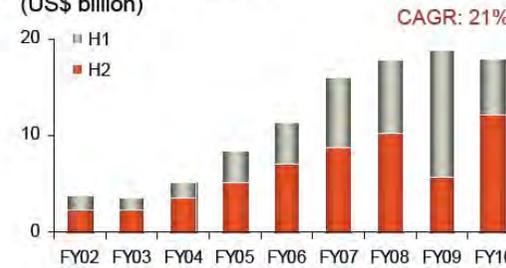
## A strong balance sheet creates opportunities



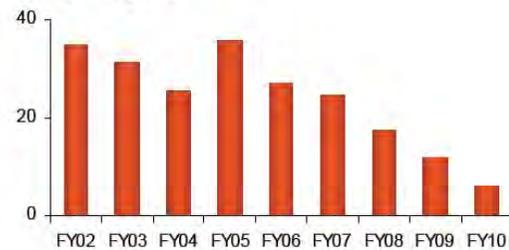
**1 Return on capital and EBIT margin**  
(US\$ billion)



**2 Net operating cash flow**  
(US\$ billion)



**3 Balance sheet**  
Net gearing (%)



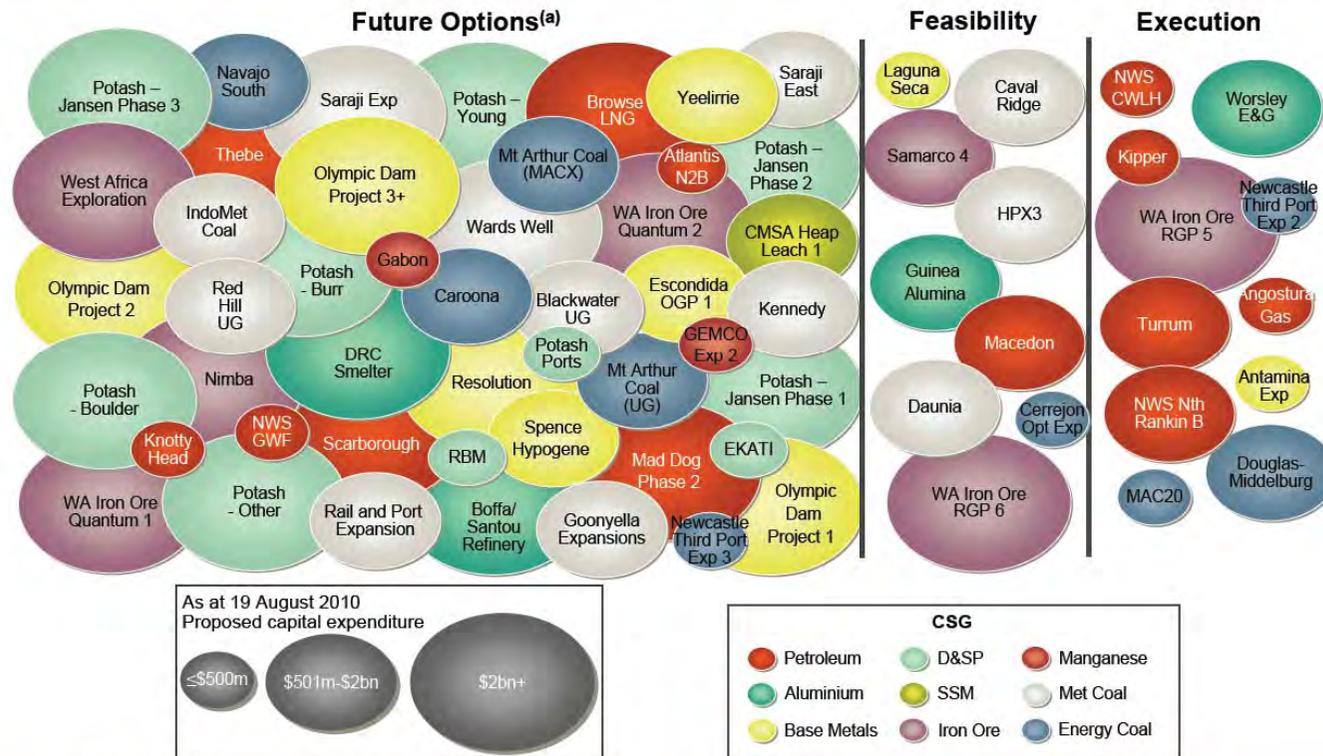
**4 Investment<sup>(a)</sup> and cash dividends**  
(US\$ billion)



All periods exclude third party trading and exceptional items.  
Calculated on the basis of UKGAAP for periods prior to FY05.  
(a) Investment includes capital and exploration expenditure and acquisitions.

# BHP

## Maintenance of a deep, diversified inventory of growth options



(a) Placement of Future Options not indicative of project schedule.

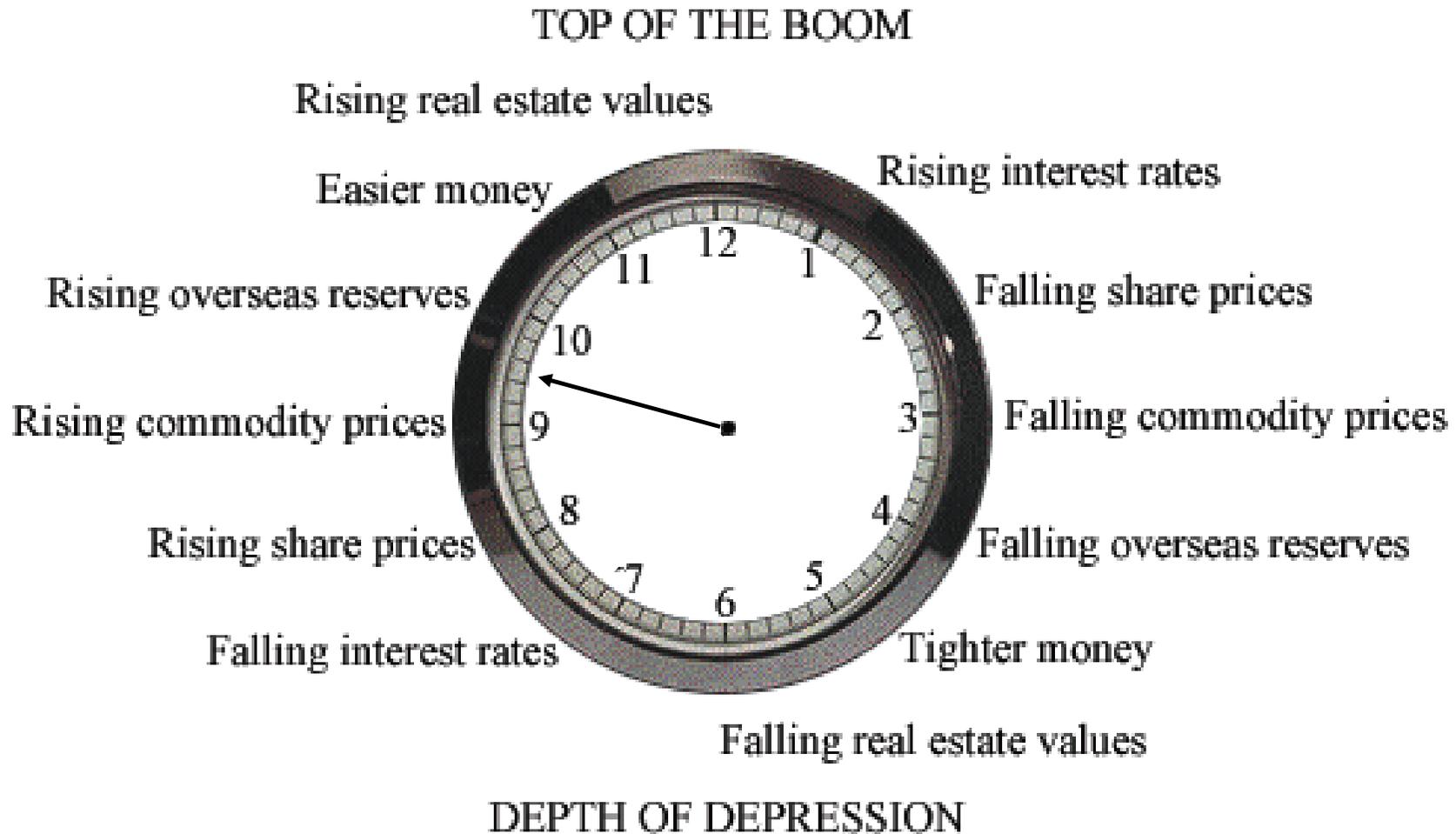
## Key net profit sensitivities



Approximate impact <sup>(a)</sup> on FY11 net profit after tax of changes of	US\$ million
US\$1/t on iron ore price	85
US\$1/bbl on oil price	40
US\$1/t on metallurgical coal price	20
US¢1/lb on aluminium price	20
US¢1/lb on copper price	20
US\$1/t on energy coal price	20
US¢1/lb on nickel price	2
AUD (US¢1/A\$) operations <sup>(b)</sup>	95
RAND (0.2 Rand/US\$) operations <sup>(b)</sup>	35

(a) Assumes total volumes exposed to price.

(b) Impact based on average exchange rate for the period.



## Achieving Our Goals to Deliver Robust Returns

- Employing a multi-faceted investment strategy
- Using detailed quantitative and qualitative filters overlaid with a stock scoring system
- Predominantly bottom up stock pickers but consideration is given to macro economic conditions

## Investment Philosophy

- Aim to find undervalued stocks through fundamental analysis, that have robust business models and quality management
- Style neutral
- Benchmark unaware, but takes into account weightings of all positions relative to index weight
- Typically fund aims for investment time horizon of 2-3 years
- Provide investors with exposure predominantly to ASX 200 companies

## Primary Investment Screens

- Identify undervalued stocks with:
  - Above average forecast EPS growth
  - Below average price/earnings multiples
  - Below average price/cash flow multiples
  - Increasing return on capital
  - EV/EBIT and EV/EBITDA also considered

## Secondary Screens

- Strength and viability of business model
- Quality and integrity of management
- Growth prospects for industry sector
- Barriers to entry
- Free cash flow generation
- Debt position and interest cover

## Investment Process

- FSP considers company's industry prospects over next 2-3 years
- Does not target sector weightings
- Risk management based on intensive regular monitoring of each stock in the fund
- Weekly review of sector against index weightings

## Stock selection process (2)

- **Detailed analysis**
  - Meet with company management, competitors, industry contacts, brokers etc
  - Read relevant material to assist analytical process
- **Research report and recommendation**
  - Analyst prepares research report and recommendation with 12-month price target
  - Includes internally generated detailed earnings and cashflow forecasts

## Stock selection process (3)

- Analyst must sell investment merits of the stock to the team
- Report is discussed among investment committee
- Decision made
- Typically stock purchased if FSP target price exceeds current stock price by at least 20%

## Sector Weighting (31 October 2010)

Sector	Fund weight (%)
Consumer staples	1.5
Cash	5.4
Industrials	14.9
Utilities	0.0
Consumer Discretionary	11.9
Telecommunications	0.3
Information Technology	6.4
Healthcare	0.6
Resources (ex gold)	32.7
Energy	3.4
Financials	19.1
A-REIT	0.0
Gold	3.6
<b>Total</b>	<b>100.0</b>
Stocks outside the ASX 200	19.1

# Net Performance to 31 October 2010

	<b>FSP%</b>	<b>S&amp;P/ASX 200 Accm%</b>	<b>Value Add</b>
1 Month	1.9	1.8	0.1
3 Months	8.0	5.3	2.7
6 Months	-0.4	-1.0	0.6
1 Year	8.4	4.6	3.8
2 Years (annualised)	19.1	12.7	6.4
4 Years (annualised)	-0.3	0.7	-1.0
Since Inception (annualised April 2002)	10.9	8.4	2.5
Total Since Inception	142.0	99.5	42.5

## Thoughts on the market

- Broadly the fund is positioned for an economic recovery. Whilst cognisant of northern hemisphere economic and fiscal problems, we believe this is more than reflected in valuations on a medium term basis
- In addition, economic fundamentals for Australia and Asia are positive.
- Weighted average 12 month forward PE of fund is 12.6x
- Well diversified by sector
- Our focus continues to be on:
  - Finding undervalued stocks and selling as they reach our valuation that also meet our criteria on quality of business model and management

# FSP Equities Management Conclusion

- Number one performing Australian Equity Fund in recent 12 month Morningstar Survey
- Proven track record of above benchmark performance (both retail and wholesale funds)
- Highly motivated and incentivised team of four professionals
- Disciplined investment process (seek undervalued stocks and sell when stock reaches FSP valuation)
- CIO Ronni Chalmers has 30 years of investment experience
- Robust investment process (analyst sector allocations, detailed stock reports, rigorous research)
- Boutique fund manager means fund is nimble and size is not a drag on performance
- Flexible mandate allows up to 25% of fund outside ASX-200 to be held, depending on relative attractiveness of valuations

## The nature of this presentation

This presentation has been prepared and issued by FSP Equities Management Limited (Trustee). Each offer or issue of units in FSP Equities Leaders' Fund (Fund) does not require a product disclosure statement under the Corporations Act.

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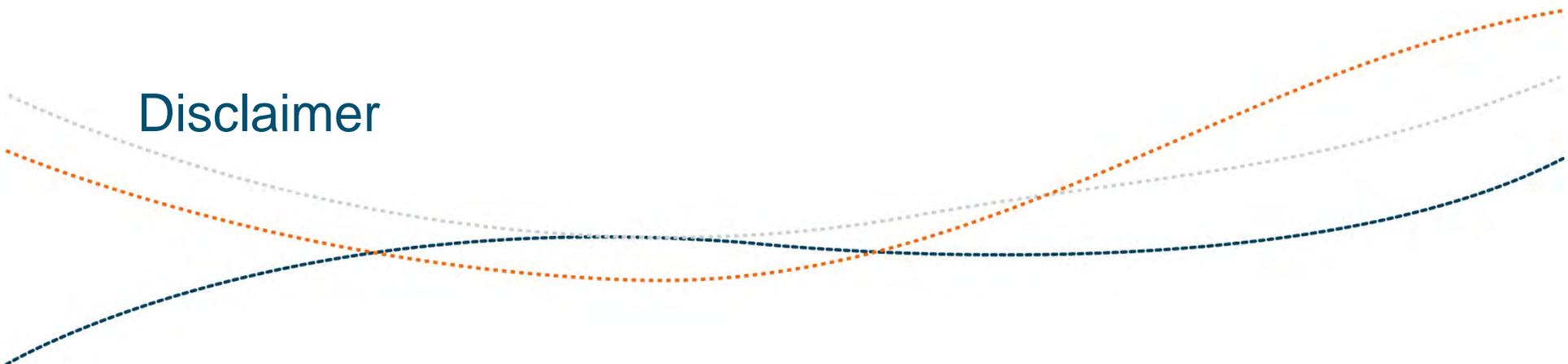
## The nature of this presentation

### Qualified Accountant

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- a) the Australian Society of Certified Practising Accountants (ASCPA), who is entitled to use the post-nominals "CPA" or "FCPA", and is subject to and complies with the ASCPA's continuing professional development requirements;
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