

# MARKET ANNOUNCEMENT

## FSP Fund March 2011 Quarterly Report

The March 2011 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 2011, Bentley had ~80.4% (~\$25.61 million) 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 2011:

- The equity weighting was 96.98% (previous quarter ending 30 December 2010: 99.3%);
- 74.1% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 December 2010: 74.4%) with the balance of 25.9% invested in companies outside of the S&P/ASX 200 Index (30 December 2010: 25.6); and
- The equity portfolio contained 54 holdings (30 December 2010: 57).

### FSP Equities Leaders Fund - Performance

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Since Inception
31/03/2011	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
FSP Fund	1.3%	5.0%	11.4%	8.4%	25.5%	-0.3%	11.4%
ASX/ S&P 200 Accumulation Index	0.7%	3.2%	7.7%	3.4%	21.1%	1.1%	8.7%

### 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

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

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

**Corporate 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

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



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

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

# The FSP Equities Leaders Fund

March Quarter 2011

28 April 2011

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

Dear Client,

For the 12 months to 31 March 2011 the FSP Equities Leaders Fund ("Fund") returned a net 8.4%. This was 5.0% ahead of the benchmark S&P/ASX 200 Accumulation Index which returned 3.4% over the year.

In the March quarter the Fund returned a net 5.0%, which compares favourably with the benchmark return of 3.2%.

The positive returns for the Australian equity market in the quarter reflected attractive valuations, a continuation of global economic growth in line with expectations and an Australian company reporting season which was subdued but not worse than was priced in by the market. This was despite several negative events, namely political unrest in the Middle-East and North Africa which drove oil prices higher, European sovereign debt concerns which were focused on Portugal in the quarter, and the consequences of the earthquake in Japan and flooding on the east coast of Australia.

At the time of writing the Australian equity market is trading on a PE of 12.1x 12 month forward forecast earnings<sup>1</sup>. This is comprised of a 12.1x PE for the materials sector, 13.5x for industrials and 11.2x for financials. Earnings growth continues to be very strong for the materials sector, supported by commodity prices which have strengthened through the year to date. Margin pressure has recently eased for the banks, supporting a return to moderate underlying earnings growth, while the industrials sector continues to await broader based business investment and a respite from a cautious consumer. Please see the market commentary section for further discussion of the reporting season.

The continuation of global economic growth in line with expectations has been a positive feature of the recent period. This has reflected self-sustaining growth as the inventory restocking cycle has largely completed and fiscal stimulus has reduced as the focus has shifted towards long term sustainability. The latter aspect remains a significant challenge for many developed economies, which continue to record large deficits and with below average economic growth.

1. UBS Investment Research

# The FSP Equities Leaders Fund

## Performance history (%)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year total
FY2011	7.5	-1.3	7.4	1.9	-1.0	5.2	0.6	3.1	1.3				26.9%
FY2010	7.3	6.7	7.0	0.4	1.7	4.2	-5.7	1.6	7.6	-0.4	-11.4	-3.2	14.8%
FY2009	-5.7	1.7	-16.3	-17.7	-5.0	2.7	-3.1	-0.7	4.9	2.8	2.2	2.9	-29.7%
FY2008	-0.2	-3.2	8.7	5.0	-3.7	-3.6	-12.3	0.2	-5.4	4.1	0.8	-7.8	-17.6%
FY2007	-0.3	2.9	4.8	6.1	3.3	4.6	3.6	0.2	3.9	4.5	2.7	2.3	46.0%
FY2006	5.5	2.1	4.7	-3.4	2.2	2.2	1.2	3.2	3.9	4.4	-2.9	0.0	25.1%
FY2005	2.1	2.3	3.9	6.3	5.4	1.5	0.8	0.7	-0.9	-3.8	2.5	1.9	24.8%
FY2004	7.5	11.2	6.7	6.9	-1.4	5.4	0.9	2.3	2.7	-2.8	0.6	2.6	50.4%
FY2003	-4.0	2.6	-4.4	1.1	-0.6	-0.9	-2.2	-6.9	0.4	4.6	-1.8	4.0	-8.4%
FY2002										0.7	1.2	-2.2	-0.3%

## Performance relative to the benchmark (net of fees)

	Fund %	Index %	Outperformance %
3 months	5.0	3.2	1.8
6 months	11.4	7.7	3.7
1 year	8.4	3.4	5.0
2 years annualised	25.5	21.1	4.4
5 years annualised	4.5	3.2	1.3
Since inception annualised	11.4	8.7	2.7

Inception date: 9 April 2002

## The FSP Equities Leaders Fund

### Fund commentary

Stocks which contributed positively to performance in the March quarter included Bathurst Resources, which gained 66.4%. This company is developing a long-life, high quality coking coal project on the west coast of the South Island of New Zealand. It is targeting first production later this year and a rate of at least two million tonnes per annum within three years. The company has mining permits and rail and port options in place and a key upcoming milestone will be the securing of environmental consents.

Global Construction Services (GCS) also performed strongly in the quarter, returning 49.2%. GCS is a construction and maintenance services company with a strong market position in the provision of scaffolding and formwork in Western Australia. GCS has participated in many of the major recent commercial developments in the state, including the City Square project and Fiona Stanley hospital. In the first half of the 2011 financial year GCS reported a 74% increase in earnings per share.

Henderson Group returned 30.3% in the quarter, supported by a strong operating performance in the company's FY10 result and the acquisition of the fund manager Gartmore. Given identified cost synergies from the integration of Gartmore, Henderson management is targeting earnings per share accretion of at least 15%. The company also continues to sustain solid performance across its fund range and has benefited from operating leverage as markets have recovered. The stock is trading on an undemanding consensus FY12e PE of 10.6x.

Atlas Iron returned 26.4% in the quarter, as iron ore prices were sustained at elevated levels and following several significant company events. The company reported a maiden net profit of \$30m for the 6 months to December 31 and announced a 24% upgrade to the resource base of its existing assets, in addition to completing the acquisition of Giralia Resources.

Stocks which detracted from performance included Flight Centre, which returned -8.6% in the quarter after an anticipated upgrade to earnings guidance did not eventuate. Notwithstanding this, Flight Centre has been a strong contributor to the Fund's performance over the past 2 years.

# The FSP Equities Leaders Fund

## Top 15 Holdings as at 31 March 2011

	ASX Code	Stock Name	Fund Weight
1	WBC	WESTPAC BANKING GROUP	7.2%
2	BHP	BHP BILLITON	7.1%
3	CBA	COMMONWEALTH BANK	6.7%
4	RIO	RIO TINTO	5.6%
5	MIN	MINERAL RESOURCES	4.8%
6	FLT	FLIGHT CENTRE	4.2%
7	ANZ	ANZ BANKING GROUP	4.1%
8	SMX	SMS MANAGEMENT	4.0%
9	BTU	BATHURST RESOURCES	3.2%
10	AGO	ATLAS IRON	3.2%
11	OSH	OIL SEARCH	2.5%
12	HGG	HENDERSON GROUP	2.4%
13	UGL	UNITED GROUP	2.4%
14	BDR	BEADELL RESOURCES	2.0%
15	OST	ONESTEEL	1.8%
<b>Total</b>			<b>61.1%</b>

## Market commentary

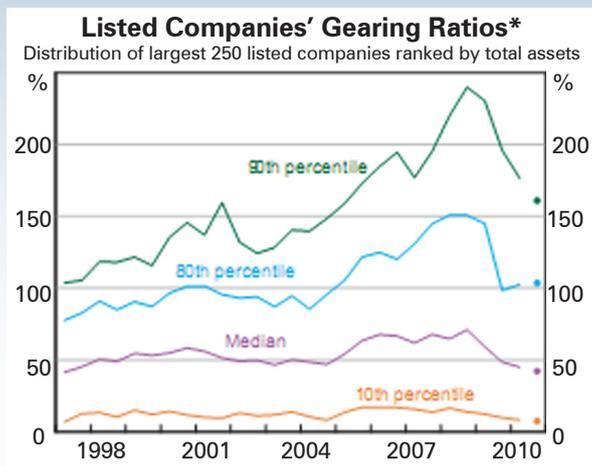
Australian listed companies reported earnings per share growth of 14.4% in the 6 months to 31 December 2010 compared to the previous corresponding period, while this was heavily weighted to resources. Resource companies recorded earnings growth of 59.2%, while financials reported moderate growth of 7.5% and industrials underperformed, reporting growth of -6.8%<sup>2</sup>.

Average forecast earnings revisions through the reporting season for the 2011 and 2012 financial years were -2%, but broadly flat in market capitalisation weighted terms<sup>2</sup>. This was no worse than was priced in by the market and therefore allowed a positive return for the market in both February and March.

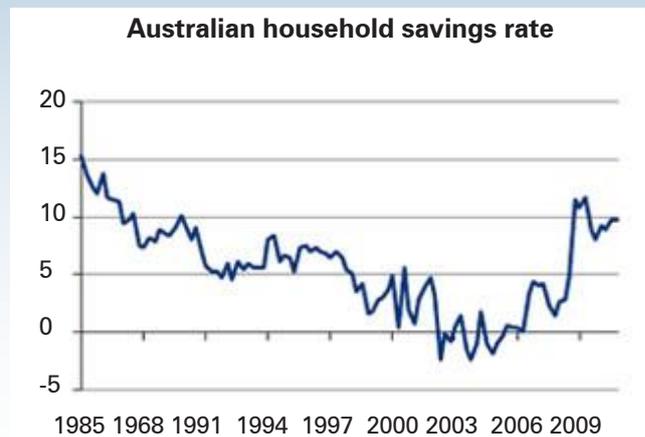
2. Earnings growth and forecast revision statistics from UBS Investment Research

# The FSP Equities Leaders Fund

The subdued earnings growth outside of resources reflected the impacts of a strong Australian dollar, given significant overseas earnings for the larger capitalisation companies, and given modest domestic economic activity in non-resources sectors. RBA tightening has been a notable feature here, with 7 interest rate rises since October 2009. This has been accompanied by business deleveraging and a higher rate of saving by households. With households continuing to record solid income growth and with business balance sheets in a strong position, there is potential for a stronger contribution to economic growth from consumer spending and business investment in 2011. This is illustrated by the charts below, which show the significant increase in the household savings rate and the strengthening of corporate balance sheets over the past 2 years.



\* Gross debt to equity  
Source: Reserve Bank of Australia



% of disposable income  
Source: Australian Bureau of Statistics

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.