

MARKET ANNOUNCEMENT

FSP Fund June 2013 Quarterly Report

The June 2013 Quarterly Report from FSP Equities Management Limited (FSP) on the performance of its FSP Equities Leaders Fund (FSP Fund) is attached.

As at 30 June 2013, Bentley had ~\$6.99 million (38.83% of its net assets) invested in the FSP Fund (previous quarter 31 March 2013: ~\$7.04 million (32.25%)).

About The FSP Equities Leaders Fund (FSP Fund) ¹

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 30 June 2013:

- The equity weighting was 96.17% (31 March 2013: 90.33%);
- 92.16% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (31 March 2013: 86.44%) with the balance of 7.84% invested in companies outside of the S&P/ASX 200 Index (31 March 2013: 13.56%); and
- The equity portfolio contained 42 holdings (31 March 2013: 46 holdings).

FSP Equities Leaders Fund - Performance

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Since Inception
30 June 2013	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
FSP Fund	-2.5%	-0.7%	8.6%	25.7%	5.1%	9.2%	9.3%
ASX/ S&P 200 Accumulation Index	-2.3%	-2.5%	5.5%	22.8%	7.0%	8.6%	7.8%

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¹ Based on information provided by FSP Equities Management Limited.

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The FSP Equities Leaders Fund

June quarter 2013

25 July 2013

Dear Client,

For the 12 months to June 30, the Fund returned 25.7%, ahead of the benchmark return of 22.8%. In the June quarter, the FSP Equities Leaders Fund returned -0.7%, which was ahead of the benchmark return of -2.5%.

The strong equity market returns in the 2013 financial year were supported by low interest rates and reducing risk premiums, given relative stability in global financial markets over the course of the year. This was reflected in significantly lower government bond yields for the European periphery. The performance of the Fund benefited from a focus on companies with strong structural growth drivers and from an underweight position in the resources sector relative to the broad market. The portfolio is forecast to record average EPS growth of 9.7% over the twelve months to 30 June 2014.

In the June quarter, markets were impacted by the prospect of reducing monetary stimulus from the US Federal Reserve, in addition to slowing economic growth in emerging markets. Federal Reserve Chairman Ben Bernanke commented in May that the US central bank could reduce its \$85 billion per month quantitative easing program in the near term, contingent on improving labour market conditions. In June, the Chairman clarified these comments by saying that, if the economy continued to improve as expected, the pace of bond-buying would slow towards the end of the current year and would be concluded when the US unemployment rate reduced to 7.0%, from 7.6% currently. China's GDP growth was reported for the March quarter and had slowed to a 7.7% year-on-year pace from 7.9% in the previous quarter. This remained ahead of the Government target of 7.5%, but was below the median economist forecast of 8.0%.

The RBA reduced the cash rate by 0.25% to 2.75% in May and the AUDUSD exchange rate declined from \$1.04 to \$0.91 over the quarter in the context of the above macroeconomic developments. The RBA noted that the exchange rate depreciation will assist the rebalancing of growth in the economy as mining investment reduces.

Performance history

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year total
2013	4.9	5.6	-1.3	5.6	-3.5	-2.6							8.6%
2012	6.2	3.5	1.6	1.2	-8.6	0.5	3.5	1.6	1.0	4.3	0.8	3.8	20.1%
2011	0.6	3.1	1.3	-1.2	-2.5	-3.7	-0.9	-3.7	-11.2	7.8	-3.6	-3.6	-17.3%
2010	-5.7	1.6	7.6	-0.4	-11.4	-3.2	7.5	-1.3	7.4	1.9	-1.0	5.2	6.4%
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	-4.0	2.6	-4.4	1.1	-0.6	-0.9	-6.5%

The FSP Equities Leaders Fund

Performance relative to the benchmark (net of fees)

	Fund (%)	Index (%)	Outperformance (%)
3 months	-0.7	-2.5	1.8
6 months	8.6	5.5	3.1
1 year	25.7	22.8	2.9
3 years annualised	9.2	8.6	0.6
Since inception annualised	9.3	7.8	1.5
Since inception total return	171.4	132.2	39.3

Inception date: 9 April 2002

Fund commentary

Stocks which produced notably strong performances in the June quarter included Ardent Leisure Group (AAD), which returned 24.6%. Despite a soft domestic macro backdrop, Ardent provided a trading update in May which resulted in minor upgrades to consensus earnings forecasts. This reflected strong results from the company's Health Clubs and Main Event entertainment centres. The Fund exited its position in AAD in July as it had reached our price target.

Breville Group (BRG) also produced a strong return of 19.7% in the quarter. The stock had underperformed in the March quarter on news of the cancellation of a Keurig coffee machines distribution agreement in the US. The stock recovered in the June quarter as investors refocused on the strong performance of the core business.

G8 Education (GEM) returned 19.1% in the quarter as the company successfully completed the acquisition of a further 20 childcare centres at attractive prices and announced a 20% increase to its quarterly dividend. The company was also added to the ASX 200 Index in June.

Stocks which detracted from performance included Automotive Holdings (AHE), which returned -23.1% in the quarter, while it returned 37.2% over the 12 months to June 30 and was also added to the ASX 200 Index in June. Based on our forecasts, AHE is currently trading on an attractive 11.2x FY14e PE with a 6.4% fully franked dividend yield. At the time of writing, the stock has gained 12.8% in the month of July.

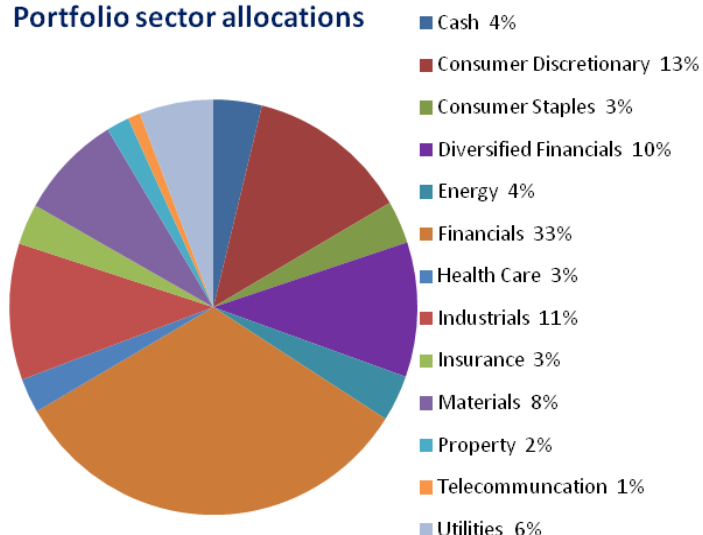
Lend Lease (LLC) returned -18.1% on concerns about increased competition for engineering construction work as competitors are faced with less work from the mining sector. Lend Lease provided a trading update, indicating that group FY13 earnings would be in line with consensus expectations but with lower domestic construction earnings. We consider LLC to be attractively priced on a 9.2x FY14 PE, with a strong internal development pipeline, including Barangaroo, and recent public private partnership wins, including the Sydney Convention Centre. LLC returned 22.1% for the 12 months to June 30.

The FSP Equities Leaders Fund

Top 15 Holdings as at 30 June 2013

	ASX Code	Stock Name	Fund weight	ASX200 weight
1	WBC	WESTPAC BANKING CORPORATION	9.8%	7.1%
2	CBA	COMMONWEALTH BANK OF AUSTRALIA	9.5%	8.8%
3	ANZ	ANZ BANKING GROUP LIMITED	9.1%	6.2%
4	BHP	BHP BILLITON LIMITED	6.5%	7.9%
5	FLT	FLIGHT CENTRE LTD	3.7%	0.3%
6	SUN	SUNCORP GROUP LIMITED	3.2%	1.2%
7	NAB	NATIONAL AUSTRALIA BANK LIMITED	3.1%	5.5%
8	OSH	OIL SEARCH LIMITED	3.0%	0.8%
9	TCL	TRANSURBAN GROUP	2.9%	0.8%
10	HGG	HENDERSON GROUP	2.8%	0.1%
11	MMS	MCMILLAN SHAKESPEARE LIMITED	2.7%	0.1%
12	IVC	INVOCARE LIMITED	2.5%	0.1%
13	BTT	BT INVESTMENT MANAGEMENT LTD	2.4%	0.0%
14	APA	APA GROUP	2.4%	0.4%
15	FXL	FLEXIGROUP LIMITED	2.3%	0.1%
Total			65.8%	39.6%

Portfolio sector allocations



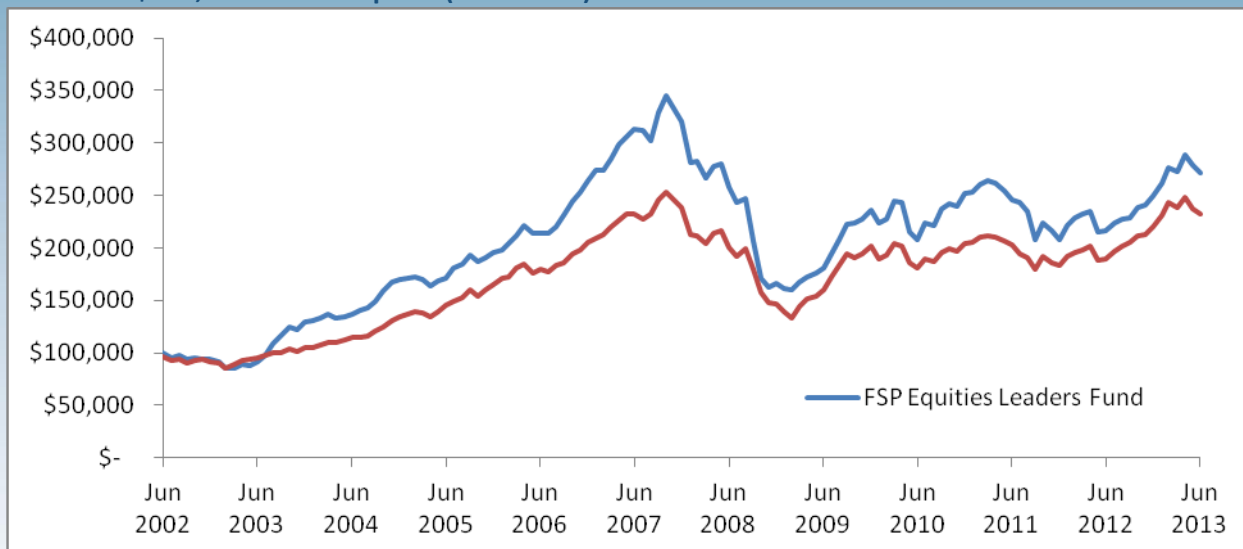
Portfolio fundamentals

P/E	15.5x
Dividend yield	5.1%
Return on equity	15.2%
Forecast EPS growth	9.7%

*Of portfolio excluding cash

The FSP Equities Leaders Fund

Growth of \$100,000 since inception (net of fees)



Market commentary

In May, the Australian Government released its fiscal budget for the 2013/2014 financial year. This saw previously optimistic revenue assumptions revised downwards, resulting in a forecast deficit of \$18.0bn (1.1% of GDP), compared to the October 2012 forecast of a \$2.2 billion surplus. The Government now forecasts a return to a balanced budget in 2015/2016. Despite the increase in forecast deficits, Australian Government net debt is forecast to peak at only 11.4% of GDP in 2014/2015, well below the average of major advanced economies of 92.6%. Moody's also commented that this budget has no implications for the AAA credit rating and stable outlook for Australia.

Investors are currently awaiting an announcement on the timing of the federal election, while listed corporates are also due to report earnings for the period to 30 June 2013 next month. Expectations for the reporting season are for moderate earnings per share growth of 5.9% and 5.3% for Banks and Industrials respectively, offset by a 21.5% decline in resources earnings.

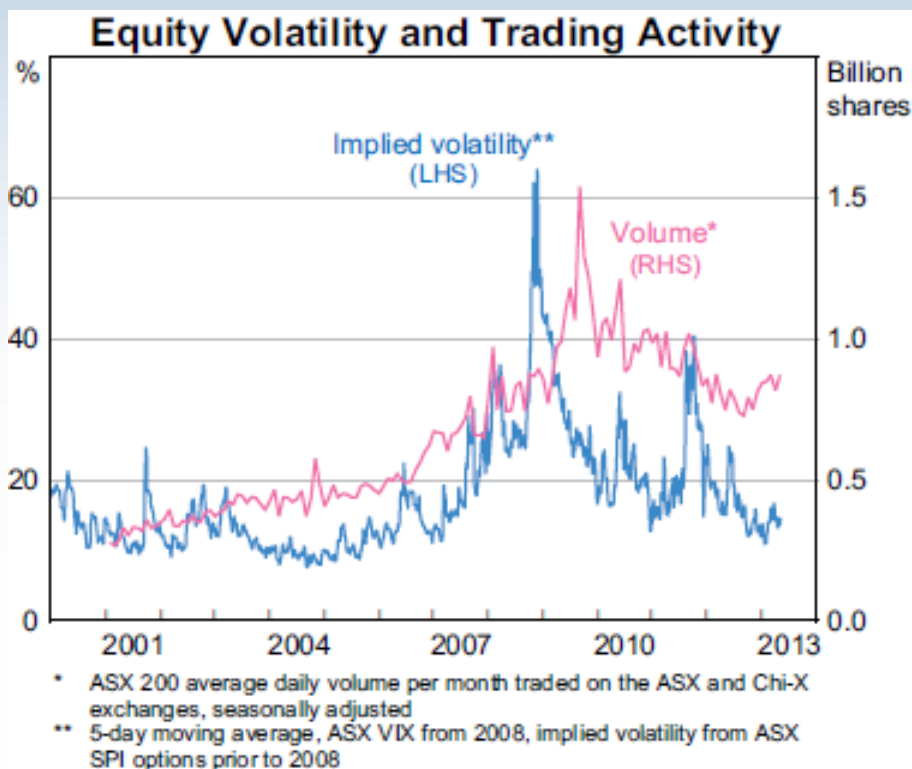
This moderate earnings growth ex-resources represents an improving trend from the 1.4% growth recorded in the 2012 financial year. In the last half year results, earnings growth was driven by a focus on cost reduction and was therefore less reliant on economic conditions. This provides an offset to the risk to earnings from recently softer economic indicators, including NAB's business conditions survey.

During the quarter, there were a number of downgrades from mining related companies, including Newcrest, Bradken and NRW Holdings, and also from companies exposed to a soft consumer sector, including Wesfarmers, Wotif, Billabong and Coca Cola-Amatil (CCL). The Fund benefited from avoiding exposures to these companies, with the exception of CCL, which returned -12.8% in the quarter. The Fund has been underweight the mining sector since the second half of 2011.

The FSP Equities Leaders Fund

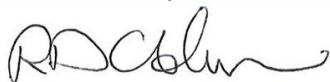
The high Australian Dollar has been a detriment to growth for the past few years, but is in the process of adjusting with the prospect of reduced quantitative easing and the reality of lower commodity prices. The lower Australian dollar combined with low interest rates has created a positive environment for an eventual domestic cyclical recovery. In addition, there are early signs of a recovery in the housing market, with house prices modestly above their low point in mid-2012 and housing building and loan approvals increasing over the past year.

The volatility in the Australian equity market has generally improved from the peaks in 2008 and 2011, notwithstanding an uptick in the June quarter. Trading activity has also recently increased from a trough in late 2012, with these trends illustrated in the chart below.



Source: Reserve Bank of Australia, *Statement on Monetary Policy*, May 2013

Yours sincerely,



Ronni Chalmers
Investment Director

The FSP Equities Leaders Fund

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 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.

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