

Thursday, 22 January 2015

# MARKET ANNOUNCEMENT

## CBG Fund December 2014 Quarterly Report

The December 2014 Quarterly Report from CBG Asset Management Limited (**CBG**) on the performance of its CBG Australian Equities Fund (Wholesale) (**CBG Fund**) is attached.

As at 31 December 2014, Bentley had ~\$5.60 million (35.85% of its net assets) invested in the CBG Fund (30 September 2014: ~\$6.03 million (37.72%).

### About the CBG Fund <sup>1</sup>

The CBG 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.

CBG Fund details as at 31 December 2014:

- The equity weighting was 93.43% (30 September 2014: 92.58%);
- 89.19% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 September 2014: 92.63%) with the balance of 10.81% invested in companies outside of the S&P/ASX 200 Index (30 September 2014: 7.37%); and
- The equity portfolio contained 50 holdings (30 September 2014: 43 holdings).

### CBG Australian Equities Fund – Performance

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Since Inception
31 December 2014	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
<b>CBG Fund</b>	2.2%	5.0%	4.2%	9.3%	17.6%	18.4%	10.2%
<b>ASX / S&amp;P 200 Accumulation Index</b>	2.1%	3.1%	2.5%	5.6%	12.7%	15.1%	8.4%

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<sup>1</sup> Based on information provided by CBG Asset Management Limited.

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BENTLEY CAPITAL LIMITED

A.B.N. 87 008 108 218



## The CBG Australian Equities Fund (Wholesale) December quarter 2014

22 January 2014

The Directors of Bentley Capital Limited  
Level 2, 23 Ventnor Avenue, West Perth  
Western Australia 6005

In the December quarter of 2014, the CBG Australian Equities Fund (Wholesale) returned 5.0%, which was ahead of the benchmark return of 3.1%.

For the twelve months to 31 December, the Fund returned 9.3%, which compares favourably to the benchmark return of 5.6%.

We are pleased to report that in the Mercer survey for the twelve months to 31 December, the Fund ranked 3rd out of 96 long-only Australian equities funds.

The most noteworthy development in financial markets during the quarter was the dramatic 41% reduction in the oil price, with the West Texas Intermediate price finishing the year at \$53.70. The Fund benefited from a significantly underweight exposure to the energy sector, which was sold down 18% in the quarter as a result of the move in the oil price.

The Australian dollar continued to depreciate relative to the US dollar during the quarter, declining 6c to finish the year at \$0.82. With approximately 25% of the earnings of the portfolio generated ex Australia and New Zealand, the Fund stands to benefit from a weakening Australian dollar.

### Performance history

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year total
<b>2014</b>	-2.3	5.8	1.8	0.8	0.2	-1.5	3.6	1.0	-5.1	3.9	-1.2	2.2	9.3%
<b>2013</b>	4.9	5.6	-1.3	5.6	-3.5	-2.6	5.6	1.9	3.7	4.2	-1.1	1.3	26.6%
<b>2012</b>	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%
<b>2011</b>	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%
<b>2010</b>	-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%
<b>2009</b>	-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%
<b>2008</b>	-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%
<b>2007</b>	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%
<b>2006</b>	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%
<b>2005</b>	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%
<b>2004</b>	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%
<b>2003</b>	-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%
<b>2002</b>				0.7	1.2	-2.2	-4.0	2.6	-4.4	1.1	-0.6	-0.9	-6.5%



## The CBG Australian Equities Fund (Wholesale)

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

	Fund (%)	Index (%)	Outperformance (%)
3 months	5.0	3.1	1.9
6 months	4.2	2.5	1.7
1 year	9.3	5.6	3.7
3 years	18.4	15.1	3.3
5 years annualised	7.9	6.8	1.1
Since inception annualised	10.2	8.4	1.8
Since inception total return	245.6	179.4	66.2

Inception date: 9 April 2002

The benchmark is the S&P/ASX 200 Accumulation Index.

### Fund commentary

Stocks which produced notable positive returns in the quarter included Magellan Financial Group (MFG), which returned 31%. MFG reported \$1.7 billion of inflows in the three months to November 2014 on the back of institutional client wins, bringing total FUM to just over \$30 billion. MFG has also reported strong recent performance for the Global Fund, supporting both the flows and performance fees outlook.

Sirtex (SRX) returned 30% in the quarter after reporting very strong dose sales growth and as investor interest builds ahead of the SIRFLOX clinical trial results. At the AGM in October, management indicated that dose sales growth for the financial year to date had increased by 29% on the pcp. In March this year, SRX is expected to report on whether Sir-Spheres have shown a statistically significant improvement in first line treatment of metastatic colorectal cancer when combined with the current standard of care.

OzForex (OFX) gained 23% after reporting a 26% increase in net profit for the first half of their March 2015 financial year. OFX is expected to be a beneficiary of the recent increase in currency volatility, which typically precedes a pick-up in client activity, while OFX also benefits from a lower Australian dollar. The company's exposure to exchange rate risk in client transactions is immaterial.

Stocks which produced negative returns in the quarter included Flight Centre (FLT) which returned -24% after downgrading earnings guidance for the 2015 financial year to between \$360m and \$390m. At the mid-point of the range this represented a 6% downgrade and implied that earnings would be flat on the prior year. Flight Centre cited a slowdown in Australian Leisure spending as the main driver of the reduced guidance.

Greencross returned -18% in the quarter. The stock fell despite the company reaffirming earnings guidance for the 2015 financial year, with many shareholders expecting more bullish commentary than was provided. The company continues to extend its leadership position in the large and growing pet care market.

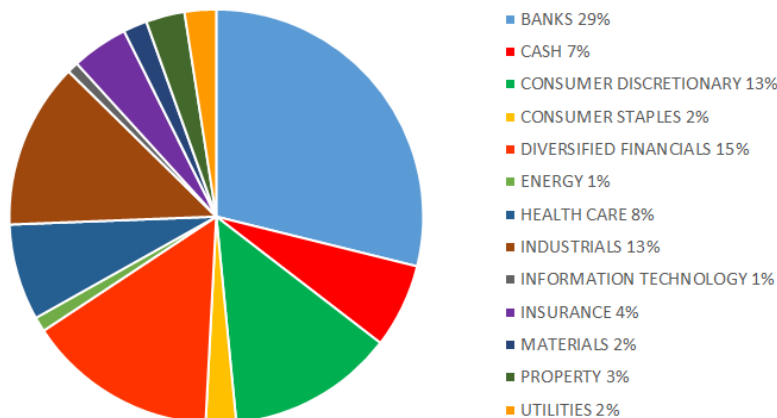


## The CBG Australian Equities Fund (Wholesale)

### Top 15 Holdings as at 31 December 2014

	ASX Code	Stock Name	Fund weight	ASX200 weight
1	ANZ	ANZ BANKING GROUP	8.7%	6.1%
2	CBA	COMMONWEALTH BANK OF AUSTRALIA	8.4%	9.6%
3	WBC	WESTPAC BANKING CORPORATION	8.0%	7.1%
4	TCL	TRANSURBAN GROUP	4.0%	1.1%
5	HGG	HENDERSON GROUP	3.9%	0.2%
6	NAB	NATIONAL AUSTRALIA BANK	3.8%	5.6%
7	LLC	LEND LEASE	3.0%	0.7%
8	SUN	SUNCORP GROUP	3.0%	1.2%
9	MQA	MACQUARIE ATLAS ROADS GROUP	2.9%	0.1%
10	RMD	RESMED	2.8%	0.7%
11	GEM	G8 EDUCATION	2.7%	0.1%
12	BTT	BT INVESTMENT MANAGEMENT	2.6%	0.0%
13	DUE	DUET GROUP	2.5%	0.2%
14	RFG	RETAIL FOOD GROUP	2.4%	0.1%
15	IVC	INVOCARE	2.3%	0.1%
Total			60.8%	33.0%

### Portfolio sector allocations



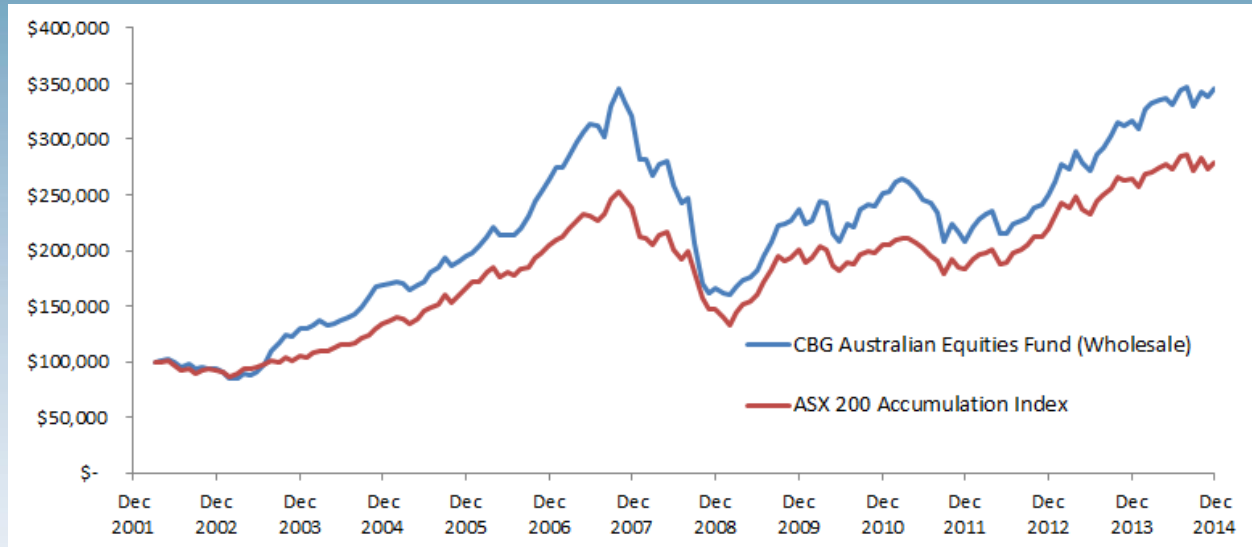
### Portfolio fundamentals

P/E	16.4x
Dividend yield	4.5%
Forecast EPS growth	10.9%



## The CBG Australian Equities Fund (Wholesale)

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



Inception date: 9 April 2002

### Market commentary

The ASX 200 Accumulation Index returned 5.6% in calendar 2014, with the dividend contribution being approximately 80% of the total return. The best performing sectors in 2014 were property and healthcare, while the energy and materials sectors lagged owing to falls in commodity prices.

US economic growth was a key positive for global equity markets in 2014. Both US economic growth and monetary policy are expected to be a focus for investors in 2015. In December, the Federal Reserve commentary removed the “considerable time” guidance with regards to the timing of the first rate hike. This was replaced with guidance that the Fed “can be patient” before raising rates. Chairwoman Yellen subsequently elaborated that is meant they will not raise rates for “at least the next couple of meetings”. The ultimate timeline for rate increases remain a key variable for 2015 equity market performance.

Australia’s Reserve Bank remained on hold through the quarter, keeping the cash rate steady at 2.5%. This marks an entire calendar year of stability. The December minutes also revealed little new information, with the RBA commenting that little has changed in recent economic conditions, with guidance for a “period of stability” in interest rates maintained.

The Australian dollar finished the year at US81.2c, representing a substantial fall from the mid-year high of US95c. The lower dollar should provide a benefit to the Australian economy in 2015. The RBA continues to suggest that the Australian Dollar remains “above most estimates of its fundamental value”. RBA Governor Glenn Stevens indicated that a level of US75c might be appropriate based on the current terms of trade.



## The CBG Australian Equities Fund (Wholesale)

Market valuations remain slightly above average moving into 2015, increasing the importance of earnings growth for market returns. The fall in commodity prices during 2014 has seen aggregate earnings growth expectations downgraded. The Fund has minimal direct exposure to the materials and energy sectors, while commodity prices are an important part of the macro story for Australia. The only two sectors that saw increasing earnings expectations over the course of the year were financials and healthcare and the fund remains overweight these sectors.



Source: Morgan Stanley

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 CBG Asset Management Limited nor any related corporation guarantees the repayment of capital or the performance of the CBG Australian Equities Fund (Wholesale).

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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