

Friday, 18 November 2016

# MARKET ANNOUNCEMENT

## CBG Fund Investment Manager's Presentation at Annual General Meeting

The Company encloses a copy of a presentation to be delivered by Mr Ronni Chalmers of CBG Asset Management Limited, Investment Manager of the CBG Australian Equities Fund (Wholesale) (**CBG Fund**), at today's Annual General Meeting.

Bentley had approximately ~\$3.85 million (28% of its net assets) invested in the CBG Fund as at 31 October 2016.

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.

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## CBG Asset Management Presentation Bentley Capital AGM November 2016

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## CBG Asset Management

- Experienced investment team with extensive funds management experience
- Same investment philosophy/strategy since 2007
- Boutique Fund Manager of the Year 2013 – Golden Calf Award
- Over 70 years investment experience amongst 4 person team
- Partnering with Tier 1 service providers eg
  - KPMG/JPMorgan/White Outsourcing
- Consistently outperformed the benchmark over the long term
- Rated INVESTMENT GRADE by Lonsec research
- Rated RECOMMENDED Plus by IIR research
- FUM of over \$160m in 3 products

## Our Philosophy

CBG believes that attractive long term investment returns can be achieved through a disciplined investment process, using bottom-up fundamental analysis and with a focus on high quality companies.

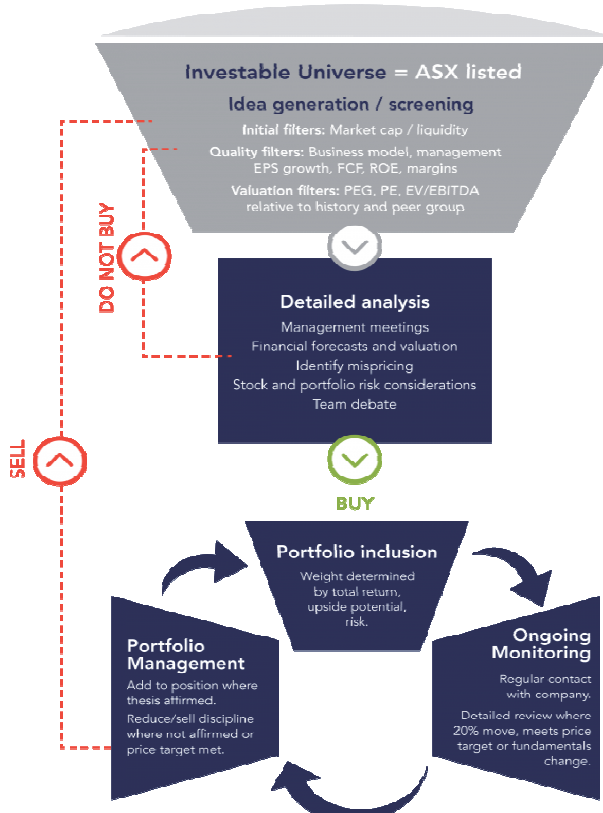
We undertake a detailed investigative process and seek to understand the unique drivers of value for each company, then to identify opportunities where that intrinsic value is not reflected in the current stock price.

Investments are considered based on a time horizon of at least two to three years, enabling us to benefit from the shorter term focus of most institutional investors.

We look for a number of attributes that consistently apply to securities which produce attractive returns. In particular, a strong management team that is delivering on a robust strategy and generating value for shareholders; solid free cash flow; a strong competitive position; a supportive industry structure; strong balance sheet and attractive earnings or cash flow multiples relative to earnings risks and growth prospects.

CBG believes this approach to investing works because the market regularly displays pricing inefficiencies. Causes of market mispricing include: a focus on shorter investment timeframes by most institutional investors; crowding in the largest stocks by market capitalisation, with other stocks being less well researched, and emotional and cognitive biases of investors. For example, aversion to short term losses may lead investors to avoid stocks which have experienced short term volatility or to sell positions too early to avoid potentially giving up gains.

## Investment Process



CBG undertakes a rigorous approach to stock selection and portfolio management. Ronni Chalmers, the Chief Investment Officer, is supported by an investment team with research responsibilities assigned for specific industry sectors.

Investment decisions are driven by bottom-up stock analysis, overlaid with macro and industry level considerations.

Idea generation is a result of the continuous monitoring of stocks within each industry sector and screening the investment universe based on quantitative and qualitative attributes.

We seek to understand the unique drivers of value for each company. For example, an attractive industry structure or competitive advantage. This enables us to identify opportunities that would be missed by purely quantitative screening.

We also believe that it is important to understand the market assumptions underlying current stock prices and to make an independent assessment of fair value given our longer investment horizon relative to most investors.

CBG draws on a range of sources of information to assist this process, including regular meetings with company management and attendance at company presentations; analysis of company announcements; historical and forecast financial metrics for stocks in the investment universe; industry and other statistical data; news media and broker research.

When a stock is considered for investment, a detailed report is prepared including the analyst's financial forecasts, price target and investment recommendation. Integral to this process is meetings with senior management of the subject company.

Investment recommendations are presented to and discussed by the investment team, with the Chief Investment Officer making final portfolio decisions.

Stocks included in the Portfolio are then subject to ongoing monitoring, with the team producing timely internal research reports and maintaining regular contact with the company.

If a stock reaches its price target or records a material share price decline, this triggers a review of the position.

Risk is managed through the rigorous selection and monitoring process and avoiding or minimising exposure to companies and sectors that do not meet our criteria around valuation and quality. Stock and sector portfolio weights are managed based on our analysis of the risk/return characteristics of the stock or sector and how that affects portfolio risk. We also use portfolio analytics tools to regularly monitor historical and forecast portfolio risk/return metrics.

## Performance history as at 31 October 2016

	Net return
1 year	-1.8%
3 years annualised	3.8%
5 years annualised	9.5%
7 years annualised	6.8%
Return since inception (annualised)	9.1%

## Top 10 Holdings

	Name	CBG Weight	2017 Yield
CBA	COMMONWEALTH BANK OF AUSTRALIA	11.3%	5.9%
WBC	WESTPAC BANKING CORPORATION	8.7%	6.3%
ANZ	ANZ BANKING GROUP LIMITED	5.8%	5.9%
TCL	TRANSURBAN GROUP	5.4%	5.0%
MQA	MACQUARIE ATLAS ROADS	4.4%	4.3%
NAB	NATIONAL AUSTRALIA BANK	4.1%	6.5%
HGG	HENDERSON GROUP	4.1%	4.8%
MFG	MAGELLAN FINANCIAL GROUP	3.8%	3.8%
LLC	LENLEASE GROUP	3.3%	5.0%
DUE	DUET GROUP	3.1%	7.9%
	<b>TOTAL</b>	<b>54.1%</b>	

## Current Investment Thoughts

- In last 3 months long bonds globally have risen approximately 0.7% on an expectation that the central banks easing cycle may be complete, of which 0.4% has occurred since the Trump election.
- Defensive sectors like infrastructure and utilities have fallen, leading to attractive valuations based on 2017 yields.
- Currently, inflation rates in most economies remains either below or slightly above the low end of central bank targets.
- Commodity prices despite the rises in the last 8 months remain at low levels compared to the last 5 year averages.
- Wage growth rates also remain at low levels.
- Global GDP growth expectations are rising but remain subdued compared to long term growth rates.
- Fund is overweight infrastructure and utilities while being underweight resources.

## Disclaimer

Past performance is no guarantee of future performance. Performance shown is net of fees, but before taxes. The content of this fact sheet has been prepared without taking into account any individual's objectives, financial situation or needs. Because of that, before acting you should consider the appropriateness of what is included here, having regard for your own objectives, financial situation and needs. Before making any decision about whether or not to acquire or continue to hold a financial product mentioned in this fact sheet, you should obtain and consider the latest disclosure document for the product. You should also obtain advice from your qualified financial adviser.