Bentley Capital Limited

Friday, 22 October 2010

MARKET ANNOUNCEMENT

FSP Fund September 2010 Quarterly Report

The September 2010 Quarterly Report from FSP Equities Management Limited (**FSP**) on the performance of its FSP Equities Leaders Fund (**FSP Fund**) is attached.

As at 30 September 2010, Bentley had ~50% (~$15.21 million) of its net assets invested in the FSP Equities Leaders Fund (**FSP Fund**).

On 18 October 2010, Bentley invested a further $3 million into the FSP Fund.

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 September 2010:

- The equity weighting was 97.1% (previous quarter 30 June: 99.5%);
- 80.7% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 June: 81.4%) with the balance of 19.3% invested in companies outside of the S&P/ASX 200 Index (30 June: 18.6%); and
- The equity portfolio contained 46 holdings (30 June: 46 holdings).

FSP Equities Leaders Fund - Performance

Returns To: 30/09/2010	1mth (%)	3mths (%)	6mths (%)	1yr (%)	2yrs (% p.a.)	3yrs (% p.a.)	Since Inception (% p.a.)
FSP Fund	7.4%	13.9%	-2.7%	6.7%	7.1%	-10.3%	10.7%
ASX/S&P 200 Accumulation Index	4.6%	8.0%	-4.0%	0.6%	4.4%	-7.2%	8.3%

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1 Based on information provided by FSP Equities Management Limited.

FSP Equities Management

A brighter future.

The FSP Equities Leaders Fund

September Quarter 2010

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

22 October 2010

Dear Sirs,

In the September quarter, the FSP Equities Leaders Fund (the Fund) returned a net 13.9%, outperforming the benchmark S&P/ASX 200 Accumulation Index which gained 8.0%.

The Australian equity market rose over the quarter in response to a number of global macro factors, including improving credit markets, a strong second quarter earnings season in the US and indications that Chinese growth momentum is turning positive. These conditions were reflected in continued strong commodity prices.

The current pace of expansion in most advanced economies remains modest, due to the legacy impacts of the financial crisis on public and private finances, while this is being offset by strong growth in the developing economies. The IMF forecasts global growth for 2011 at 4.2%, with 6.4% growth in developing economies balancing the expected 2.2% pace in advanced economies. Growth in the US has slowed in recent months, although both household and business spending continues to rise. The Federal Reserve has recently indicated that it is prepared to undertake further quantitative easing to support the economic recovery if necessary. The Australian economy has grown at around trend pace over the past year. Government stimulus is now reducing, while private consumption has grown and the prospects for business investment have continued to improve, particularly in the mining sector.

The focus for Australian equity investors in the September quarter was the company reporting season for the period to June 30. Reported earnings met expectations, although conservative outlook statements resulted in moderate downgrades to forecasts for the 2011 financial year. Current expectations are for relatively strong aggregate earnings per share growth over the next two years. Growth in FY2011 is forecast at 23.3%, or 14.5% excluding resources and banks, and in FY2012 growth is forecast at 11.7%[1]. Even without any PE multiple expansion this provides a strong foundation for capital appreciation.

For the 12 months to 30 September 2010 the broad Australian equity market was close to unchanged, gaining 0.6%, while the outperformance of the Fund resulted in a net return for the FSP Equities Leaders Fund of 6.7%.

1. Maquarie Research, September 2010

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Performance history (%)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year total
FY2011	7.5	-1.3	7.4										13.9%
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	3.6	0.2	3.9	4.5	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%

Recent performance relative to the benchmark (net of fees)

	Fund	Index	Outperformance
6 months	-2.7%	-4.0%	1.3%
1 year	6.7%	0.6%	6.1%
2 years annualised	7.1%	4.4%	2.7%
Since inception annualised	10.7%	8.3%	2.4%

Inception date: 9 April 2002

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The FSP Equities Leaders Fund

Fund commentary

The Fund performance in the quarter was driven by a number of holdings. Flight Centre, which represented 5.1% of the Fund at September 30, gained 37.8% over the three months. Flight Centre produced a record FY10 result as the company took advantage of a rebound in outbound travel from Australia, secured better terms with airlines and reduced costs in its US business.

A number of the Fund's holdings in mining services also contributed positively to performance, with these companies benefiting from record planned capital expenditure in the mining sector. Mineral Resources (4.8% of the Fund) rose 32.0%, Sedgman (2.0% of the Fund) rose 51.7% and NRW Holdings (1.8% of the Fund) rose 77.0%.

Equinox Minerals (2.6% of the Fund) and PanAust (2.4%) also produced strong returns, gaining 36.2% and 31.3% respectively, due to their leverage to a rising copper price. The London Metals Exchange copper price rose 23.5% in USD over the three months to September 30.

During the quarter we participated in a tour of WA based companies, meeting with management of a number of the Fund's holdings (BHP Billiton, Mineral Resources, Atlas Iron and NRW Holdings) as well as management from Utah Point in Port Hedland, which has recently commenced operations. The trip provided valuable insight into the iron ore industry in the Pilbara and the infrastructure issues that aspiring producers face. We also toured the NSW coal operations of Whitehaven Coal (0.9% of the Fund), meeting with senior management and discussing Whitehaven's key Narrabri project. The Fund has added considerable value in the coal sector, having owned Felix Resources (acquired by Yanzou in December 2009), Centennial Coal (bid for by Banpu) and Macarthur Coal, which was (unsuccessfully) bid for and which the Fund exited at an average price of $15 per share.

The Fund performance also benefited from its zero weight in Telstra, which fell 15.1% over the quarter. The Fund has not held Telstra over the past four years.

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The FSP Equities Leaders Fund

Top 15 Holdings as at 30 September 2010

	ASX Code	Stock Name	Fund Weight
1	BHP	BHP BILLITON	10.8%
2	WBC	WESTPAC	8.3%
3	CBA	COMMONWEALTH BANK	7.9%
4	FLT	FLIGHT CENTRE	5.3%
5	MIN	MINERAL RESOURCES	4.9%
6	SMX	SMS MANAGEMENT	4.8%
7	OST	ONESTEEL	2.7%
8	EQN	EQUINOX MINERALS	2.7%
9	UGL	UNITED GROUP	2.6%
10	OSH	OIL SEARCH	2.6%
11	PNA	PANAUST	2.5%
12	BSL	BLUESCOPE STEEL	2.4%
13	DJS	DAVID JONES	2.3%
14	AGO	ATLAS IRON	2.3%
15	HST	HASTIE GROUP	2.3%
Total			64.4%

Market commentary

In August, the majority of listed Australian companies reported their earnings for the period to June 30. In aggregate, earnings per share increased by 10.5% in the six months to June 30 compared to the same period in 2009. This growth was heavily weighted to resources (+49.8%), which benefited from higher commodity prices, and banks (+26.9%), which benefited from reduced bad debt charges. Listed property trusts recorded a fall in earnings per share of 23.8%, largely as a result of equity capital raised over the year. Industrial companies are yet to show a sustained recovery in profits, with earnings per share down 6.7%.

As illustrated on the next page, the gearing of listed companies is currently at a low level by historical standards following rapid deleveraging over the past year. This provides an opportunity for businesses to increase profitability either through M&A activity, investing for growth or better utilisation of balance sheets.

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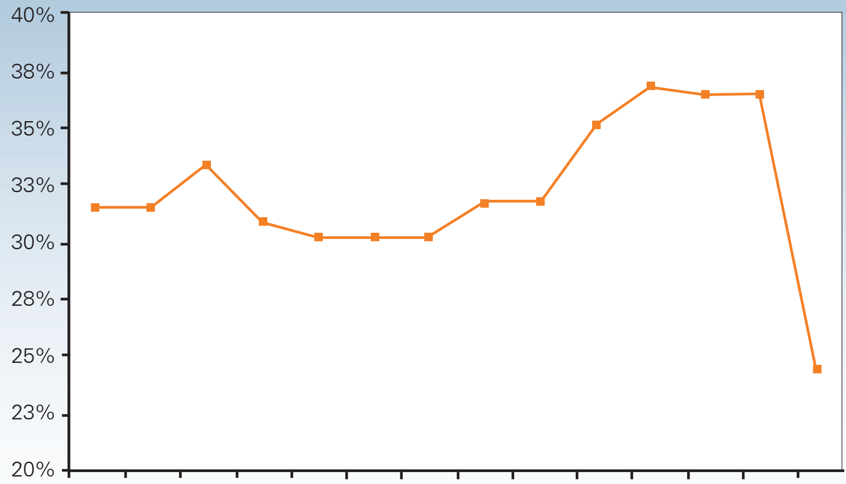
The FSP Equities Leaders Fund

Net Debt/Net Debt + Equity



Source: Morgan Stanley

For the coming year, resources companies are expected to achieve earnings per share growth of approximately 50%, underpinned by strong commodity prices. Most commodity prices are currently at or above the levels incorporated in these forecasts[2]. The recovery in industrial companies' earnings hinges on the return to meaningful revenue growth (1.7% in the half year) which will allow these businesses to benefit from operating leverage, and current expectations are for earnings growth of 14%. Banks earnings per share growth is forecast at between 5 and 10%, with further normalisation of bad debt charges, but with low credit growth and continued margin pressure. Earnings per share growth for the property trusts is forecast at around 5%, although prices in many sub-sectors of the domestic commercial property market have stabilised and analysts have identified the potential for price appreciation.

2. Maquarie Research, September 2010

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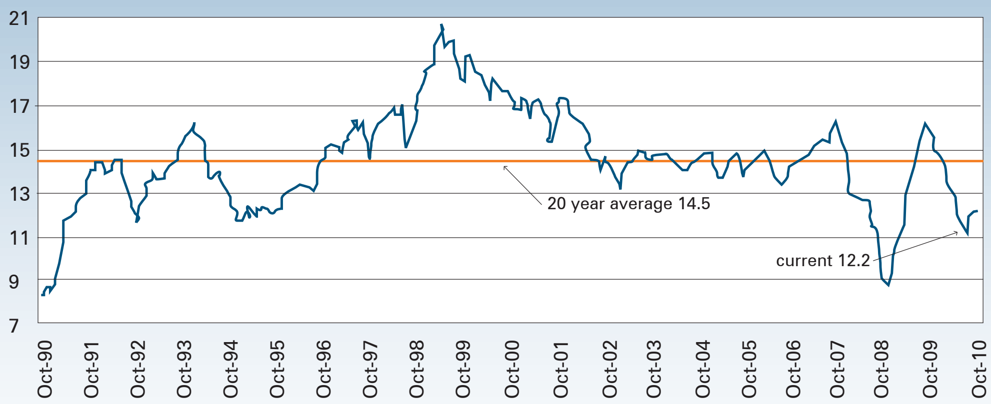
The market in aggregate is currently trading at a significant discount to its average PE multiple over the past 20 years. This suggests that valuations are not demanding at these levels.

Australian equity market 1 year forward PE



Source: UBS

The Reserve Bank of Australia remained on hold for the fifth consecutive month in October. The Governor noted that underlying inflation has recently moderated and current monetary policy is resulting in lending rates at around average levels. However, with growth expected at around the trend level over the next few years and already high levels of resource utilisation, the bank indicated that higher interest rates will be required at some point.

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.

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