

MARKET ANNOUNCEMENT

CBG Fund September 2016 Quarterly Report

The September 2016 Quarterly Report from CBG Asset Management Limited (CBG) on the performance of its CBG Australian Equities Fund (Wholesale) (CBG Fund) is attached.

As at 30 September 2016, Bentley had ~\$3.99 million (27.7% of its net assets) invested in the CBG Fund (30 June 2016: ~\$4.85 million (31.2%)).

About the CBG Fund¹

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 30 September 2016:

- The equity weighting was 97.3% (30 June 2016: 93.65%);
- 85.2% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 June 2016: 85.7%) with the balance of 14.8% invested in companies outside of the S&P/ASX 200 Index (30 June 2016: 14.3%); and
- The equity portfolio contained 47 holdings (30 June 2016: 45 holdings).

CBG Australian Equities Fund – Performance

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Since Inception
30 September 2016	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
CBG Fund	-1.4 %	3.7%	3.5%	6.8%	5.5%	6.5%	9.4%
ASX/ S&P 200 Accumulation Index	0.5%	5.1%	9.3%	13.2%	6.0%	6.0%	8.0%

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¹ Based on information provided by [CBG Asset Management Limited](http://www.bel.com.au).



The CBG Australian Equities Fund (Wholesale) September quarter 2016

21 October 2016

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

In the September quarter of 2016, the CBG Australian Equities Fund (Wholesale) returned 3.7%, which compared to the S&P/ASX 200 Accumulation Index return of 5.1%. For the twelve months to 30 September 2016, the fund returned 6.8%, compared to the benchmark return of 13.2%.

Over the three year period to 30 September 2016, the fund returned 6.5% per annum, compared to the benchmark return of 6.0% per annum, while over five years the fund returned 12.0% per annum, compared to 11.2% for the benchmark.

Over the twelve month period, the market saw a partial reversal of some of the key trends over the past four years, with fund managers underperforming and resources outperforming. This meant that, while the fund return of 6.8% was reasonably positive, it lagged the benchmark return. The fund remains focused on identifying strong businesses which we expect to deliver attractive returns over the medium to long term.

International equity markets generated strong positive returns in the September quarter, with the MSCI World Accumulation Index returning 4.9% (measured in US\$, while the A\$ appreciated by 2.8%). This was assisted by positive economic developments, including strong US payrolls data and expectations of continued monetary policy support from global central banks.

Across Australian industry sectors in the quarter, resources (+13.4%), consumer staples (+12.5%) and information technology (+9.2%) led the gains, while telecommunications (-6.6%), utilities (-2.4%) and property (-1.9%) underperformed. Returns across international equity markets in local currencies were: S&P 500 (+3.3%); Shanghai Composite (+2.6%); Nikkei 225 (+5.6%); German DAX (+8.6%); FTSE 100 (+6.1%); NZX 50 (+6.7%).



The CBG Australian Equities Fund (Wholesale)

Net performance history (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year total
2016	-6.0	-4.7	3.5	0.1	4.1	-4.2	6.8	-1.6	-1.4				-4.0%
2015	3.7	6.6	-0.3	-2.4	0.2	-6.8	5.4	-5.7	-0.3	5.0	3.4	2.5	10.4%
2014	-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%
2013	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%
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%

Performance relative to the benchmark (net of fees)

	Fund (%)	Index (%)	Outperformance (%)
3 months	3.7	5.1	-1.4
1 year	6.8	13.2	-6.4
3 years annualised	6.5	6.0	+0.5
5 years annualised	12.0	11.2	+0.8
Since inception annualised	9.4	8.0	+1.4
Since inception total return	266.2	204.6	+61.6

Inception date: 9 April 2002

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

Fund commentary

Stocks which contributed positively to performance in the September quarter included BigAir Group (BGL, 0.4% weight), which returned 55.6% after the 2016 financial year result beat expectations and the company subsequently announced a proposed takeover via scheme of arrangement from ASX listed Superloop (SLC). The proposal is recommended by the BGL directors with the market value of the offer representing a 27-34% premium to BGL's closing price prior to the announcement.



The CBG Australian Equities Fund (Wholesale)

Bellamy's (BAL, 1.7% weight) also contributed positively, returning 28.2% after reporting a very strong full year result, with second half net profit being 18% ahead of consensus. BAL achieved revenue growth of 95% for the year to \$245m, driven by demand for the company's infant formula in China and also assisted by a part year contribution from an average 23% price rise on its products. The business is benefiting from increased sales directly to Chinese resellers, retaining margin that would otherwise be captured by supermarkets. BAL will also see a significant boost to its supply of raw materials in the current financial year from a new agreement with Fonterra.

Stocks which detracted from performance in the September quarter included APA Group (APA, 2.8% weight), which returned -7.8% as an increase in bond yields in September impacted valuations in the utilities sector. In terms of operating performance, the company reported its 2016 financial year result in August, with full year dividends per share increasing by 9% on the prior. Given strong free cash flow and prudent gearing levels, CBG views the company as well placed to continue to grow dividends over the medium term by mid-single digits percentages per annum.

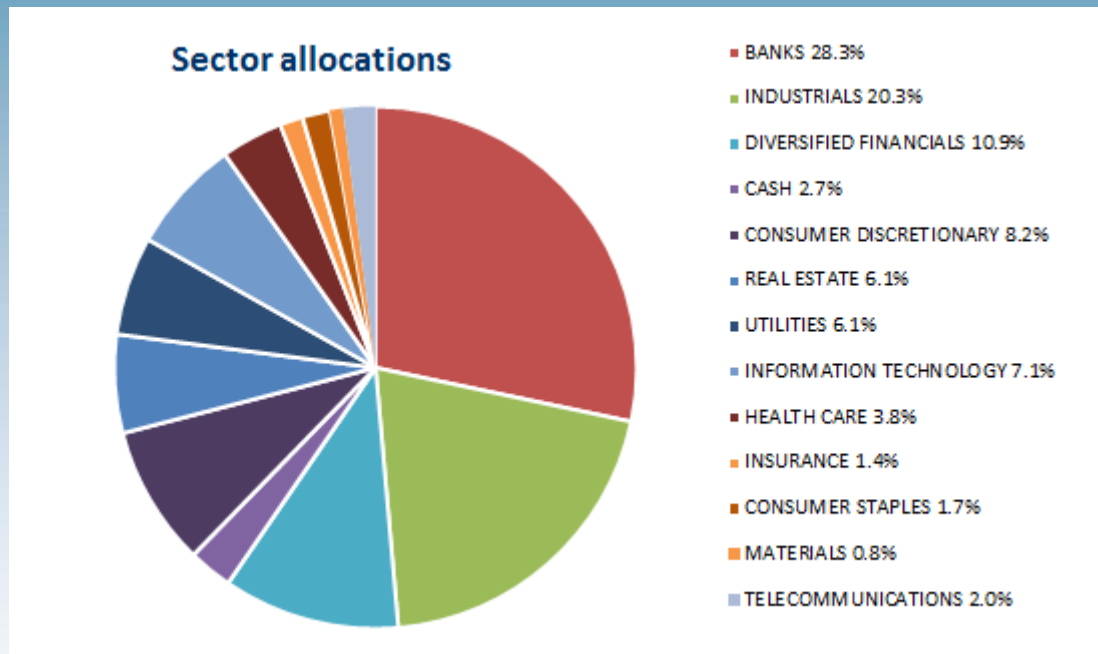
Eureka Group (EGH, 2.3% weight) returned -6.3% in the quarter, despite no negative news flow. EGH is a provider of affordable rental accommodation for retirees and the stock has been a strong performer, having returned 37% in the last 12 months. During the quarter, EGH announced the completion of the acquisition of 36 units located at Couran Cove Island Resort in Queensland. With this village, EGH also has plans to acquire an additional 65-90 units, with the village set to become a material profit generator for the group.

Top 15 Holdings as at 30 September 2016

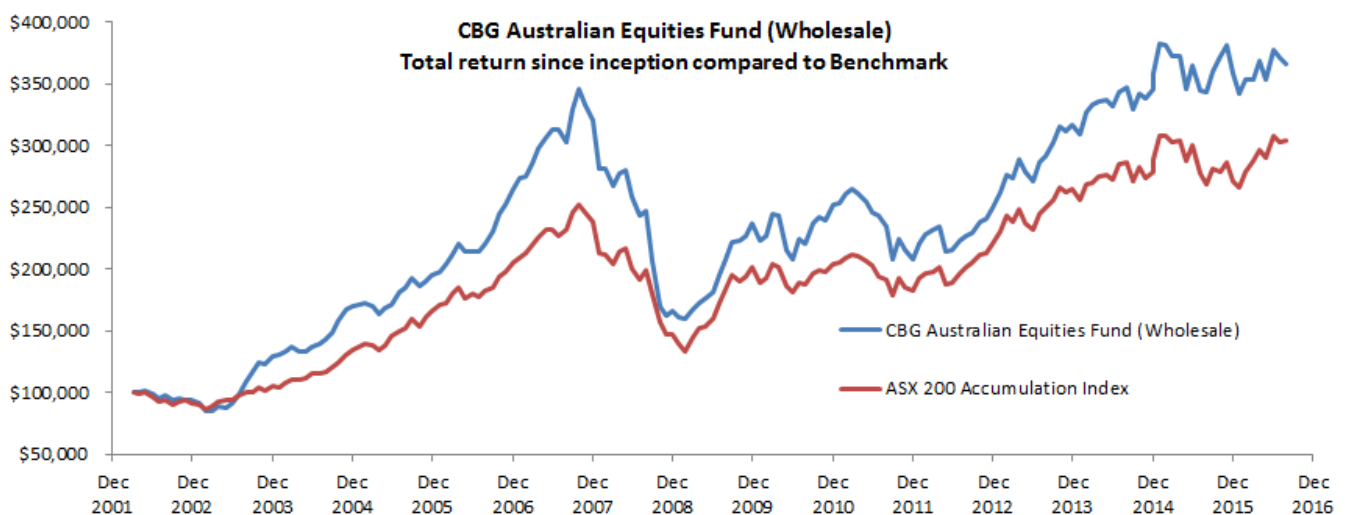
	ASX Code	Stock Name	Fund weight	FY17 yield
1	CBA	COMMONWEALTH BANK OF AUSTRALIA	10.8%	5.9%
2	WBC	WESTPAC BANKING CORPORATION	8.1%	6.3%
3	TCL	TRANSURBAN GROUP	5.7%	4.5%
4	ANZ	ANZ BANKING GROUP LIMITED	5.5%	5.9%
5	MQA	MACQUARIE ATLAS ROADS GROUP	4.5%	4.0%
6	HGG	HENDERSON GROUP	4.0%	4.6%
7	NAB	NATIONAL AUSTRALIA BANK LIMITED	3.9%	6.4%
8	MFG	MAGELLAN FINANCIAL GROUP	3.8%	3.7%
9	AIA	AUCKLAND INTERNATIONAL AIRPORT LTD	3.7%	2.9%
10	LLC	LENLEASE GROUP	3.4%	4.6%
11	DUE	DUET GROUP	3.2%	7.4%
12	SYD	SYDNEY AIRPORT	3.0%	4.9%
13	APA	APA GROUP	2.8%	5.1%
14	ACX	ACONEX LIMITED	2.4%	-
15	EGH	EUREKA GROUP HOLDINGS LIMITED	2.3%	-
Total			67.1%	4.9%



The CBG Australian Equities Fund (Wholesale)



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



Inception date: 9 April 2002



The CBG Australian Equities Fund (Wholesale)

Market commentary

The majority of Australian listed corporates reported earnings for the 2016 financial year in August. Overall, results were largely in line with expectations. Median earnings per share growth for the year was 5% for the market ex-resources, while resources earnings per share declined by 47%.

Australian economic data was generally positive, with GDP for the June quarter coming in slightly ahead of expectations at 3.3% year on year, the strongest pace in four years. The unemployment rate decreased marginally over the three months to August, from 5.7% to 5.6%.

As expected, the RBA lowered the cash rate by 25bp to 1.5% in August, making a 50bp downward adjustment since particularly weak inflation was reported for the March quarter. However, the new RBA Governor, Philip Lowe, emphasised in a speech to the House of Representatives Standing Committee on Economics that the RBA has a *flexible* inflation targeting framework. He commented that this means that “we have not seen our job as always keeping inflation tightly in a narrow range”. This suggests that the RBA may not feel compelled to continue to lower interest rates to achieve the target of 2-3% inflation in the short term, subject to the development of their medium term expectations for inflation and growth in employment and incomes.

US economic data was mixed in the quarter. Non-farm payrolls exceeded expectations in July and August, although both payrolls and the ISM Manufacturing Index were below expectations in September.

Chinese economic data was positive, with the official manufacturing PMI rising to 50.4, ahead of the consensus 49.9 and the highest since October 2014. Industrial production +6.3% year on year, fixed asset investment +8.1% year on year and retail sales +10.6% year on year, were all slightly ahead of expectations.

Yours sincerely,

Ronni Chalmers
Investment Director



The CBG Australian Equities Fund (Wholesale)

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).

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