

Thursday, 30 November 2017

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 \$3.85 million (32% of its net assets) invested in the [CBG Fund](#) as at [31 October 2017](#).

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 2017

Presentation by:

Ronni Chalmers

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CBG Asset Management

- Recently merged with ASX listed Fund Manager Clime (CIW)
- Same investment philosophy/strategy since 2007
- Boutique Fund Manager of the Year 2013 – Golden Calf Award
- Over 160 years investment experience amongst 12 person team
- Partnering with Tier 1 service providers eg
- KPMG/JPMorgan/Link Financial
- Consistently outperformed the benchmark over the long term
- Rated INVESTMENT GRADE by Lonsec research
- Rated RECOMMENDED Plus by IIR research
- FUM of over \$760m across multiple asset classes including Australian equities, International equities, fixed interest & Property.

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.

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.

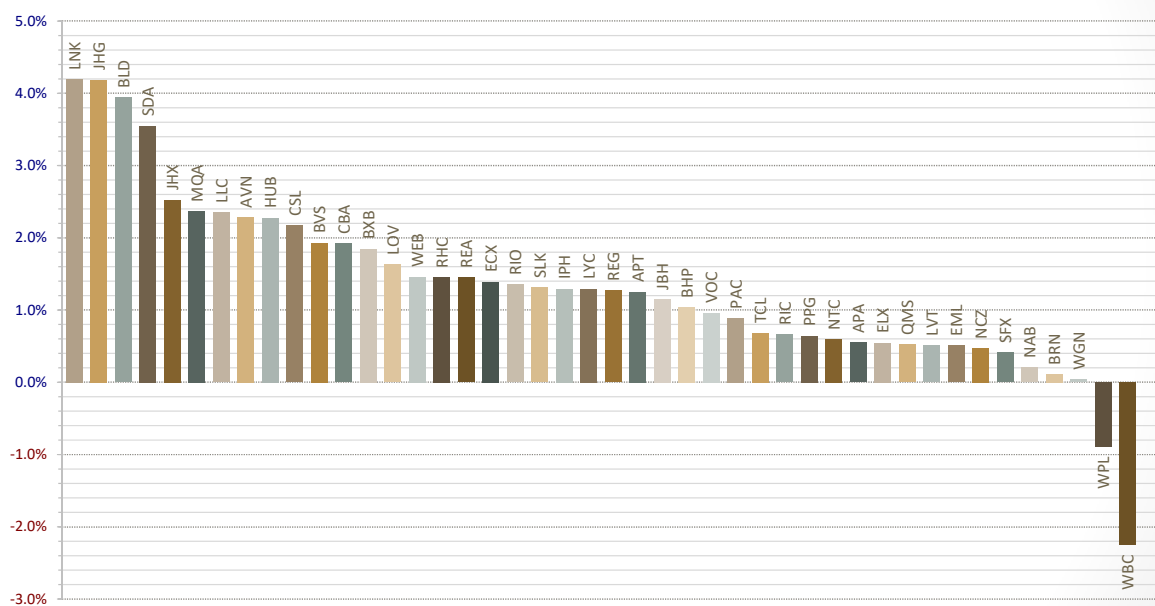
Investment recommendations are presented to and discussed by the investment team, with the Chief Investment Officer making final portfolio decisions.

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.

Active Positions



Janus Henderson - JHG

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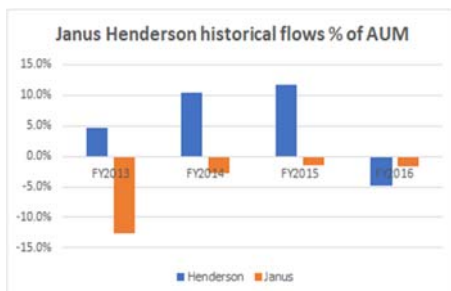
- JHG is a globally diversified fund manager with US\$320bn in AUM.
- Merger to deliver at least US\$110m in cost synergies, equivalent to 20% of group PBT.
- Management track record on delivery with Gartmore and New Star acquisitions.
- Inflows coming off cyclical low which had been capitalised into valuation.
- As recently as 2015, HGG achieved inflows equivalent to 11% of opening AUM (2016 -4%).
- Forward PE has now returned to 4 year average at 14.9x
- However, upside to consensus EPS growth for 2 years to FY19, which is less than accretion from cost synergies.
- CBG valuation using DCF to capture merger synergies.

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JHG

CBG Investment thesis

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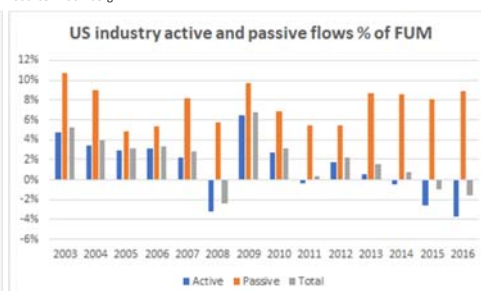
Source: Janus Henderson



Source: Bloomberg



Source: IMA



Source: ICI

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Janus Henderson (JHG)

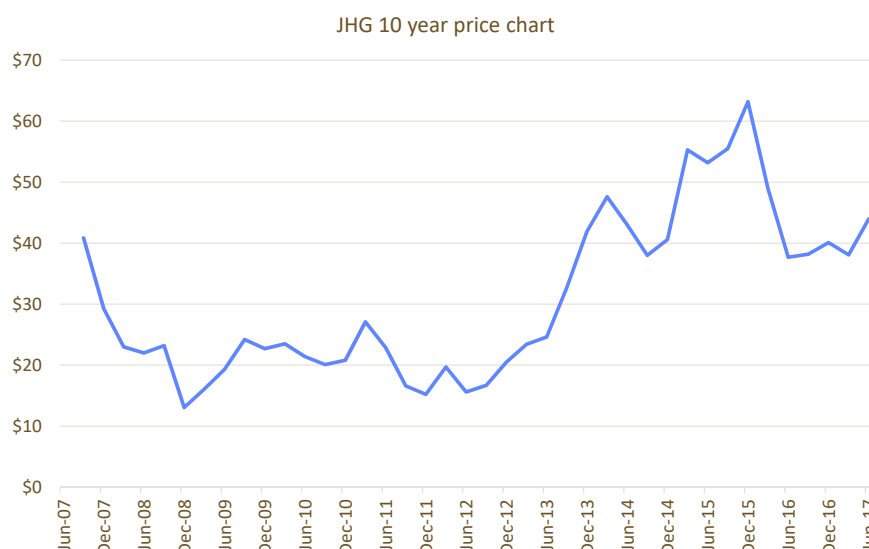
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- Held since 2009. A market correction in early 2016 impacted price. This was compounded by Brexit, which caused both a devaluation in the GBP and reduced flows to UK and European equities.
- Thesis unchanged, focus now on merger. Stock has recovered from “cheap” levels, with upside over the next 2-3 years from the Janus merger.
- Merger to deliver cost synergies equivalent to at least 20% of group PBT.
- Business footprints also highly complementary. Henderson provides UK, European product and distribution. Janus provides US product and distribution in addition to Japan distribution.

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Janus Henderson (JHG)

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Macquarie Atlas - MQA

Restructuring story with benefits from refinancing tailwinds

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- Global toll road owner. Key assets in the portfolio include a 20% stake in APRR, a 2,000km toll road network in France and 100% stake in the Dulles Greenway, a toll road in Virginia USA.
- We believe toll roads are an attractive asset class given their long term, reliable and growing cashflows. Assets are separately financed with minimal risk to holding company.
- Market under appreciated the significant potential upside in both performing and underperforming assets.
- Cashflows to step up over coming periods as the Greenway exits lock-up. Value generating catalysts remain.
- At 10.9x EBITDA we still see value in MQA and are comfortable with our overweight position. Future drivers of performance include: ongoing traffic and revenue growth, ongoing refinancing benefits and corporate activity.
- Given the strong price performance recently however, we have gradually taken profits.
- Recently announced intention to internalise management agreement

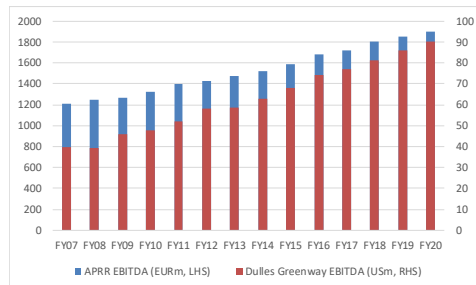
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MQA

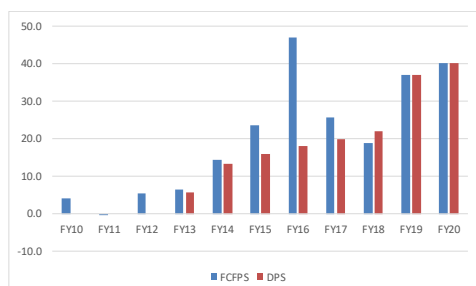
CBG Investment thesis

CBG ASSET MANAGEMENT

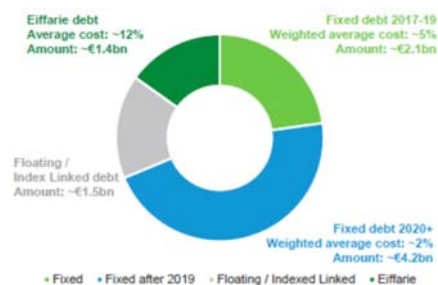
History of growing EBITDA despite adverse economic conditions...



...driving cashflow and DPS growth...



...with improving debt financing conditions. APRR still has €1.4bn at c12% and €2.1bn at 5% to refinance...



... plus valuation supportive of corporate activity.

Date	Asset	Multiple	Concession life
TBC	M6 Toll	c27x	37
Feb-17	Greenway	23.6x	39
Nov-15	Skyway	37.3x	88
Nov-15	Airport Link	28x	28
Mar-15	ITR	31.4x	65
Apr-14	QML	27.5x	38
Mar-14	CCT	18.0x	22
Sep-13	Clem7	32.7x	38
Jul-11	Connect East	24.1x	32
Nov-10	QML	28.1x	41
Aug-10	Intoll	28.8x	81
May-10	LCT	28.5x	27
FY17/18	MQA	10.5x	21
FY18	TCL	21.0x	28

Source: CBG, MQA, TCL, Bloomberg, IRESS

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Lend Lease – LLC

Strong cash generation forecast

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- LLC is a leading development, construction and investment management business, operating in 9 countries.
- Positively leveraged to global economic activity.
- Strong operational track record – 14% ROE, last major construction losses in 2004.
- To be net cash in 18 months (5% gearing currently).
- Australian apartment earnings have peaked (20% of group), but significant cash flows coming in, with work in progress >90% pre-sold.
- Group earnings to benefit from growth in construction activity and increased capital employed offshore. Capital allocated internationally to increase from 23% of total to 30-50%.
- Valuation remains attractive vs history and global peers, on a 12x forward PE vs 17x for global listed construction companies.
- CBG sum of the parts PE based valuation.

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LLC

CBG Investment thesis

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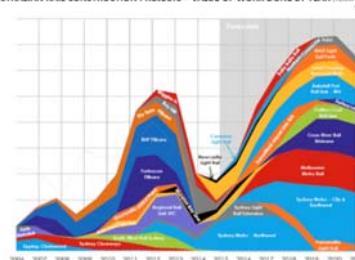
Apartment projects in delivery – settlement profile³

Project	Building	Total Units	Presold (%)	Presales ¹ (\$m)	Delivery ² (Q4 FY12) FY12 FY13 FY14
Australia					
Darling Square	Wirth House, St Leon and Darling One	530	100%	~585	→
	Darling North, Harbour Place and Treble House	577	100%	~810	→
	Darling River, Barker House and Arena	391	100%	~480	→
Victoria Harbour	888 Collins	536	98%	~360	→
	888 Collins	526	96%	~350	→
	Collins Wharf 1	321	83%	~245	→
Brisbane Showgrounds	North Yard and South Yard	401	98%	~210	→
Torres Park	Park, East, North and Terrace Homes	458	87%	~380	→
Total Australia		3,761		~3,440	
Europe					
Elephant and Castle	South Gardens	299	85%	~230	→
	West Grove (Buildings 1 and 2)	593	76%	~420	→
International Quarter London ⁴	Glasshouse Gardens (Buildings 1 and 2)	219	100%	~175	→
Wandsworth	Victoria Drive	110	34%	~40	→
Total Europe		1,221		~865	
Sub-total		4,982		~4,295	
Americas					
5th Avenue ⁵	281 5th Avenue	130	-	-	→
Clippenship	Buildings 1 and 2	284 ⁶	-	-	→
Riverline ⁷	Building 3	80	-	-	→
	Building G	452 ⁸	-	-	→
Total Americas		946		-	
Total		6,928		~4,295	

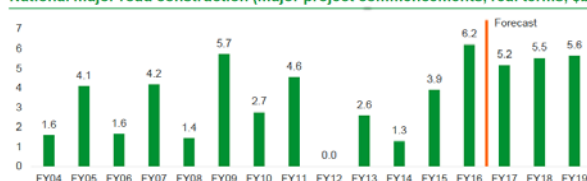
→ indicates expected timing of building completion and profit recognition



MAJOR AUSTRALIAN RAIL CONSTRUCTION PROJECTS – VALUE OF WORK DONE BY YEAR



National major road construction (major project commencements, real terms, \$b)



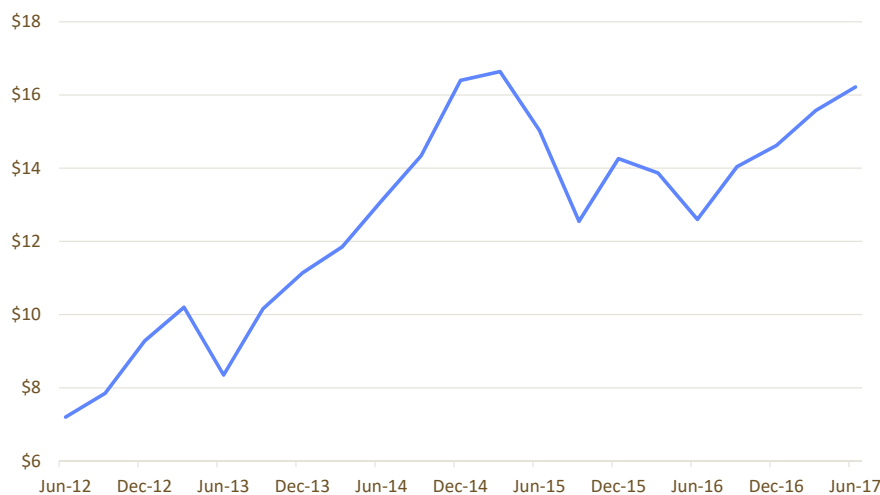
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Lend Lease (LLC)

- Held since January 2012.
- Well managed company, with established presence in Australia, UK, US and Asia.
- Stock was sold off in 2HCY2015 on concerns around apartment supply.
- Thesis that LLC has invested ahead of the cycle, pre-sold revenue for work in progress, with buyers having paid 10% deposits and sitting on capital gains – significant defaults or losses for LLC unlikely.
- Continued low default rates have reduced market perception of this risk, while construction earnings have improved and LLC is beginning to reinvest capital offshore.

Lend Lease (LLC)

LLC 5 year price chart



Top 10 Holdings

	Name	CBG Weight
CBA	COMMONWEALTH BANK OF AUSTRALIA	10.5%
BHP	BHP BILLITON	6.5%
CSL	CSL	6.3%
NAB	NATIONAL AUSTRALIAN BANK	5.0%
WBC	WESTPAC BANKING CORP	4.4%
BLD	BORAL	4.3%
LNK	LINK ADMINISTRATION	4.3%
JFG	JANUS HENDERSON	4.3%
SDA	SPEEDCAST	3.6%
RIO	RIO TINTO	3.2%
	TOTAL	52.4%

Current Investment Thoughts

- The first time in many years we have synchronized global growth.
- Global bond yields have bottomed in the last year.
- Currently, inflation rates in most economies remains either below or slightly above the low end of central bank targets.
- Fund has increased its holding in BHP & RIO which should enjoy capital management in 2018.
- Fund has taken profits in its infrastructure and utilities holdings and re-invested in stocks that will benefit from a continued stronger US economy like Boral, James Hardie, CSL and Brambles.

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.