

AUSTRALIAN

RESEARCH

MANAGED INVESTMENTS ANALYSIS

Listed Managed Investments Review

Quarterly

March 2006

The discount dilemma

Contents

This is an extract from the March 2006 Quarterly Listed Managed Investments Review

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Bentley International Ltd (BEL)



LMI Type	Investment Assets	Investment Area	Investment Sectors
Listed Investment Company	Listed Companies	International	Diversified

Company Details

BEL is a listed investment company that invests in international equities. The company's investment portfolio is managed by Constellation Capital Management (*Constellation*), who was appointed to the role in May 2004. Constellation's investment mandate is to implement the international component of its new HomeGlobal™ investment strategy (*HomeGlobal™*). The investment portfolio currently comprises more than 200 stocks in 11 overseas markets and across a wide range of industry sectors.

Board

F Khan (Chairman), C Ryan, S Cato, P Simpson

Investment Philosophy

HomeGlobal™ is based on the notion that 'home country bias' in investors' equity portfolios will lead to suboptimal industry weightings in their overall equity portfolio. It assumes that within the equity sector, industries are at least as important as countries in driving returns.

Style and Process

BEL invests in the international portion of the HomeGlobal™ approach. The approach begins by setting overall industry weightings of the total portfolio (Australian and international) to FTSE World Index weights. BEL only invests in the international portion of the product, so the portfolio will be heavily overweight in sectors such as technology and pharmaceuticals (which are not well represented in the Australian market), and underweight in sectors such as financials (highly weighted in Australia). Sector exposures are achieved by using stratified sampling. Currency is unhedged.

Investment Team

Douglas Little, BCom, FCPA, FAICD, ASIA: Managing Director
Peter Vann, PhD, MSc, BSc, ASIA: Head of Investment Research

Aegis Comments

BEL is the first client of Constellation's new HomeGlobal™ approach. BEL is one of the few LMIs in Australia with a strictly international exposure (unhedged). It provides a level of exposure to sectors not available in Australia and has the potential to represent a good source of broader portfolio diversification. Over the past 12 months to 31 December, BEL generated a pre-tax NTA return of 12.6%, a result partly impacted by lacklustre US market performance. Aegis has approved BEL on the basis of its significant discount to pre-tax NTA and if the discount were to contract, Aegis may reconsider the current recommendation. Although the share price discount is substantial, we do not believe it is likely that the discount will contract in the short term. Potential investors should note that BEL has a considerable country exposure to US equities markets and, consequently, A\$/US\$ currency movements. Views on BEL may, therefore, be partly dependent on views on the direction of US markets.

Key investment information



RATING Approved

Price (\$) 0.39

As at 20 February 2006

Market Cap (\$M) 15.2

Fully Diluted Shares (M) 38.9

Turnover (\$M p.a.) 3.0

12-month L/H (\$) 0.27 - 0.40

Listing Date Nov 1986

Fees

Management Fee (%) 0.82

Performance Incentives (%) na

Pre-tax NTA Performance Analytics (including dividends)

	MSCI ex Aust (A\$)		All Ords Acc	
	1 Yr	3 Yr (p.a.)	1 Yr	3 Yr (p.a.)
Excess Per. (%)	(4.10)	(4.21)	(8.49)	(17.33)
Beta	0.93	0.76	0.45	0.49
TE (%)	2.05	4.98	8.30	8.89
IR	(2.00)	(0.85)	(1.02)	(1.95)

Dividend Yield (%)

FY03	FY04	FY05
9.86ff	0.00	2.82ff

Substantial shareholders (%)

Orion Equities Limited	26.0
Invia Custodian Pty Ltd (WAM Capital Limited A/C)	2.4

As at 31 December 2005.

Company contact

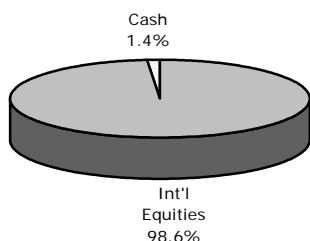


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Sector	Industry Group	Industry	Sub Industry
Financials	Diversified Financials	Diversified Financial Services	Other Diversified Financial Services

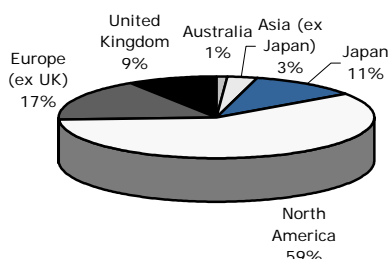
Asset Weighting



Other Data

Options	None on issue.
Dividend policy	BEL's policy is to pay dividends from the dividend, interest and other income it receives from its investments and the realised gains on the sale of its investments. Dividends will be franked to the extent that available franking credits permit.
Capital management policy	Neither buybacks nor capital raisings pending.
LIC tax concessions	Subject to qualification with taxation laws.
DRP available	Currently suspended.

Country Weighting (Equities Component)

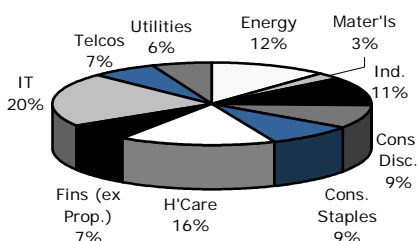


BEL's Portfolio (Top 10)

Company	Country	Portfolio (%)
Microsoft	United States	2.7
Exxon Mobil	United States	2.1
Procter & Gamble	United States	1.9
Altria Group	United States	1.5
Intel	United States	1.4
Johnson & Johnson	United States	1.4
International Business Machines	United States	1.4
Novartis R	Switzerland	1.3
GlaxoSmithKline	United Kingdom	1.2
Toyota Motor	Japan	1.2
		17.7

Portfolio as at 31 December 2005

Sector Weighting (Equities Component)

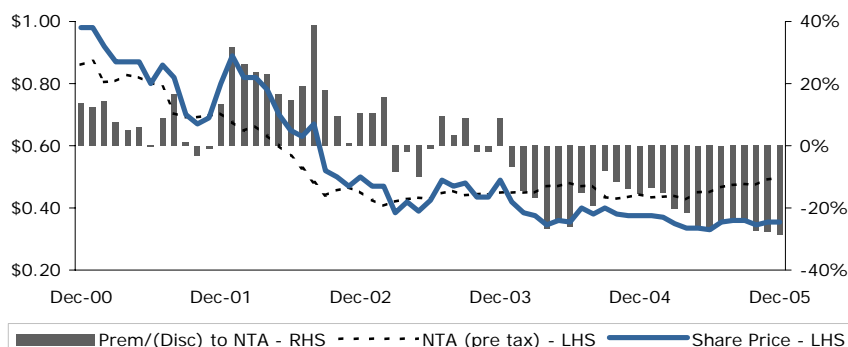


Tax Based Returns on Share Price and Dividends

	Fund		All Ords Acc.	
	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)
No Tax (0%)	(5.3)	(9.7)	22.6	23.0
Super Fund (15%)	(5.3)	(9.9)	21.6	22.0
AWOTE* (31.5%)	(5.3)	(10.1)	20.6	20.9
Max Tax Rate (48.5%)	(5.3)	(10.2)	19.5	19.9

* Marginal Tax rate for worker on the Average Wage OTE rate + Annualised

NTA Performance



Source all figures: BEL/Aegis Equities Research/IRESS



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