

# Bentleys Wealth // Balanced Portfolio

## May 2021 Overview

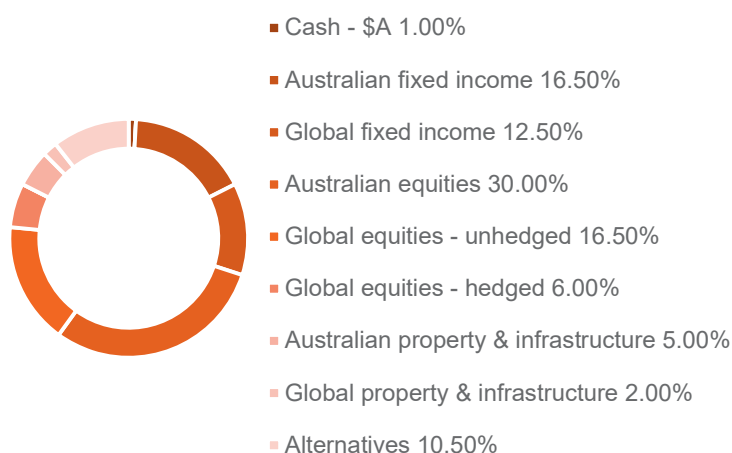
Bentleys Wealth's model portfolios are a suite of real return, multi-asset class, multi-manager portfolios across four risk/return profiles. The portfolios are actively managed through our dynamic asset allocation and investment manager selection processes.

We dynamically adjust the portfolios' allocations to achieve a high probability of meeting or exceeding the required return objectives while maintaining the stated risk profiles. The mix of asset classes and strategies in the portfolios will vary through time depending on our forward-looking estimates of market risk and return. Our style is active value management with quantitative foundations and qualitative decision-making.

## Fund Details

<b>Risk profile</b>	<b>Medium</b>
<b>Fund type</b>	Diversified multi-manager
<b>Investments</b>	SMAs, Unit Trusts, ETFs and Direct Shares
<b>Return objective</b>	CPI + 3.5% (RBA Trimmed Mean CPI)
<b>Investment timeframe</b>	5 years +
<b>Investment style</b>	Dynamic active allocation
<b>Fund inception date</b>	December 2020
<b>Platform</b>	Macquarie

## Current Target Asset Allocation



## Performance

May 2021	Balanced Portfolio *	Return objective CPI +3.5%
<b>1 Month</b>	0.48%	-
<b>3 Months</b>	4.79%	-
<b>6 Months</b>	4.63%	-
<b>1 Year</b>	13.82%	4.69%
<b>3 Years</b>	8.48%	4.92%
<b>5 Years</b>	8.77%	5.10%

## Top & Bottom 3 by Performance

Top 3	Return
BetaShares Global Banks ETF Currency Hedged	5.15%
Janus Henderson Global Natural Resources Fund	4.34%
Macquarie True Index Australian Shares Fund	2.31%
Bottom 3	Return
Magellan Global Fund	-1.05%
Direct Australian Shares	-0.54%
Fairlight Global Small & Mid Cap Fund	-0.48%

\* Returns for periods prior to Dec 2020 are backtested. Returns are net of all investment costs. Returns over more than 1 month are geometrically compounded from monthly data. Returns over periods longer than 12 months are annualised. CPI = RBA Trimmed Mean quarterly data series; CPI + figures shown here include an estimate for the months since the last published quarterly CPI figure. Performance data is an estimate based on information provided to Quilla by Financial Express.

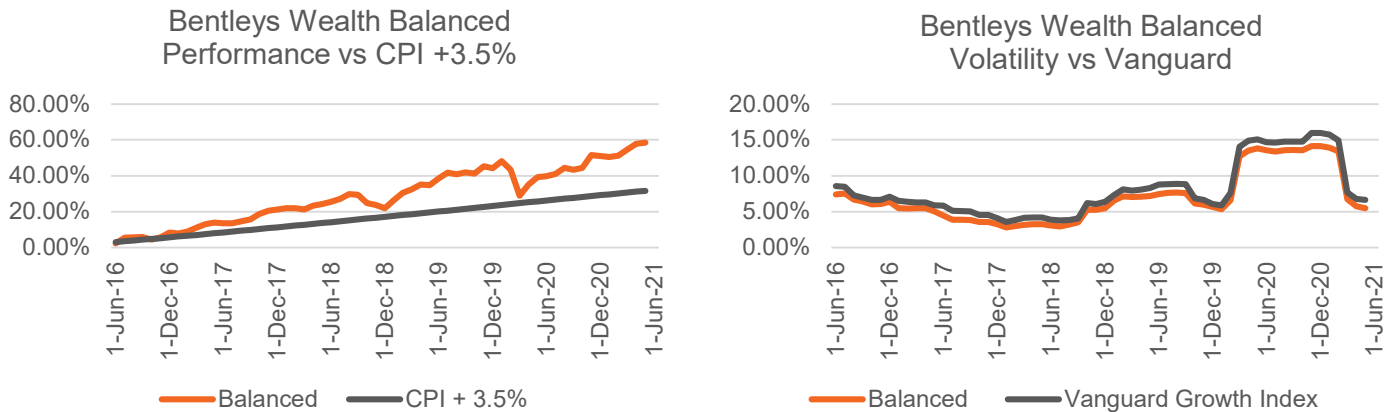
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➤ Advisors ➤ Accountants ➤ Auditors

## Performance and Rolling Annual Volatility<sup>^</sup>

Bentleys Wealth's portfolios are designed with a focus on minimising the impact of volatility on an investors' assets. In practice, this means the portfolios will have reduced exposure to asset classes where we anticipate risks will outweigh the expected returns. This active management has resulted in consistently lower volatility than an equivalent passively managed index strategy (see chart below).



<sup>^</sup> The above charts include actual portfolio performance data (from December 2020) combined with back tested data prior to this date. The back tested data is based on the portfolio's initial allocation (both weights and managers). This allocation is static over the time period, as we believe that this will serve as an appropriate proxy for the portfolio.

## Strategy and Outlook

Markets seem to have found a balance between expectations of growth and inflation which would allow most asset classes to perform reasonably, as they did in May. However, the next US fiscal package remains a key factor which could either prolong or disrupt that balance. Either way, the US economy will keep running above potential for some time. While this will inevitably lead to higher inflation at some point, we still do not see that as an imminent threat to markets. However, it is quite likely that bond yields will start rising again as real yields continue to adjust to the path of growth.

This will impact the spectrum of asset classes in a variety of ways. Assets sensitive to rising bond yields are more likely to underperform. This includes government bonds, equities such as growth stocks (including tech stocks) and gold. On the other hand, assets that benefit from the underlying economic conditions pushing yields up will outperform. This includes credit and value/cyclical stocks (including banks and resource stocks).

Given this outlook, we are maintaining our portfolio allocations favouring credit and equities over bonds, and within equities, cyclical value stocks including dedicated allocations to banks and resource stocks.

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