

Bentleys Wealth // Balanced Portfolio

July 2021 Overview

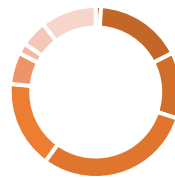
Bentleys Wealth's model portfolios are a suite of real return, multi-asset class, multi-manager portfolios across four risk/return profiles. The portfolios are actively managed through our dynamic asset allocation and investment manager selection processes.

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

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

Current Asset Allocation



- Cash A\$ 1.00%
- Australian fixed income 16.50%
- Global fixed income 12.50%
- Australian equities 30.00%
- Global equities - unhedged 16.50%
- Global equities - hedged 6.00%
- Australian property & infrastructure 2.00%
- Global property & infrastructure 5.00%
- Alternatives 10.50%

Performance

| July-2021 | Balanced Portfolio* | Return Objective CPI + 3.5% |
|---------------------|---------------------|--------------------------------|
| 1 Month | 1.49% | - |
| 3 Months | 3.47% | - |
| 6 Months | 8.51% | - |
| 1 Year | 15.70% | 4.85% |
| 3 Years p.a. | 8.70% | 4.96% |
| 5 Years p.a. | 9.13% | 5.12% |

Top & Bottom 3 by Performance

| Top 3 | Return |
|---|--------|
| Aoris International B Fund | 7.19% |
| Fairlight Global Small & Mid Cap A | 5.41% |
| Invesco Global Real Estate A | 4.14% |
| Bottom 3 | Return |
| BetaShares Global Banks ETF - Currency Hedged | -1.98% |
| Ardea Real Outcome Fund | 0.00% |
| Allan Gray Australia Equity Fund Class B | 0.02% |

* 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.

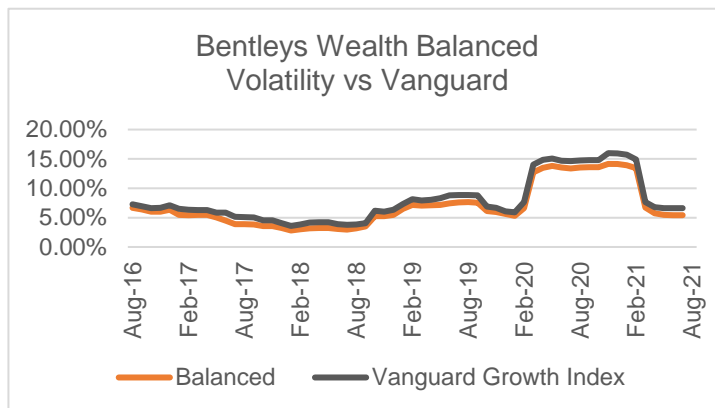
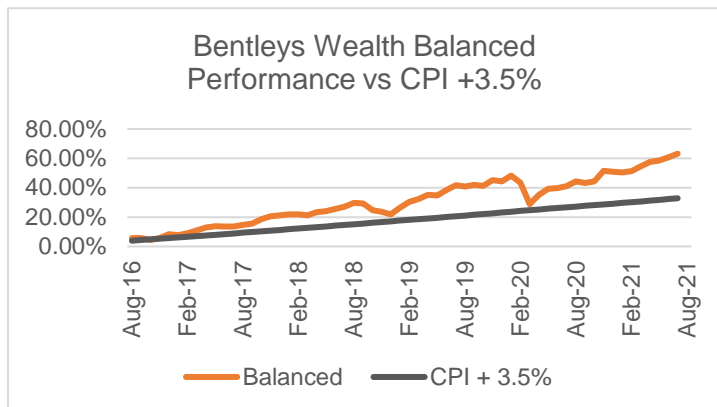
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➤ Advisors ➤ Accountants ➤ Auditors

Performance and Rolling Annual Volatility[^]

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).



[^] 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

We expect global economies to continue to rebound throughout the remainder of 2021 and well into 2022, although growth will be at more sustainable levels. This view is supported by accommodative central bank policies, significant stimulus measures and elevated levels of consumer savings. Given this positive outlook, we anticipate equity markets will continue to climb higher, and rising inflation and continued growth will put upward pressure on yields.

While we agree with central bank views that the majority of recent inflation is transitory, employment data will be key in confirming this view. We anticipate that employment data will improve towards the end of the year, and this will result in a gradual increase in yields over the next 12 months. The recent moderation in yields suggests bond investors are underestimating the future trajectory of employment and inflation.

Accordingly, we believe some equity strategies remain attractive, however, we believe some asset classes such as infrastructure, longer duration bonds and growth orientated equities will face headwinds as yields rise. Coincidentally, the same equity strategies are also showing signs of excessive valuations, especially in the US. Finally, we suggest overweight allocations to markets that are cyclical in nature as they tend to do very well when economic growth is strong.

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