

# Bentleys Wealth // Balanced Portfolio

## October 2021 Overview

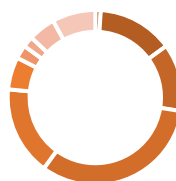
Bentleys Wealth's model portfolios are a suite of real return, multi-asset class, multi-manager portfolios across four risk/return profiles. The portfolios are actively managed through our dynamic asset allocation and investment manager selection processes.

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 Asset Allocation



- Cash A\$ 1.00%
- Australian fixed income 14.00%
- Global fixed income 12.50%
- Australian equities 32.50%
- Global equities - unhedged 16.50%
- Global equities - hedged 6.00%
- Emerging markets 2.50%
- Australian property & infrastructure 2.00%
- Global property & infrastructure 5.00%
- Alternatives 8.00%

## Performance

October-2021	Balanced Portfolio*	Return Objective CPI + 3.5%
<b>1 Month</b>	<b>0.56%</b>	-
<b>3 Months</b>	<b>1.86%</b>	-
<b>6 Months</b>	<b>5.39%</b>	-
<b>1 Year</b>	<b>15.12%</b>	<b>5.04%</b>
<b>3 Years p.a.</b>	<b>10.04%</b>	<b>5.01%</b>
<b>5 Years p.a.</b>	<b>9.74%</b>	<b>5.14%</b>

## Top & Bottom 3 by Performance

Top 3	Return
Macquarie Hedged International Equities Fund	5.44%
Betashares Global Banks ETF (Hedged)	4.55%
UBS Clarion Global Infrastructure Securities	4.36%
Bottom 3	Return
Franklin Australian Absolute Return Bond Fund - Class W	-1.26%
Legg Mason Martin Currie Real Income Fund	-0.79%
Invesco Global Real Estate A	-0.77%

\* 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.

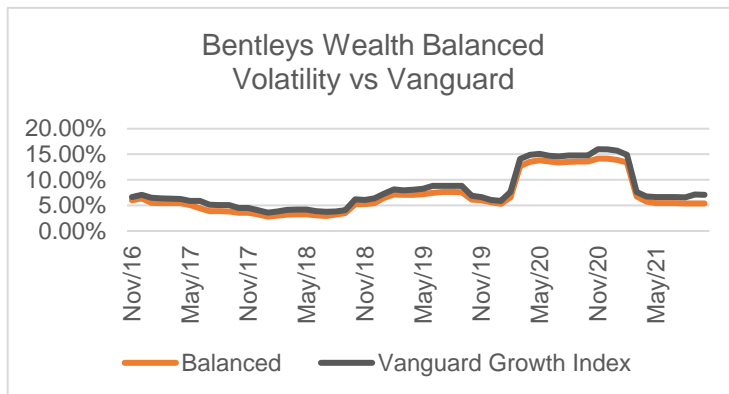
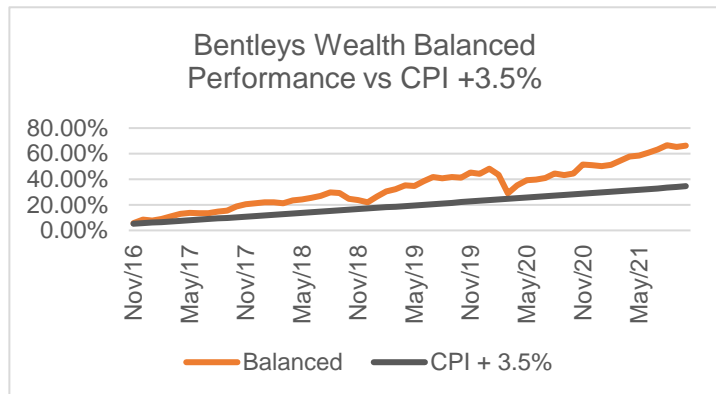
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## Performance and Rolling Annual Volatility<sup>^</sup>

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

Globally, we expect economic activity to stabilise at close to trend over the next six months as Covid-19 restrictions are largely cast aside (including Australia). However, volatility will be higher than over the last twelve months in both equity and fixed interest markets as central banks grapple with how to deal with inflation – without raising the risk of stagflation.

Valuations of risk assets are moving into the final stage of this cycle as growing headwinds will limit the potential for further gains in the back half of next year. The withdrawal of monetary stimulus will support short duration fixed income exposure compared to longer duration strategies.

We are watching these developments with great interest given the wider implications the prospects of higher inflation and tighter monetary policy has on the end consumer, future returns on investment and Australia's international competitiveness.

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